

Government of the Republic of Trinidad and Tobago

Ministry of Finance

Budget Statement 2022

Resilience in the Face of a Global Pandemic

Presented by the Honourable Colm Imbert, MP, Minister of Finance

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Contents

Introduction	3
Virus Response	6
Global Economy	24
Domestic Consolidation	27
Institutional Building	42
• The Trinidad and Tobago Revenue Authority	43
• Gambling Control Commission	46
• Property Tax	47
• Mortgage Bank	50
• National Statistical Institute	53
• Procurement	54
• Fuel Liberalization	56
• Special Economic Zones Authority	58
• Trade and Investment Promotion Agency	58
• Trinidad and Tobago International Financial Centre	60
Enabling Sectors	62
• Digital Transformation	62
• Construction	71
• Agriculture	79
• Manufacturing	85
• Tourism and Cultural Industries	92
Social Development	97
• Health	97
• Housing	102
Sport and Youth	106
Public Utilities	110
Public Service	113
Energy	114
Safety and Security	124
Public-Private-Partnerships	127
• Port of Port of Spain	128
• CL Marine Limited	131
Tobago	132
Medium-term Framework	142
Estimates of Revenue and Expenditure 2021-2022	145
Fiscal and Other Measures	148
Conclusion	164

Introduction

Madam Speaker, it is my honour to present to this Honourable House the National Budget for the financial year 2021-2022. This is the seventh Budget of this PNM administration led by Prime Minister, Dr. the Honourable Keith Rowley. It is a matter of record that the Rowley Administration first won a convincing mandate on **September 7, 2015**, and that this initial mandate was reaffirmed five years later on **August 10, 2020**. In this regard, I am indebted to the Prime Minister for the confidence he has reposed in me over the last 6 years by assigning me the responsibility of Minister of Finance. My main responsibilities have been to stabilize the economy and to design and implement our economic recovery plan as outlined in our two Manifestoes. However, there is no escaping the fact that our programme of action has been difficult in the face of the Novel Coronavirus, also known as Covid-19, Pandemic.

Madam Speaker, **18** months have now elapsed since our economy faced the full force of the COVID-19 virus which in **March 2020** was declared a global pandemic by the World Health Organization.

As a small energy exporter with an open economy, Trinidad and Tobago was impacted immediately by the adverse external headwinds created by the pandemic. Oil and gas prices plummeted and so did our national revenues. At the same time, the ensuing public health restrictions, lockdowns and associated safety measures to contain the spread of the virus and to protect lives restricted economic activities to essential goods and services.

Madam Speaker, under the incisive leadership of the Prime Minister, we took swift action to contain the spread of the pandemic. It was the first time in our 59 years as an independent nation that we faced simultaneously an economic crisis and a health crisis. This has been an exceedingly difficult period; and it is fitting to begin my *Budget Presentation* by expressing my gratitude to our people who have collectively confronted the pandemic with the objective of bringing it to an end, notwithstanding some significant dissonant pockets of vaccine hesitancy.

In particular, I wish to express my appreciation to all those on the frontlines: the essential workers who have kept operational the key engines of the economy; the care providers in the various medical facilities; those in business who have kept the population regularly supplied with basic necessities and essential supplies; and all those who have been distributing and delivering our wide range of vaccines.

Madam Speaker, in addition to those front-line workers, I want to thank my colleagues who designed and vigorously implemented our wide-ranging and broad-based response to the virus.

It would also be remiss of me not to mention those of our citizens who have regrettably lost their lives to the virus and on behalf of the Government I wish to express our deepest condolences to their families and friends.

I also want to thank all of my colleagues who assisted with the preparation of this Budget. Their input has been invaluable.

The thoughtful and policy-oriented submissions of individuals, business organizations, trade unions and other stakeholders have also assisted significantly in the design of our plans for the post-pandemic recovery.

As per usual, the officials in the Ministry of Finance have worked beyond the call of duty as they mobilized to address the unexpected and unavoidable challenges brought about by this health and economic crisis. Our **10** Budget documents were all prepared within established timelines. Their economic reviews and technical assessments have proven to be vital in assisting users to understand and appreciate the proactive and immediate measures adopted by this Administration to protect the population and to prevent irreversible damage to the economy.

Virus Response

Madam Speaker, in 2020, we acted swiftly and decisively to contain the pandemic. We quickly closed our borders to slow down the entry of the virus and contained its spread through the implementation of multiple health and safety measures, including mandatory masking, social distancing and lockdowns.

We created parallel health facilities to cater for those infected and placed people at the centre of our response to the virus. However, the resulting decline in economic activity from the restrictions inevitably led to a shuttering of businesses and loss of incomes.

Madam Speaker, notwithstanding the untenable claims of anti-vaxxers, it has been scientifically proven over the last 300 years, ever since the first smallpox vaccine was developed in 1798, that the most effective means of preventing the spread of infectious diseases is immunization.

Accordingly, by March 2021, through consistent efforts, we were able to secure a substantial number of vaccines approved by the World Health Organization to commence a nationwide immunization programme. To ensure public safety, we ensured that we only accessed vaccines approved by the WHO and in so doing we scrupulously followed the advice of the medical experts and took no chances with unapproved medications.

We also successfully evaded the clutches of charlatans and the ever-present middlemen who constantly offered the supply of desperately needed vaccines which they were in no position to obtain or deliver.

- *We accessed the COVAX facility.* This COVID-19 vaccine Global Access is a worldwide initiative aimed at equitable access to COVID-19 vaccines directed by GAVI, the Vaccine Alliance, the Coalition for Epidemic Preparedness Innovations and the World Health Organization (WHO). It is one of the three pillars of the access to COVID-19 Tools Accelerator, an initiative begun in April 2020 by the WHO, the European Commission and the Government of France as a response to the COVID-19 pandemic. COVAX coordinates international resources to allow low-to middle-income countries equitable access to COVID-19 vaccines. We made an order for 923,340 vaccines from COVAX and have so far received three shipments of the Oxford/AstraZeneca Covid-19 vaccine:
 - 33,600 in March 2021;
 - 33,600 in May 2021; and
 - 33,600 in August 2021.

- We also entered into several bilateral arrangements through which we have sourced five further shipments of Covid-19 vaccines:
 - 200,000 Sinopharm in June 2021;
 - 800,000 Sinopharm in July 2021; and
 - 108,700 of single-dose Johnson & Johnson (J&J) in August 2021, out of a total order of 800,000 J&J vaccines.

- We accepted donations of vaccines from several countries, among others:
 - Barbados: 2,000 AstraZeneca in February 2021;
 - India: 40,000 AstraZeneca in April 2021;
 - St. Vincent: 16,000 AstraZeneca in May 2021;
 - China: 100,000 Sinopharm in May 2021;
 - Bermuda: 9,000 AstraZeneca in May 2021;
 - Grenada: 17,819 AstraZeneca in May and June 2021;
 - Canada: 82,030 AstraZeneca in August 2021;and
 - United States: 305,370 Pfizer vaccine in August 2021; with more vaccines offered by the United States.

Madam Speaker, through public and private efforts at health centres and mass vaccination sites, we are rolling out our Vaccination Programme. As of Saturday, October 2, 2021, 581,504 persons or 41.5 percent of the population were partially vaccinated, and 508,305 persons or 36.3 percent of the population were fully vaccinated.

In total over 1.0 million doses of WHO-approved vaccines have been administered so far in Trinidad and Tobago, with 800,000 doses in stock still available for the remainder of the population, with further vaccines on order, if required.

So far, to ensure the timely acquisition of vaccines, the Government has spent **US\$18.1 million** or **TT\$123.1 million** of our general revenues on vaccines. The two loan facilities originally earmarked for the purchase of vaccines, namely a **US\$50 million** loan from the Latin American Development Bank (CAF) and a **US\$204 million** loan from the China Development Bank (CDB) will now be utilised for other purposes such as the purchase of medical equipment and supplies, pharmaceuticals, PPE and other approved purposes.

Madam Speaker, in addition to our aggressive immunization programme, the Government also rose to the challenge of the economic fallout of the pandemic and since 2020 we have been providing substantial support to individuals and businesses. In so doing, while ensuring that public sector workers remained employed and got paid, whether at work full-time or working remotely, we have also protected jobs and incomes in the private sector.

Since March 2020 and despite our lower revenues, we have incurred expenditures of over **\$5 billion** through Covid-19 relief for individuals and businesses, including small and medium-sized businesses as well as economy-wide liquidity support with an associated lowering of interest rates by the Central Bank.

Madam Speaker, we have consistently placed people at the centre of our response to the virus; but the resulting decline in economic activity from the public health restrictions regrettably led to a shuttering of businesses and loss of incomes.

Allow me now to share with this House some of the details of that 2020-2021 expanded expenditure. The Social Sector Protection Programme has been creative as it has been caring:

In fiscal 2020, our ***Social and Humanitarian Support Programme*** provided:

- **25,100** grants to existing beneficiaries of food support at a value of **\$17.1 million**; payments were made for 3 month periods:
 - **2,633** grants valued at **\$450**
 - **7,730** grants valued at **\$300**
 - **14,737** grants valued at **\$150**

- **20,497** grants valued at **\$510** each with a total value of **\$31.4 million** for a period of 3 months to households that received meals from the *School Feeding Programme* but which were not current beneficiaries of food support;

- **42,450** grants valued at **\$22.5 million** as ***Public Assistance and Disability Assistance Grants*** to current beneficiaries of public assistance and disability assistance for a period of 3 months:
 - **714** grants valued at **\$500**
 - **1,280** grants valued at **\$450**
 - **3,366** grants valued at **\$300**
 - **37,090** grants valued at **\$150**

- **2,818** grants valued at **\$1,500** each for a duration of 3 months with a value of **\$12.7 million** as food support to persons who applied for the *Senior Citizens Pension*; but whose status had not yet been determined;

- **488** grants valued at **\$1,000** each with a total value of **\$1.5 million** for a duration of 3 months as food support to persons who applied for the Disability Assistance Grant; but whose eligibility had not yet been determined;
- **1,400** Emergency Hampers valued at **\$357** each at a value of **\$500,000** to families in urgent need during the *last stay at home period*;
- **25,000** food vouchers and market boxes valued at **\$250 each** with a total value of **\$6.3** million to families during the *last stay at home period* for a duration of **1 month**;
- **4,322** grants valued at **\$2,500** each at a total value of **\$21.6 million** for a duration of 2 months as rental assistance to families where a member was retrenched, terminated or had their incomes reduced;
- **a Fuel Relief Grant** was made to maxi-taxi and taxi operators with **2,284** payments at a value of **\$3.9 million**;
- **Financial Assistance to non-scholarship students studying at UWI Cave Hill and UWI Mona** has been granted to **182** students with a value equivalent to **\$371,000**;

- Credit Unions were also resourced with a reimbursable amount of up to **\$100.0 million** to provide emergency income support loans on concessionary terms to affected nationals and residents who are members. The period for access to this facility has been extended to **December 31 2021**; and
- ***Accelerated Income Tax Refunds*** totalling **\$250.0 million** have been paid to **25,095** individuals clearing off **ALL** outstanding individual income tax refunds in 2020; in financial year 2021, an additional **30,335** individuals received accelerated income tax refunds totalling **\$84.4 million**.

Madam Speaker, our ***Social and Humanitarian Support Programme*** introduced the following:

- ***the Salary Relief Grant (SRG)*** provided relief to citizens whose employment had been terminated or suspended without pay or who had suffered a loss of income as a result of the impact of COVID-19; and more specifically, those persons whose employment had been directly impacted by the health and safety measures introduced by the Government in response to the danger to public health generated by the COVID-19 pandemic.

In 2020, the first Salary Relief Grants were issued to persons who experienced a loss of income over the period **April - June 2020**, with a ceiling of **\$1,500 per month** for a period up to **3** months. The National Insurance Board (NIB), who administered the programme, reported that for **2020** a total of **86,924** grants valued at **\$143.6 million** have been paid, with persons receiving between **1** to **3** payments based on their dates of termination/ suspension. Additionally in 2021, Salary Relief Grants were provided for the months of **May and June 2021**, in amounts of **\$1,000** or **\$1,500 per month**. For **2021**, a total of 8,200 grants valued at **\$24.0 million** have been paid with persons receiving one lump-sum payment for both **May and June 2021**.

- **Additionally, from the Ministry of Social Development and Family Services 51,493** grants were given as food and income support to individuals who were retrenched, terminated or had their incomes reduced for an initial period not exceeding **3** months at a cost of **\$221.4 million**.
- **128** religious groups with grants totalling **\$39.9 million** to assist with food distribution;

- **139,906** market boxes each valued at **\$581** at a total value of **\$81.3 million** were delivered to forty-one constituencies and Non-Governmental Organizations during the period May 4 2021- August 9 2021;
- ***Emergency Relief Grants*** have been made to Artistes and Creatives with **3,665** grants valued at **\$18.3 million**; and
- ***Humanitarian Assistance to Stranded Nationals Abroad*** in amounts up to **US\$2,300** has been made available in 2020 and 2021 to **459** nationals who were overseas and unable to return home, to alleviate the financial challenges experienced due to travel restrictions. The value of this benefit is equivalent to **\$2.5 million**.

A further provision of **\$200 million** for Covid-19 relief has been made in the 2022 Budget.

Madam Speaker, we have been supporting the private sector to ensure that it retains the foundation to facilitate the rapid recovery of the economy.

In 2020 and 2021 we provided business support through:

- ***an initial Loan Guarantee Programme*** with resource backing of **\$300.0 million** was previously offered from June to December 31 2020 to ***Small- and Medium-Enterprises*** at the country's four largest commercial banks. These banks agreed to administer the programme for those businesses with annual gross revenues between **\$6.0 million to \$20.0 million** and which had a minimum of **five** employees.

Under this Loan Guarantee Programme, the Government agreed to pay the interest on the SME loans commencing **3** months after the launch of the programme and quarterly thereafter to maturity of the programme or the SMEs loans, whichever is later.

Additionally, **75 percent** of any principal, not repaid by the SME will be repaid by Government to First Citizens Bank Limited, the Administrator of the Programme, by the Government on demand, upon the SMEs' failure to make such payments. In that initial programme, **272** loans were accessed: comprising **thirteen** sole traders, **five** partnerships and **254** limited liability companies. The

total principal guaranteed value was **\$27.9 million** with the value of active loans outstanding amounting to **\$37.3 million**.

- **Phase 2** of the SME Loan Guarantee Programme was designed and approved in 2021 at the request of the SME sector who experienced difficulty in accessing loans under Phase 1. It was finalized in September 2021 at a value of **\$196.0 million**. In this Phase, loans will be made available to SMEs whose annual gross revenues are between **\$500,000** and **\$25 million**. Further enhancements have also been made, including:
 - the Government-guarantee has been extended to **100 percent** of the loan amount;
 - the repayment period has been increased from **5** years to **7** years, inclusive of a **24-month** moratorium on principal payments from the date of disbursement;
 - the purpose of the loan has been extended to purchase fixed assets, except the purchase of residential property and financial assets/products, in the case of the purchase of goods and vehicles is limited to those items which are being used specifically for the Small Business;

- further, in recognition of the administrative difficulties faced by SMEs as a result of the pandemic, the Government has agreed to relax the immediate requirement for SMEs to be up to date with their payments to the Board of Inland Revenue and the National insurance Board. SMEs in the new loan programme will now be required to be up to date only for the year ended December 31 2018; however, they must undertake to settle all outstanding statutory obligations for 2019 and 2020 within one year of the disbursement of the facility or make appropriate arrangements with the Board of Inland Revenue and other Statutory Authorities to settle their obligations, failing which the loan must be repaid in full within 2 years.

We believe that this enhanced government-guaranteed SME loan facility will be of great assistance to SMEs and will certainly help them to get back on their feet.

- ***a \$30.0 million Grant Facility Administered by the National Entrepreneurship Development Company*** is being made available to small-and micro-business operators with annual revenues less than **\$1.0 million**. As at **September 23 2021, 3,259**

applications have been approved and disbursed at a value of **\$28.5 million**. This Grant Facility will be extended and continued in 2022.

Madam Speaker, we are also finalizing a ***Small Business Liquidity Support Facility*** of **\$100.0 million**, to be managed by Credit Unions. The facility will facilitate the revitalization of the micro and small business sector.

VAT Refunds have been accelerated: in 2020 5,011 cheques totalling **\$460.0 million** were paid out; 1,338 small-and medium-enterprises with a VAT cycle threshold of up to **\$500,000** received in cash accelerated VAT Refunds; and **\$3.0 billion** worth of VAT Bonds were issued to businesses. The payment of accelerated VAT Refunds and VAT Bonds have so far totalled **\$3.8 billion**. We propose to issue more VAT Bonds in the new fiscal year.

This strong fiscal stimulus package was designed to protect the most vulnerable in society as well as private businesses, was supported by an accommodative monetary policy aimed at liquidity expansion.

In March 2020, the Central Bank reduced the reserve requirements and the repo rate enabling the commercial banks and financial institutions to reduce prime lending rates and to institute moratoria on mortgage and instalment payments.

Prompt and efficient reaction to surging COVID cases enabled the Government to keep the number of cases under control. As of today, the number of cumulative reported cases are lower in Trinidad and Tobago than in Jamaica or the Dominican Republic. While some of our key peers had a better head start, largely through donations, we have successfully accelerated the administration of vaccines.

As I mentioned earlier over **1.0 million** doses of WHO-approved vaccines have been administered to our population. The country is now catching up with countries like Panama and has surpassed others like the Bahamas.

We do not wish to delay the resumption of full economic and social activities. We have now several cases of the highly transmissible COVID-19 Delta Variant which is much more prone to induce severe illnesses and hospitalization. Moreover, COVID-related deaths are continuing at unacceptable levels. As at October 1, 2021, we have had **50,903** established cases with a death toll of **1,489**.

We will continue a sustained vaccination programme into 2022 to maximize all opportunities for immunization to reach the WHO target of 70.0 percent of our population as quickly as possible.

We have been rolling out our vaccination programme utilizing public and private sector facilities, providing individuals with a range of vaccines with established records of safety and accessible facilities. We wish to avoid breakthrough infections among fully vaccinated people; this notwithstanding, we are taking steps to ensure that our envisaged surplus of vaccines with *imminent expiry dates* will be appropriately donated.

Madam Speaker, in light of the improving results of the vaccination programme, we have decided to continue on the pathway to reopening our economy through a *safe zone* initiative which will be implemented on October 14, 2021. Under this framework, betting shops will now join bars, gyms, private member clubs and in-house dining at restaurants as areas where all staff must be fully vaccinated and only fully vaccinated people will be allowed to visit.

I also welcome the decisions of several international airlines to resume service between North America and Trinidad and Tobago and Europe and Trinidad and Tobago.

I wish to join with prominent members of the national community to call upon all unvaccinated citizens to take the vaccine as soon as possible to allow us to open up all sectors of our economy and to live with the virus.

This will allow for the full reopening of the economy, the framework of which was identified in my 2021 Budget Statement. My Budget theme is reflective of this consideration: ***Resilience in the Face of a Global Pandemic.***

Global Economy

Madam Speaker, with the intensified vaccination drive and the associated normalization of socioeconomic activity, we envisage a full reopening of the economy in **2022**. This will be buttressed by the projected global recovery in 2021/2022. It is noteworthy that growth prospects in advanced economies have recently been revised upwards, as vaccine rollout proceeds complemented with additional fiscal support.

However, projected growth rates in emerging economies have been revised downwards largely because of the severe second COVID-19 wave in **March-May 2021**.

Growth rates in low-income developing countries are also marked down due to the slow rollout of vaccines as the main factor weighing on the recovery.

Madam Speaker, global trade is projected to expand and broaden by **9.7 percent** in 2021 and thereafter moderating to **7.0 percent** in 2022. Global inflation which reached as high as **10.4 percent** in emerging economies such as Brazil in 2020-2021 because of pandemic-related disruptions should begin to subside to its pre-pandemic ranges in 2022.

Madam Speaker, the international community is seeking to ensure that the present healthy global prospects are preserved. This Government is supporting the proposal by the World Health Organization, the World Trade Organization and the International Monetary Fund to establish a **US\$50.0 billion** Fund to deploy vaccines equitably worldwide. I endorse the clear targets and pragmatic actions under the proposal to end the pandemic, to diminish divergences among countries and strengthen global prospects.

In another supporting and significant undertaking, the IMF has now instituted a **US\$650.0 billion** General Allocation of Special Drawing Rights (SDRs) at the IMF. Special Drawing Rights are units of account of the IMF. They represent a claim to currency held by IMF member countries for which they can be exchanged.

This **US\$650.0 billion** SDR allocation will serve to boost reserve assets, reduce debt, finance expenditure of all economies, and help ease liquidity constraints across all categories of countries: advanced, emerging market and developing and low-income.

Madam Speaker, our foreign exchange reserves have now been bolstered by the equivalent of **US\$644.0 million** bringing our net reserves as at **30 August 2021** to over **US\$7.1 billion** or **8.7** months of import cover. This is a historic decision by the International Monetary Fund (IMF). It represents the collective will of the international community to respond to the COVID-19 crisis and the associated need for reserves aimed at fostering the resilience and stability of the domestic economy.

As a member defined by the International Monetary Fund to have a strong external balance of payments position, we are in discussions with the IMF with a view to the voluntary channelling of Special Drawing Rights through the *Poverty Reduction and Growth Fund* to more vulnerable and low-income member countries. The Facility is aimed at supporting their pandemic recovery to allow them to achieve sustainable growth.

Domestic Consolidation

Madam Speaker, during our first term in Office we implemented a broad-based economic revitalization programme aimed at stabilizing the macro-economic situation.

The programme represented a critical foundation for a transformational growth agenda. We were rebalancing the economy which had become severely dislocated in light of the sharp decline in oil and gas prices beginning from 2014. Through our decisive policy response, the rate of decline in the economy was mitigated and a turnaround became evident by 2018 with a small economic growth rate.

However, the unprecedented dual shock of the pandemic and the further disruption of oil and gas markets associated with a domestic decline in oil and gas production triggered recessionary conditions.

In 2020, as occurred with all countries in the world, real economic growth contracted by **7.4 percent**, particularly during the second half of the year and in early 2021, which period was characterized by production stoppages in the downstream sector and closure of several petrochemical plants. Additionally, COVID-19 restrictions constrained the development of some important energy projects. However, the macroeconomic outlook is now looking brighter as oil and gas prices have recovered significantly from their recent low levels.

Amid the strengthening of the global recovery, oil prices in 2021 as projected by the major International Institutions are expected to rise significantly above their low bases in 2020. The impact on the domestic economy will be favourable.

Non-energy sector activity will be enhanced as the vaccine roll-out programme is accelerated. With improved activity, we estimate the rate of decline in the economy will decelerate from **7.4 percent** in 2020 to a marginal **1.0 percent** in 2021.

I look forward to a strong economic recovery in 2022 as major energy sector projects come online and the non-energy sector's recovery takes root as socio-economic activity normalizes in the post-pandemic period.

Madam Speaker, our financial sector has remained stable despite the severe macroeconomic challenges over the last 2 years:

- the banking system is well-capitalized and well-supervised. Banks are maintaining strong asset positions, liquidity and capitalization. Except for CLICO Investment Bank Limited, we have not had a bank failure since we established First Citizens Bank Limited in **1993** in an amalgamation of the assets of **three** failed institutions; and
- the insurance sector has been modernized with the Insurance Act of 2018 and the Insurance (Amendment) Act 2020 coming into effect in January 2021. Regulatory oversight has been improved; prudential requirements have been strengthened and the governance and soundness of the sector have been enhanced.

In 2020 despite the deterioration in the balance of trade stemming in the main from the decline in energy exports, we recorded a small surplus in our overall balance of payments.

This development ensured that our external position remains viable with net official reserves in August 2021, recording **US\$7.1 billion** or **8.7 months** of import availability. It is noteworthy that in December 2020, we had **US\$6.95 billion** in reserves or **8.5 months** of import cover, thus demonstrating stability over the last 9 months.

When we add the **US\$5.6 billion** in the Heritage and Stabilization Fund as at September 10, 2021, and the **US\$3.7 billion** in commercial banks, this **US\$16.4 billion** represents a significant financial buffer for addressing external vulnerability. This large quantity of external liquid financial assets provides a credible assurance of the country's creditworthiness and easily covers the Government's external debt liabilities.

It is noteworthy that the sound management of the HSF over the last 12 months has resulted in a minimal change in its net asset value, with the balance in the Fund still standing at **US\$5.6 billion** in September 2021, the same value that it was when we came in in September 2015, although we withdrew over **US\$800 million** for budgetary support between October 2020 and September 2021.

Madam Speaker, as I mentioned previously the recent Allocation of Special Drawing Rights of **US\$644.0 million** brings additional strength to our net external position establishing in the process broad stability of foreign exchange reserves at current levels. The recent rebound in energy prices and the prospects for higher production would consolidate this reserve stabilization position, generating in the process appropriate and strong investor confidence in the positive economic conditions prevailing in the domestic environment.

Madam Speaker, our fiscal balances which had been improving in the pre-pandemic period deteriorated in 2020 and early 2021 as energy revenues fell precipitously.

Significantly and despite the substantial COVID-19 outlays, **expenditure has remained under firm control** – an objective to which we are committed. We anticipate higher energy revenues as a result of improved energy prices and new domestic energy sector output. Our tax reform measures are geared to improve public revenue on a sustainable basis: from the Property Tax, the Gaming Tax and the operations of the proposed new Trinidad and Tobago Revenue Authority.

We have anchored our fiscal responsibility approach on judicious expenditure management and a fair revenue enhancement process, reducing taxes for the ordinary man and imposing taxes on those who can afford it at the upper end of the spectrum, such as our highly profitable commercial banks. As a result, the adjusted general government debt ratio which had been rising since 2015, has now reached **84.8 percent** in September 2021 and is projected at **87.2 percent** in 2022.

At this juncture, I wish to remind the population that this Government has, among several other benefits, reduced the rate of Value Added Tax from 15 percent to 12.5 percent and also twice increased the Personal Allowance, first from \$5,000 per month to \$6,000 per month in 2016 and then from \$6,000 per month to \$7,000 per month in 2021, thus relieving hundreds of thousands of employed persons from the requirement to pay income tax.

As we focus our efforts on continued fiscal adjustment and efficiency outturns from the operational and financial restructuring of state-owned enterprises, we expect the adjusted general government debt relative to GDP to begin a downward trend and remain at sustainable levels.

Madam Speaker, the Credit Rating Agencies: Moody's Investors Services (Moody's), S&P Global Ratings (S&P) and the Caribbean Information and Credit Rating Services Limited (CariCRIS) have all endorsed broadly a stable outlook for our credit profile in terms of economic strength, institutions and governance, fiscal strength and susceptibility to event risks.

Recently,

- Moody's affirmed its Ba1 rating to Trinidad and Tobago which is better than most other countries in the Latin American and Caribbean area rated by Moody's. In fact, of **twenty-five** countries rated in Latin America and the Caribbean, Moody's has downgraded **ten** countries; but affirmed us. Indeed Trinidad and Tobago has a better rating than many countries in the LATAM Region, including in the Caribbean, the Bahamas, Dominican Republic, Jamaica, Belize, and Suriname. Our credit rating, according to Moody's, is also better than Brazil, Bolivia, Costa Rica, El Salvador, Ecuador, and Argentina; and
- S&P has affirmed its BBB rating for Trinidad and Tobago. It is interesting to note that of **twenty-nine** countries rated in Latin America and the Caribbean, S&P downgraded **twelve** countries.

In the Caribbean region Trinidad and Tobago, among the countries rated by S&P (not all are rated), has a better rating than the Bahamas, Dominican Republic, Jamaica, Barbados, Belize and Grenada. In Latin America, according to S&P, we have a better

rating than Brazil, Paraguay, Guatemala, Honduras, Bolivia, Costa Rica, Nicaragua, El Salvador, Argentina, Ecuador and Venezuela.

Madam Speaker, a comparison with several of our peer countries in Latin America and the Caribbean of several economic indicators demonstrates our above-average performance:

- **the Gross Domestic Product** in several economies such as Panama and Peru have registered heavier downturns than Trinidad and Tobago, for Panama a negative **17.9 percent** in 2020 and for Peru a negative **11.1 percent**; many of our Caribbean neighbours also suffered worse economic contractions; for instance, in 2020 St Lucia's economy shrank by a negative **18.9 percent**; St Kitts and Nevis a negative **18.7 percent**, Barbados a negative **18.0 percent**; Antigua and Barbuda a negative **17.3 percent** and Jamaica a negative **10.2 percent**; and
- **inflation** in 2020: Brazil, Mexico and Peru have experienced relatively high inflation rates within recent years: **10.4 percent** in Brazil; **5.8 percent** in Mexico; and **5.0 percent** in Peru. Trinidad and Tobago has been enjoying a stable and low inflation environment of

less than **2.0 percent** for almost a decade and we expect it to remain so for the medium-term.

Madam Speaker, Trinidad and Tobago has no shortage of uninformed commentators, misleading publicists and serial mischief-makers. These misguided commentators have for the last **5** years insisted that Trinidad and Tobago should enter into an IMF market-based programme or access concessional financing. The latest gratuitous advice is that we should ask the IMF to restructure our public debt portfolio.

Allow me to explain to the national community exactly what the IMF is and what it does. The International Monetary Fund was established in 1944 in the aftermath of the Great Depression of the 1930s. Forty-four (44) founding member countries agreed to build a framework for international economic cooperation. Today, its membership comprises 190 countries, with staff drawn from 150 nations. Membership is **voluntary** as is access to IMF loan financing.

The IMF's primary mission is to ensure the stability of the international monetary system—the system of exchange rates and international

payments that enables countries and their citizens to transact with each other.

The IMF provides **three** major services, namely:

- (i) *Lending* – by providing last-resort loans to member countries that are experiencing actual or potential balance-of-payments problems;
- (ii) *Surveillance* - through a formal system of collaborative analysis, including FSAP or Article 4 Consultation, the IMF provides advice to member countries and promotes policies designed to foster economic stability and reduce vulnerability to economic and financial crises; and
- (iii) *Capacity Development* – through technical assistance and training to help member countries build better economic institutions and strengthen related human capacities. This includes, for example, designing and implementing more effective policies for taxation and administration, expenditure management, monetary and exchange rate policies, banking and financial system supervision and regulation, legislative frameworks, and economic statistics.

Trinidad and Tobago last entered an IMF Lending Programme in 1988, which had a severe adverse effect on the social fabric of Trinidad and Tobago.

The reduction in government expenditure and in real wages that flowed from that IMF programme in 1988 created considerable social and economic pressure and discontent especially among the lower-income groups in the society. This period of economic austerity also had a profound impact on the fortunes of some non-bank financial institutions and the Central Bank subsequently suspended the operations of three non-bank institutions which ran into financial difficulties. Many people lost their jobs and their homes during that period. In other words, it was not a nice experience.

So why then, do these commentators demand that we return to the IMF?

We have no real or potential balance of payments difficulties, nor does the Government have any difficulty accessing financing, locally or internationally, nor have we run out of foreign exchange. Nor is our currency under threat.

Further, in the classic IMF model of structural adjustment, the outcome that is forced upon countries is the immediate elimination of what is perceived to be disequilibrium between aggregate supply and demand.

In other words, once you enter an IMF Programme you must reduce Government spending to match Government revenue.

This model was developed by an IMF staffer by the name of Jaques Polak in 1957 who believed that any imbalance between revenue and expenditure, coupled with an increase in domestic credit will inevitably lead to a decline in international reserves. Polak recommended to the IMF that to maintain foreign reserves, Governments should avoid budget deficits and restrain spending, as well as making it difficult for citizens and corporations to borrow money to finance their livelihoods and operations. Unfortunately, this inflexible one-size-fits-all policy has led to serious civil unrest in many countries that have had no choice but to access IMF programmes and reinforced a belief that IMF structural adjustment policies *“keep the poor in poverty.”*

We in Trinidad and Tobago as members of the IMF have agreed, like all other countries, to subject ourselves to Surveillance, including Article 4 Consultations, and whenever appropriate, we access Technical Assistance and Capacity Building advice from the IMF.

We believe these two areas (Surveillance and Technical Assistance) to be more than sufficient. We see no need to seek any other form of assistance from the IMF at this time or in the near future.

The very idea of entering into an IMF lending programme with the associated structural adjustment, especially when it is not necessary, is simply not on the cards.

We have no intention of punishing our population unnecessarily and whimsically with a drastic reduction in their standard of living. Indeed, one of the first things we would be required to do in an IMF Programme would be to cut **\$15 billion** out of annual Government expenditure, causing the removal of free health care, free education and subsidised transport, among many other public services that are now free or heavily subsidised, a reduction in social grants, massive job losses, loss of real income,

closure of the thousands of businesses that depend on Government spending, and general hardship.

This is why we in the People's National Movement will continue to exercise prudence, design our own adjustment programmes, and fashion our own fiscal consolidation policies, with the ultimate objective of living within our means, without damaging the social fabric of the country and pauperising ordinary citizens.

As for those disingenuous critics who have repeatedly attempted for 6 years to predict a financial crisis in Trinidad and Tobago, which has never materialized, who told us in October 2015 that if we didn't immediately devalue the TT dollar, we would run out of foreign exchange in 6 months, who now claim that we will default on our sovereign debt by the end of this year 2021, I wish to reiterate that we do not take advice from uninformed mischief-makers.

Rather, we are reassured by the affirmation of our international investment-grade credit ratings in 2020 and 2021, and we are bolstered by the fact that this Government was able to easily raise **US\$500 million** on the international market at a very competitive interest rate of **4.5 percent** in a matter of hours, during the aggressive first wave of the Covid-19 pandemic in mid-2020.

Institutional Building

Madam Speaker, when we achieved independent nation status in 1962, we established in a range of policy and planning documentation our shared vision for the future as it relates to the types of institutions needed to foster our road to development.

We cannot underestimate the importance of stability in the legal foundation of the institutional pyramid, which we built, and which represents the cornerstone for the progress, which we have made in our socio-economic conditions.

The Central Bank of Trinidad and Tobago, the Trinidad and Tobago Securities and Exchange Commission and the Trinidad and Tobago Unit Trust Corporation were all designed to overcome the particular economic and social difficulties of the time and they have played key developmental roles. This process is continuing, and institutional building remains important now for promoting a stronger and more sustainable recovery.

Later in the year, after the budget exercise is complete, we will turn our attention to the legislative amendments needed to give the Unit Trust the flexibility it requires to maximise the returns on its investment portfolio:

- [The Trinidad and Tobago Revenue Authority](#)

Madam Speaker, the Trinidad and Tobago Revenue Authority (TTRA) has been a long-sought institutional goal since the early 2000s. We have since come a long way. The passage of the Trinidad and Tobago Revenue Authority Legislation had been hindered over the years by the requirement for a three-fifths special majority vote of Parliament. However, we have now taken steps to establish the Trinidad and Tobago Revenue Authority by adopting the legislation with appropriate amendments to allow for passage by a simple majority vote.

This legislation was first laid in Parliament more than **11** years ago – in early 2010. Its objective then, as it is now, was to improve the efficiency of tax collection.

An assessment undertaken by the International Monetary Fund in 2017, indicated that out of twenty-eight high-level indicators, the Board of Inland Revenue received two A ratings, one B rating, **7** C ratings and 18 D ratings - a level of inefficiency which is clearly unacceptable and explains the significant tax gap now prevailing. Moreover, another study by the International Monetary Fund revealed in 2019, a VAT gap of around **5 percent** of GDP or **\$8.0 billion**, half of which is estimated to be due to non-compliance and weak enforcement, with the other half due to exemptions.

Accordingly, the Trinidad and Tobago Revenue Authority will now become the cornerstone of our tax collection capabilities. The amendment we have achieved is a simple solution.

Madam Speaker, to avoid further wastage of precious time, and further leakage of precious revenue, we have created through the amendment an Enforcement Division of the Trinidad and Tobago Revenue Authority whose purpose is to exercise enforcement powers except in the enforcement of revenue laws by way of civil proceedings based on existing revenue laws. The Enforcement Division will be staffed by public officers appointed by the Public Service Commission.

The Head of this Division – the Deputy Director-General – would be a public officer appointed by the Public Service Commission. He will hold Office once appointed until retirement and will be subject to at all times the control of the Public Service Commission.

The Director-General, the administrative head, will not be appointed by the Public Service Commission; but approved by the Parliament. The Director-General will enforce revenue laws only by way of civil proceedings.

Madam Speaker, the Enforcement Division will create no departure from what currently obtains, and we are of the firm view that this provides the necessary balance which maintains the rule of law.

In the transition to the new Authority, we are providing the public officers at the Board of Inland Revenue and the Custom and Excise Division with a range of options adequate to their circumstances. They can retire voluntarily; they can transfer to the Authority, including the Enforcement Division or they can remain in the public service. Appropriate consultations will be held with all concerned with a view to ensuring an orderly transition process.

- [Gambling Control Commission](#)

Madam Speaker, for many years the Gambling (Gaming and Betting) Control Act was unable to secure the special majority vote of Parliament – leaving our large gambling sector unregulated with great potential for criminality and wrongdoing.

We are now indeed pleased that the Parliament has seen it fit to pass the Gambling (Gaming and Betting) Control Act, 2021. With the August 2021, proclamation of certain sections of the Act, the procedural framework for making operational the Gambling Control Commission is now in place.

I envisage that all owners and operators of gaming establishments and gaming machines would fall soon under the licensing regime. It has been estimated that the gambling industry with good sustainable jobs is a **\$16.0 billion** industry and under regulation and the tax regime, tax collection could be as high as **\$500.0 million** per annum – thereby making a vital contribution to the process for achieving our medium-term fiscal sustainability. *We expect to generate our first streams of proper gaming revenue in financial year 2022 with full revenue generation in the years following.*

- **Property Tax**

Madam Speaker, concerning the development of the Property Tax Regime, I wish to point out that contrary to the narrative introduced by the members opposite, property tax is **not** a new tax. It simply replaces the old Land and Building Tax system, which was in place in Trinidad and Tobago for **one hundred years** before the repeal of that law in 2010.

Property tax is simply land and building tax in a modern format. And under this Government, property tax is intended to put Local Government bodies on a solid footing by providing a steady and secure stream of funding for their development programme.

Contrary to speculation, no property tax is being collected at this time. Emphasis is now being placed on the development of *Valuation Roll*, which are essential prerequisites to the collection of property tax. The Valuation Roll must be populated by a minimum of 50% of properties in any class before collection can commence.

Initially, the submission of returns by property owners/occupiers/agents and the conduct of site inspections were implemented voluntarily, to access property data for the Valuation Roll.

To date, **127,969** Valuation Return Forms were submitted for the Valuation Roll by property owners/occupiers, which although substantial, is insufficient to commence tax collection. Site visits to conduct site inspections commenced in 2018 and the processing of data analysis commenced in 2019 with the development of the Valuation Information System. Initially, the Division placed an immediate focus on residential properties.

The Valuation Division has since adopted a revised strategy to access property records. Under *Section 29 of the Valuation of Land Act*, it developed a Public Notice and a New Return with detailed instructions. The new return has been designed to allow for: (i) increased participation

of property owners/occupiers in the process, and (ii) a reduction in time taken to process a return.

A Valuation Division Website was also developed for the sole purpose of assisting persons in possession of residential land, commercial land, agricultural land or any other combination of mixed-use to access, complete and submit returns required by the Commissioner of Valuations, pursuant to *Section 29 of the Valuation of Land Act*.

In early 2021, preparation for mandatory submission of returns by property owners, occupiers and agents commenced. On **September 6 2021**, the Public Notice was issued for submission of Returns and the website was officially launched. Accordingly, access to the new Return is being facilitated *via* the website and Valuation Division Offices and TTPost direct mail delivery to property owners/occupiers. Submission of Returns is facilitated online or *via* drop boxes at Valuation Division Offices and Municipal Corporations in regions where Valuation Divisions are not present.

The Public Notice was published in the local newspapers informing property owners of the need to submit Valuation Returns Forms and all other accompanying documents.

This request for submission of returns issued by the Commissioner of Valuations commenced on **September 6, 2021**, and the deadline for submission of returns by property owners/occupiers/agents is **November 30, 2021**.

Following the submission of completed returns and the completion of the requisite activities by the Valuation Division, it is expected that the Commissioner of Valuations will have the property data required to complete the Valuation Roll.

Madam Speaker, the **resumption** of the collection of taxes on property is long overdue and we *envisage property tax collection as a significant revenue item for **LOCAL GOVERNMENT** in the years ahead.*

- [Mortgage Bank](#)

Madam Speaker, in the absence of an adequate private sector response to the demand from low- and middle-income earners, public action through the National Housing Authority and its successor institution the Housing Development Corporation incorporated in 2005, responded to the increasing demand. This integrated public-private sector approach

has been delivering housing units, but cannot meet the existing huge demand for low- and middle-income housing.

With a limited resource envelope, the Housing Development Corporation is unable to construct and sell houses at the pace required. This is so despite its substantial public financial support, supplemented by *the Home Mortgage Bank*, a fundraising institution which is wholly-owned by the National Insurance Board of Trinidad and Tobago and *the Trinidad and Tobago Mortgage Finance Company Limited*, a loan origination institution, the majority of whose shares are owned by the National Insurance Board of Trinidad and Tobago. We are of the view that the improvement in fundraising and the expansion in loan origination would drive expansion in the public sector mortgage market. A higher mortgage turnover rate and expanded financing for the Housing Development Corporation would lead to sales and construction of a higher number of housing units – a public policy objective of this Administration.

I this regard, I wish to announce that in 2022 the Government will move to restructure the HDC to make a clear distinction between its landlord function, as an owner and manager of rental accommodation, and its developmental function, as a builder of affordable houses for sale to the general public.

Madam Speaker, we believe that a merger of the *Trinidad and Tobago Mortgage Finance Company Limited*, and the Home Mortgage Bank will create adequate synergies to ensure improved alignment with the delivery of the Government's National Housing Programme, a stronger customer value proposition and increased shareholder value. Greater mortgage loan availability would lead to a larger financing turnover in the mortgage sector and a gradual reduction in the demand for housing units.

As a result, we have agreed to the merger of the Trinidad and Tobago Mortgage Finance Company Limited and the Home Mortgage Bank, creating in the process the ***Trinidad and Tobago Mortgage Bank***. We intend to make an Initial Public Offer of the government shares in the new entity to further encourage public participation in the capital market. Barring unforeseen circumstances, the alignment of the operations of both entities is expected to be completed in the first half of fiscal 2022.

- National Statistical Institute

Madam Speaker, we are hopeful that this Parliament would debate and adopt the current legislation establishing the National Statistical Institute in the near future. It is long overdue. The current situation where national statistics are months and sometimes years out of date is completely unsatisfactory.

We can no longer avoid in this integrated world of finance and economics the real-time publication of economic and financial data.

Up-to-date and quality information, driven by digital technologies is essential for timely decision-making especially in this world of volatile activities.

In the interim, we intend to move proactively to ensure that the Central Statistical Office proactively utilises its wide powers of information gathering and powers of entry under the **existing** Statistics Act and to improve data consistency and reliability and timely publication of data under the twenty-six types of Statistics identified in the First Schedule to the Act.

This is particularly important because the Government has recently agreed to subscribe fully to the *IMF Enhanced General Data Dissemination System* which supports improved data transparency, encourages statistical development and very importantly helps create synergies between data dissemination and policy making.

- **Procurement**

Madam Speaker, in 2020 the Act to amend the Public Procurement and Disposal of Public Property Act was amended.

The amendment replaced the previous impractical definition of bid-rigging, removed the conflict of interest placed upon the Regulator by the parent Act which had curiously made the Office responsible for both the disposal of real property and the regulation of same, provided some flexibility around procurement under government-to-government agreements and other arrangements with international bodies and excluded procurement of specialist services from tendering procedures.

We have since been finalizing the infrastructure for the administration of the Procurement Legislation. On July 2 2021, a package of Regulations required to operationalize the Public Procurement and Disposal of Public Property Act was laid in Parliament for public comment. The legislative package consists of a total of **ten** individual Regulations and it is envisaged that with Parliamentary adoption of the legislation and the completion of the procurement training programmes, the Public Procurement and Disposal of Public Property Act would become operational in 2022.

Comments are being received and the other sets of Regulations required to fully operationalise the Act are being drafted. It is expected that after the budget exercise is completed, all comments made will be examined and the Regulations debated and passed.

- [Fuel Liberalization](#)

Madam Speaker, we have designed a credible and reliable pricing system for fuels within which the fuel market could be finally liberalized. We had made this commitment one year ago with the broad framework being:

- removal of fixed retail margins for premium gasoline, super gasoline and diesel with petroleum retailers and dealers being allowed to fix their margins for these petroleum products;
- keeping wholesale margins fixed by the Government for all liquid petroleum products;
- applying an appropriate but reasonable tax to compensate for the fuel surplus, which is generated on the sale of gasoline, when oil prices are depressed;

- the Ministry of Energy and Energy Industries posting the market-based wholesale prices of premium gasoline, super gasoline and diesel on the first day of each month, except for the price of kerosene and Liquefied Petroleum Gas (LPG) which will remain under the subsidy mechanism; and
- the Government setting a Retail Margin ceiling for each petroleum product to minimize price fluctuations and protect the end consumers of premium gasoline, super gasoline and diesel.

Madam Speaker, since that time the legislative amendments to the Petroleum Act and the Petroleum Production Levy and Subsidy Act required to implement the liberalization of the fuels market, were finalized in the Finance Act 2021. The legislation was assented to in **July 2021**.

We are now completing the design of the infrastructure within which the commencement of the liberalization of fuel prices could be initiated, with due regard to the impact of fuel prices on the most vulnerable in society.

I will address the Government's plans to assist lower-income groups to offset any increases in fuel prices, among other things, such as utility rates, later on in my speech.

- [Special Economic Zones Authority](#)

Madam Speaker, to be compliant with the requirements of the Global Forum and the EU, we are repealing the Free Zones Act and in its place establishing a Special Economic Zones Authority designed to regulate designated Special Economic Zones. The Authority's function will include: reviewing and assessing the performance of all Special Economic Zones; formulating standards and prescribing codes of practice to be observed by operators in the Special Economic Zones; facilitating an enabling environment in areas designated as Special Economic Zones; developing the modern infrastructure required to attract foreign direct investment and stimulating domestic investment; promoting economic development in local communities and advancing further diversification of the economy. The Minister of Trade and Industry will expand on the Special Economic Zones Authority during the Budget debate.

- [Trade and Investment Promotion Agency](#)

Madam Speaker, we are enhancing trade and foreign direct investment through the merger of InvesTT and ExporTT in the first instance.

There are currently **thirteen** entities, which perform trade and investment promotion functions suggesting that there is a need for increased efficiencies and coordination in the execution of both types of promotion activities.

Prudent and transformative action is now needed to diversify the economy and reduce expenditure. The current economic climate provides a good opportunity for the restructuring of the country's trade and investment institutional arrangements.

A newly established ***Trade and Investment Promotion Agency*** will achieve these objectives by reducing the need for multiple overlapping agencies duplicating the same work. The creation of this new Agency will also bring our trade and investment promotion institutional arrangements closer to international best practice, allowing for more targeted and focused efforts and bringing the country closer to attaining its economic diversification goals.

This approach builds on the success and lessons learnt from the establishment of the Single Electronic Window, which has reduced the need for multiple visits to multiple agencies for those conducting business resulting in greater efficiencies and customer satisfaction.

- [Trinidad and Tobago International Financial Centre](#)

Madam Speaker, it is well-established that a country's level of financial technology (fintech) development is highly related to improvements in financial inclusion in particular, in emerging economies. As fintech solutions develop in a country, progressively more people will have access to essential financial services like bank accounts and the ability to save and access credit. The Government has made significant policy inroads related to the development and enablement of the sector.

We have introduced the E-Money Issuer (EMI) Order which came into effect on August 4, 2020. This allows for the participation of E-Money Issuers and Fintechs to provide services alongside the banking sector as long as regulatory and operational requirements are met.

In September 2021 we also implemented guidance for the banking sector to allow for relaxed and simplified know-your-customer (KYC) rules to make opening bank accounts easier for individuals whom traditional requirements might otherwise exclude. A risk-based approach has been promulgated.

As part of the amended mandate of the International Financial Centre, the agency will directly support the Ministry of Finance and other stakeholders in executing the initiatives in progressing the Fintech agenda through the development of a national financial inclusion strategy and action plan to pursue a single approach to financial inclusion aimed at increasing participation within the formal economy by:

- accelerating digitalization of payments across the Government through the enablement of multiple electronic funds transfer (EFT) methods across receivers of revenue within the public sector;
- facilitating investment opportunities from international Fintechs focused on developing local capabilities for export potential through the development of a Fintech Hub. This hub is envisaged as the major means through which Trinidad and Tobago will provide greater opportunities for Fintech start-ups and established players to develop and scale their operations. This Hub will help to significantly increase the number of entrepreneurs who successfully transition from start-up to export-ready Fintech and Fintech-enabled services and products, thereby improving business sustainability and overall economic growth contribution from the export of these services.

Enabling Sectors

Madam Speaker, in my last Budget Statement I laid out a broad agenda for resetting the economy for growth and transformation based on the *Road Map to Recovery* and I propose in this Statement to continue that process as we scale up our vaccination roll-out programme.

Within our resource envelope, we are completing many of our ongoing infrastructure projects.

- Digital Transformation

Madam Speaker, we had to adapt as many others did in the global economy to new ways of working and doing business in the global response to the Covid-19 pandemic. This process of change heralded an accelerated adoption of digital technologies to remain relevant. Business models began to make greater use of electronic transactions. In fact, Madam Speaker, many people now prefer electronic transactions.

Madam Speaker, it became very clear that digital transformation is synonymous with convenience, speed and ease of doing business. We acknowledge nevertheless that the pandemic and the closure of physical schools have impacted our children's physical interactions, social development and mental and emotional well-being. We wish to commend our teachers who have embraced the challenge to transition to new classroom methodologies, in particular online teaching. Many of our teachers serve the dual role of parent and educator and online education is here to stay.

Madam Speaker, digital transformation drives a two-fold process: it stimulates more competitive business and facilitates the emergence of the digital sector. We must now become a supplier of digital goods and services with such goods and services made in Trinidad and Tobago for Trinidad and Tobago. We must transition from being a consumer of digital products manufactured in other countries. Simultaneously, our businesses must digitize; they must have online presences that is, they must have a digital footprint, online marketplace and digitally-enabled value chains. They will need to improve their efficiencies and effectiveness as a condition for competing in the current global marketplace.

This is an opportunity to have a global market rather than a domestic market. Leaders in digital economies are countries that have made investments in digital infrastructure and talent and have a thriving eCommerce environment. We have the raw, yet untapped talent and therefore the potential to transform ourselves into a prominent digital economy. A small nation can become a leader; it only takes one digital product or service to create the momentum for the shift.

Madam Speaker, we have been implementing a range of initiatives aimed at improving the efficiency and effectiveness of the Government. We are witnessing a positive impact on the population and economy. The deepening and widening of the digital transformation process will continue to generate economies of scale. The e-state apparatus is demonstrating value for money. It represents reduced overall expenditure, while at the same time facilitates improved productivity and competitiveness nationally as citizens and businesses take advantage of the wide range of our e-services.

Madam Speaker, **Information and Communications Technology (ICT)** **is a public good** as it serves to reduce aggressively the digital divide. We are ensuring that our citizens enjoy robust, high quality, affordable internet access and have devices for connecting to the internet for work or play. We are providing our citizens with the skills and with access to the required support to use the technology online competently, safely, responsibly and most productively.

Madam Speaker, we will continue to expand our suite of technological products in creating a digital economy:

- **TT WiFi:** will continue to provide free broadband access in highly populated and frequented areas such as transport hubs, hospital waiting rooms, libraries and schools;
 - at present roll-out of TT-WIFI is live at **10** transport hubs and **sixteen** libraries. The initiative will continue in 2022 driven by the Telecommunications Authority of Trinidad and Tobago (TATT). This company, in collaboration with Internet Service Providers (ISPs), will roll out additional TT-WIFI sites at **all** transport hubs, **all** libraries, **all** schools and at **all** health sites; and

- free Wi-Fi is facilitating our evolution into a *smart society* and in particular our requirements for personal security. We will partner with local developers to create Apps to be provided free of charge to our citizens. This facility in tandem with the free Wi-Fi service will strengthen the security environment allowing our citizens to go about their business safely and securely.

- **ICT Access Centres** are already benefitting our citizens in digitally underserved communities. These centres are providing our citizens with computers, internet access, training, printing and scanning services and we plan to expand this facility. In 2022, the number of ICT Access Centres is being increased from **6** to **50**. We are introducing value-added services, in particular increased training. We will provide business incubation support services and we will ensure that community participation in the digital thrust is fostered and promoted.

- **Digital Skills Training** will be added to the in-person information technology training provided at the Access Centres: **10,000** persons will be provided with digital skills training followed by another **2,000** under an arrangement with the *Microsoft Philanthropic Group*.

- **Broadband service** will be provided in underserved communities.

We plan to connect at least **twenty-five** underserved communities in 2022 and will continue the Programme until Trinidad and Tobago is fully connected digitally.

Madam Speaker, we are transforming the telecommunications sector to enhance its contribution to GDP from its present level of **4.0 percent** to **8.0 percent**. We are putting in place the foundation on which this country will become a producer and supplier of digital goods and services. We are harnessing our local talent to produce, innovate, deliver and eventually export digital goods and services.

An enabling legislative framework represents an important driving force to achieve meaningful and universal connectivity:

- **the Enabling Legislative Framework** will be anchored on a raft of existing legislation. The e-Legislative agenda will be comprehensive, including amending existing legislation and introducing new legislation where needed. In 2021 we updated the *Data Protection Act and the Electronic Transactions Act*.

In 2022 we will finalize the Cybercrime Bill and amend the *Telecommunications Act*. We will introduce legislation to enable a *National Digital Identity* with all of the necessary assurances and coverage to ensure the security and privacy of information exchanged.

- **the Digital Developer Hub** is the second measure for collaborating with the private sector, academia and small local developers, including individuals to establish a platform for the development of software and applications which meet global standards.
 - software and apps will be developed by our local talent for use in Trinidad and Tobago and this will allow developers to create digital solutions which would include an *Online Local Marketplace*. Over the last 18 months of the Covid-19 pandemic era, local artisans and cottage industries were adversely affected – losing several potential avenues to showcase, display and sell their craft and talent. We are proposing to develop an *online store* to generate income for local craft persons who would advertise and sell their work. We will also provide this group of artists with the knowledge to be effective entrepreneurs and businesspeople. We will support them through training in small business development.

- **Digital Wallets** will be introduced to speed up transactions, improve security and identify fintech opportunities.
- **Technical Skills Training** represents the third measure in building the backbone of our digital economy. We will focus on technical skills development. We cannot afford to use valuable foreign exchange to pay for cybersecurity, blockchain, 5G and other proprietary software.

We are acquiring the appropriate knowledge from Estonia, and this is being done through a Memorandum of Understanding with that country, the acknowledged world leader in digital transformation and technical skills training opportunities. We are ensuring that training and development are tied into projects which are delivering solutions for the Government or the business community.

Madam Speaker, we have set up in record time the *TTravel Pass Solution* and the *TT Vaccine Appointment System*. We are aiming to have an e-government service where citizens or business entities can have their interactions with the state fully automated and where their privacy will be assured.

We will establish for each citizen a digital ID account which any individual will be able to use subsequently without having to repeat the provision of biodata – the once-only principle.

- **Portals** will allow the current **ttconnect** to become a more modern platform and interface. Citizens can expect an improved experience. E-government services will be provided through this one portal.
- **the National Digital ID and Interoperability ecosystem** will be facilitated by a unique digital ID which identifies the user as we move ahead in our digital nation thrust.

In 2022 we will introduce a pilot project. The National Digital ID will improve the management and issuance of social services grants and access to and provision of health services. This will kickstart the *collect once principle* which aims to shorten the time taken to deliver services, online and in-person, by reducing time spent verifying identity. It would also herald the start of the process of having a consolidated repository of information that is clean and up-to-date and which will be used to improve the citizen experience with government services.

Madam Speaker, we cannot pursue digital transformation on its own. We will secure the participation and co-operation of our citizens. We will create an enrolment process that will allow the State to verify the identity of its citizens. While we might be perceived as being behind in the Digital ID race, we wish to get right this digital transformation process. Our objective is for Trinidad and Tobago to become a model for the region in the building of digital infrastructure and capacity.

- Construction

Madam Speaker, we are focusing on the construction sector as a critical pillar to anchor our drive for sustaining growth and accelerated national development. The sector has already achieved a degree of importance in the national economy, contributing 5.5 percent to the Gross Domestic Product and employing **15.0 – 18.0 percent** of our labour force. Our portfolio of infrastructural projects has entered the *shovel-worthy* status as they have adhered to the desired planning and design principles. They cover significant areas in our public developmental agenda: new and refurbished hospitals, a network of roads and highways as well as bridges and walkovers, the building, repair and maintenance of houses, industrial parks and commercial and industrial building, schools, airports and sewer systems.

These projects are catalysing and stimulating the economy and notwithstanding the challenging environment created by COVID-19, including restrictive health measures, we have been able to complete several major construction projects.

The Curepe Interchange was opened in **April 2020**, the Moruga Agro-processing and Light Industrial Park was commissioned in **July 2020**. The Arima Hospital was commissioned on **June 9 2020** and the Point Fortin Hospital on **July 4 2020**. Other projects are at varying stages of completion.

Madam Speaker, the highway network is improving *land transportation* and its framework is based on the requirements advanced in the National Transportation Framework 2017-2020.

The road network reflects key features of a developed country which include the quality of infrastructure and transportation services. We recognize that high-quality infrastructure will unlock economic potential and will ensure that growth and opportunities are distributed throughout the country with employment-creating businesses in a cycle of investment attraction.

We adopted a systemic and comprehensive approach to building strong infrastructure and transportation systems that are resilient and of high quality.

The Development Bank of Latin America (CAF) is providing **US\$175.0 million** for the sector-wide approach programme for a modernized transportation infrastructure which is consistent with the objectives of the pipeline projects which the Bank is already financing:

- ***the Churchill Roosevelt Highway extension to Manzanilla*** represents **5 km** of highway connecting the communities of Wallerfield, Cumuto and Guaico. To diminish traffic congestion, the roadway will also provide an alternative route for entry and exit to the town of Sangre Grande. One hundred thousand citizens will benefit from the ease of connectivity by this new highway which is being built for **\$1.7 billion**. The first phase of this highway should be completed in **2022**, allowing better access to Sangre Grande;
- ***the Valencia to Toco Road*** will increase opportunities for business and economic investments for the eastern region, in particular the communities between Matelot and Sangre Grande. Detailed designs and statutory approvals are completed and construction is expected to commence in **2022**;

- ***the Solomon Hochoy Highway Extension to Point Fortin*** will create greater ease of access to the Dunlop Roundabout in Point Fortin out of Golconda, Debe, Penal, Siparia and Fyzabad. The completed highway will make a crucial contribution to the development and growth of the communities connected by the highway, including Debe, Mon Desir, Fyzabad, La Brea and Point Fortin. In **2022**, the priority link is scheduled to be completed: Dumfries to Dunlop and Fyzabad to Mon Desir;
- ***a Vehicular and Pedestrian Bridge Overpass*** is being constructed in Diego Martin with completion scheduled for **2022**. The connectivity for the commuters from the Diego Martin Valley heading into the western peninsula will be significantly improved as current times are reduced and road safety and network efficiency upgraded;
- ***the Macoya Interchange*** will continue the process of eliminating traffic lights in the East-West Corridor along the Churchill Roosevelt Highway while providing safe crossing facilities for pedestrians in the Macoya area. Construction of the Macoya interchange is expected to commence in **2022**.

Madam Speaker, we have been improving our air transportation capability by upgrading our airports, in particular at Piarco International where security is being enhanced and at ANR Robinson International Airport where interim works are upgrading the existing terminal for improved services with new construction establishing a new Terminal. The ***new Terminal at the ANR Robinson International Airport*** is in the final stages of detailed design and land acquisition, and construction of the new **Terminal Building** is scheduled to commence in **2022**. Upon completion of construction, Tobago will benefit from an international airport with sufficient capacity and level of service to expand the hotel room stock and become a key catalyst in revitalizing and expanding its tourism industry.

However, in the interim, provisional facilities are being upgraded in the current terminal area, which would allow the current average daily passenger flow of **8,000** to benefit from the existing service level of the domestic and cargo operations.

Madam Speaker, *sea transportation* is being improved with the development of port infrastructure in both Trinidad and Tobago.

The **Toco Port** will facilitate economic development in Toco and the surrounding communities between Matelot and Sangre Grande and importantly improve the connectivity between Trinidad and Tobago. Construction would commence after the satisfactory completion of the Environmental Impact Assessment (EIA).

Two ultra-modern new fast ferries have been added to the existing sea transport capacity between Trinidad and Tobago: *the APT James* commenced service in **February 2021** and the *Buccoo Reef* in **June 2021**, bringing a high level of service reliability, capacity and comfort for passengers on the Seabridge.

The integrated **Fishing Port** and facilities at Gran Chemin, Moruga will bring improved facilities for the fishing communities of Moruga and the surrounding communities of Gran Chemin, La Ruffin and Marac. The proposed **Tobago Marina**, in southwest Tobago, which is to be funded in the first instance by Government, is scheduled for commencement of construction in **2023**, once all statutory approvals are obtained, and will add a vital component to the tourism infrastructure in Tobago.

We are closely monitoring the adverse effects of climate change and rising sea levels on our shorelines. Stabilization works are progressing at the *Cap-de-Ville shoreline* where **950 meters** are being protected from coastal erosion. This project is scheduled for completion in **June 2022**. Similar-type works are taking place in *Matelot* where **425 meters** of coastline along the Paria main road are being protected. We are attaching a great deal of importance to this project, given that this roadway is the only access to Matelot. The completion date is imminent. In *Mayaro – Guayaguayare* **550 meters** of coastline are being protected with a scheduled completion date of **October 2022**.

Madam Speaker, the upcoming demand for funding requirements will far exceed our ability to meet the required demand, especially due to the impact of COVID-19 additional expenditure.

To that end, we are considering alternative sources of financing in particular public-private partnerships. We have already agreed to introduce the private sector into the state-owned *National Marine and Maintenance Services Company Limited* to establish a state-of-the-art ship repair and maintenance industry.

We are also seeking experienced international shipping businesses, cargo handling and cruise shipping to enter into a public-private partnership with the Port Authority of Trinidad and Tobago to improve port handling and cruise operations. To date, a Request for Information has been issued and we expect that a Request for Proposals will be issued shortly.

Madam Speaker, we have in train an additional inventory of substantial projects which will accelerate momentum across the construction industry throughout the next 2-year period:

- the San Fernando Waterfront Redevelopment Programme;
- the Port of Spain Redevelopment Programme;
- the Skinner Park Redevelopment Programme;
- the Urban Renewal and Revitalization Programme.

We envisage significant opportunities emanating from this dynamic construction programme.

- Agriculture

Madam Speaker, our *Road Map to Recovery* accorded food security the highest priority to address the COVID-19 pandemic-induced challenges anticipated in respect of food security. Agriculture is the basic source of food supply and our food security programme will raise consistently the contribution of agriculture to economic development. Our proposed solutions are not only game-changing but also pragmatic. They are well-aligned to the United Nations' Sustainable Development Goals. We designed this programme of action from broad-based consultations with non-governmental organisations, the private sector, academia, civil society and other key stakeholders.

We have made agriculture in all its facets a tax-free industry and we are building on this base, the confidence-inducing effects of which will facilitate investment in the sector by our investors and farmers. Farmers will now be able to invest their time, energy and finances in the development of the sector thereby making the sector much more attractive, especially for young entrepreneurs.

Madam Speaker, we had established a substantial Agriculture Stimulus Fund in the Ministry of Finance for use by the Ministry of Agriculture, Lands and Fisheries, to fund the expansion in production and marketing of selected high-demand commodities with short production cycles such as vegetables, legumes, roots and tubers, grains, fruits and small livestock. The funding is intended to support the securing of adequate quality seeds; the use of alternative feedstock; and the regularization of land issues, to accelerate land tenure and access to idle state lands. This Fund is an addition to the normal budgetary allocation to the Agriculture Sector and it represents a substantial increase over the normal year's allocation for Agriculture.

Madam Speaker, the Ministry of Agriculture, Lands and Fisheries has advised that over the last year it has worked assiduously to design and plan a series of agriculture projects and programmes to access the stimulus package and that several of these projects are ready to commence.

As a result, I intend to allocate **\$300.0 million** in the first instance to the Agriculture Stimulus Package Fund in the Ministry of Finance for fiscal year **2022**.

Madam Speaker, food and nutrition security is progressing through several well-conceptualized initiatives:

- local production of nutritious food to reduce dependence on imported food and inputs is being increasingly supported;
- a more technologically advanced agriculture system is being built, including digital transformation, is improving productivity, is expanding cold storage facilities to reduce losses and in the process increasing the availability of domestic food supply;
- the linkages along the food value and distribution chains are being strengthened to make more locally-produced food available within the country, in particular in the school feeding programme as well as part of the social welfare network;
- the national marketing infrastructure is being supported to facilitate linking farmers to markets;
- food boxes are being packaged and distributed to vulnerable families complemented with social support programmes where families continue to receive food cards to meet their food and nutrition security needs; and

- an access road repair programme to commence in 2022 will cover eighty kilometres and provide relief for over **four hundred** farmers and cost **\$75 million**. These areas include Matelot, Toco, Manzanilla, Sangre Grande, Talparo, Wallerfield, Maracas St. Joseph, Tunapuna, Orange Grove, Brasso Seco, Paria, Blanchisseuse, Lopinot and Paramin. In the productive Plum Mitan area, **\$11 million** is committed for the replacement in 2022 of the decades-old pumps as well as access road repair.

Madam Speaker, these policy initiatives are now being fully implemented. All **41** Members of Parliament are deeply aware that the packaging and distribution of food boxes to vulnerable families had a significant impact in their constituencies in the period May to September 2021.

By the end of September 2021, we delivered food packages for **136,000** families through the **41** Members of Parliament and **49,000** families through the **138** Local Government Councillors and **12** Tobago Assemblymen. So that is **185,000** food packages in 5 months. Our initial target for the 5-month period was **125,000** at a cost of **\$62.5** million.

Apart from the Members of Parliament, Councillors and Assemblymen, we also distributed extra produce packages to non-governmental organizations, including Pan Trinbago, National Carnival Bands Association, Coterie of Social Workers, Blind Welfare Association, Trinidad and Tobago Yacht Club, Police Youth Clubs, Trinbago Unified Calypsonians' Organization (TUCO), the Students' Guild of the University of the West Indies, Faith-Based Organizations and many individual families who reached out for help.

Madam Speaker, I can also say with some confidence that there is at this time more than **\$200.0 million** in private sector investment being made in livestock production, poultry production, including duck farming and processing, rabbit-rearing and processing, hatcheries, greenhouses, agro-processing, seafood processing, and agro-processing for export markets. In particular *Aripo Livestock Limited* has already invested **\$22.0 million** in the public-private-partnership livestock project in Aripo and in 2022 will invest another **\$20.0 million**. The *Nutrimix Group* has completed the modern hatchery facility in Couva at a cost of over **\$60 million**.

Central Farms which produces **1.0 million** pounds of duck meat annually is expanding and is expected to make a further **\$10.0 million** investment in 2022 to expand capacity. *Namdevco* has settled on a partner for the incomplete packing house in Couva. The partner will make a million-dollar investment in the next year. *Novo* has just launched its **\$60.0 million** agro-processing facility in Couva and in the next 18 months will make an additional **\$5.0 to \$10.0 million** investment in the local agriculture sector. *Pricesmart's* investment in a modern produce distribution centre in the new Phoenix Park Industrial Estate will be several million dollars in the next year.

The rice parboiling plant which is a **\$15.0 million** investment by *Trinidad Parboil Limited* in Couva will commence construction in early 2022. *Sprout Farms* will begin construction of its **\$6.0 million** modern greenhouse facility in St Joseph before the end of 2021. Finally, at least one investor is currently sourcing equipment to outfit one of the leased units at the Moruga Agro and Light Industrial Park and that investment will be **\$3.0 million to \$5.0 million** over the next **18** months.

Madam Speaker, there has been a great deal of discussion on the recent evolution of food prices. We are well aware that food prices have increased significantly amid the global shortages and supply chain disruptions, including increased cost of transport and freight; but in most cases, we expect that food prices will subside to its pre-pandemic ranges in 2022 once the transitory disturbances work their way through food prices.

Madam Speaker, the Minister of Agriculture, Land and Fisheries will expand on these and other initiatives during his contribution to the debate.

- **Manufacturing**

Madam Speaker, the manufacturing sector has always been important and dynamic in our domestic economy. In 2020, it has been contributing 19.3 percent of gross domestic product and has been employing over **52,000** citizens. The sector has been a catalyst for achieving economic transformation, expansion and diversification as we chart a new and innovation-driven future in the post-pandemic.

Madam Speaker, we will continue our facilitative role in the expansion of businesses and we will collaborate with the sector for it to transition into one which is globally competitive, innovative and productive. We are supporting the Trinidad and Tobago Manufacturers' Association in its drive to double by 2025 non-energy manufacturing exports. The sector is already benefitting from the forex facility at the EximBank. In 2020, **97** businesses have utilized **US\$100.0 million**; and in the period January – August 2021 107 manufacturing businesses have already utilized **US\$81.2 million**, all geared for boosting exports.

We are introducing several transformative measures, which will build a strong foundation for future development and expansion:

- *we are focusing on improving the relative ease of doing business;* we were assured that we will improve our current position of **105** out of **150** economies in the World Bank Doing Business Report 2020. However, there is a caveat.

About three weeks ago the World Bank cancelled the *Doing Business* series on country business climates, citing internal audits, while an independent probe found senior World Bank staff pressured staff to alter data in favour of several countries. The

analyses and conclusions in these ease of business documents have now been tainted.

Madam Speaker, in keeping with our digitization programme we have strengthened the Single Electronic Window for Trade and Business Facilitation and we have improved the Investment Framework for the Approval and Facilitation of Investment in the non-energy sector. Moreover, we are implementing an Electronic Funds Transfer Framework across the public sector to allow payments to be made electronically to the Government; we are expanding the Voluntary Compliance Programme under the Customs and Excise Division so that procedures associated with shipments of bonafide importers can be fast-tracked;

- *we are improving access to finance and foreign exchange* by ensuring the timely release of VAT refunds and completing the recapitalization of the EximBank to meet the peculiar needs of the manufacturing sector; we have put in place special windows within 4 commercial banks to offer facilities to small-and medium-enterprises; we are taking steps to list small-and medium-enterprises on the Trinidad and Tobago Stock Exchange for which there is a Junior Stock Exchange Facility and to provide the eligible enterprises with appropriate tax incentives;

- *we are setting up a new “Catalytic Fund” at the EximBank where export-oriented companies, in both the manufacturing and service sectors, will be able to access financial support to generate increased exports and earn more foreign exchange;*
- *we are improving production capabilities and promoting new and niche products and we are doing so by accelerating the implementation of the National Quality Policy which will ensure adherence to international standards and technical regulations. This policy programme would guarantee reliable measurements and set up a system that would allow accreditation of testing and certification facilities;*
- *we will enhance human resource capacity in the manufacturing sector through a national vocational training strategy which would create skilled employees for the manufacturing sector. We will achieve this objective by working with relevant vocational qualification standards as well as through a national apprenticeship programme, modelled along the German Vocational Education and Training System, which is highly recognized worldwide;*

- *we will expand export growth to traditional and non-traditional markets* utilizing the expertise of our leading export promotion agency. We will negotiate and expand trade agreements to improve market access focusing on Central and Latin America, the wider Caribbean, the ASEAN Economies and Africa; we will also establish trade facilitation offices in selected overseas markets, including Jamaica, Guyana with responsibility for Suriname and Belize, England with responsibility for the European Union, United States, Ghana and Beijing, China;
- we will continue to focus on the CARICOM Single Market and Economy which has been a fundamental pillar on which our national and regional sustainable development was built. To that end, through our diplomatic efforts our Prime Minister, during his Chairmanship of CARICOM between January and August 2021, has been able to place the CSME on the front burner for action.

We will amend the Immigration (Caribbean Community Skilled Nationals) Act to expand the categories eligible for free movement from 5 to 10, with two further categories awaiting the approval of the definitions at the CARICOM level. The new legislation will afford Trinidad and Tobago nationals, the opportunity to seek employment and live in participating CARICOM Member States and vice versa.

This Government has listened to the national and regional private sectors who support the free movement of skills, which will allow them to access the skilled and unskilled human resources needed to fill skills gaps, expand their operational capacity and facilitate post-pandemic innovation and growth. The opportunity is not limited to nationals residing in Trinidad and Tobago, but is also available to members of our diaspora wishing to return to the region with skills and resources to contribute to its development;

- we will establish the Innovation Incubator Project which entails collaboration between the University of the West Indies (UWI) and business entities to provide a space where young entrepreneurs can get advice or locate their businesses and help one another develop. This project will provide an avenue for building and encouraging entrepreneurship among young people throughout the country in key sectors such as agriculture; and
- we will provide **\$50 million** in professional services and support to small- and medium- enterprises specifically in the areas of accounting services, record-keeping, training, management, inventory control, health and safety and to ensure that they meet their statutory obligations. This programme will be managed by the Ministry of Finance.

Madam Speaker, we are modernizing and re-purposing eTeck as a facilitator of commercial development. We are targeting firms in specific areas of high value and light manufacturing in emerging industries and accommodating them in new modern industrial parks.

Madam Speaker, the ***Phoenix Park Industrial Estate*** is a modern economic zone situated at a unique location for domestic and international investors seeking to establish operations in Trinidad and Tobago and being close to the second largest port in the country: the Port of Point Lisas – a major containerized cargo port. Investors wishing to locate in this zone will have the advantage of easy access to regional and global consumer markets. The industrial estate will be completed in April 2022 and is being constructed by *Beijing Construction Engineering Group Company Limited* under the *belt and road initiative* being pioneered by the Peoples Republic of China.

The Industrial Estate aims to build an environmental-protection, ecological and fully functional industrial park with light industry and high additional value. It is intended to be a world-class facility that would meet our requirements for economic diversification. Chinese enterprises will now have a platform in this region to expand into the Latin American market.

- Tourism and Cultural Industries

Madam Speaker, tourism and culture contribute significantly to domestic economic activity and we are taking advantage of the opportunities for synergies among culture, arts and tourism. We are building and expanding our cultural arts. We will monetize these assets through proper marketing and promotion. The tourism and cultural sectors have been the hardest hit by the COVID-19 pandemic as borders to international and regional visitors were closed. Hotels and guesthouses have seen occupancy rates plummet.

The suspension of the cruise season has reduced visitor arrivals and visitor spending, but we are focusing on the reopening of the tourism sector, in particular business tourism, eco-tourism, sports tourism, festivals and event-tourism. We are ensuring that these sectors will become economically viable and will contribute more significantly to the national economy, employment and competitiveness.

Madam Speaker, our major tourist sites and attractions are being modernized and upgraded at globally accepted standards to attract both domestic and international tourism including Las Cuevas Beach, Manzanilla Beach, Maracas Beach, La Brea Pitch Late, Galera Point Lighthouse and the Paramin Lookout.

Cultural performance and heritage spaces are being updated: Queen's Hall, Naparima Bowl, National Academy for the Performing Arts, Southern Academy for the Performing Arts, National Museum and Art Gallery, the Museum of the City of Port of Spain, and Stollmeyer's Castle. We will also utilise any or all Steel Orchestras such as Desperadoes, All-Stars, Invaders, Renegades, Supernovas, Phase II, Skiffle and Katzenjammers among others and brand them Tourism Ambassadors. This will showcase local talent and create employment opportunities among our young, talented people.

Madam Speaker, the long-term competitiveness of our tourism and cultural sector has been assigned to Tourism Trinidad Limited and a similar company Tobago Tourism Agency Limited in Tobago, leaving regulation and management to the Trinidad and Tobago Tourism Regulatory and Licensing Authority.

This particular governance model has been particularly successful in Trinidad by improving the tourism product offerings and enhancing visitor experiences through a compelling internationally recognized destination brand.

KLM Airlines is set to begin a new service before the end of the year. This airline collaboration with Air France and Sky Team will increase our presence in Europe ensuring our destination remains central to the plans of potential visitors.

The expansion in our hotel room stock will ensure accommodation for an expanded visitor presence. The existing tourism incentives are being utilized to catalyse new plants and refurbishments and renovations of existing plants:

- *Superior Hotels (Trinidad and Tobago) Limited* is reconfiguring the **55** apartment-style guestroom hotel at the former Carlton Savannah. The new hotel, the *Brix by Marriott*, will offer **163** 4-star global standard guestrooms upon its opening before the end of the year;

- *Towers Hospitality Group Limited* is constructing a new hotel in Tobago, the *Comfort Inn and Suites*; the hotel has been designed to international mid-scale levels and it will offer **seventy-four** guestrooms upon its opening before the end of the year;
- *Prestige Hotels Limited* is proposing to develop a **152** guestroom hotel under the Sheraton Brand in the vicinity of Piarco International Airport;
- *the Financial Complex Suites Limited* with **seventy-nine** guestrooms is scheduled for opening in April 2022; and
- a *Marriott-branded* **\$500.0 million** luxury hotel is to be constructed by Superior Hotels Limited at Rocky Point Tobago.

The hotel which is a Joint-Venture between Superior Hotels and eTeck will be commissioned in 2025. When completed the project will comprise **two hundred** rooms, **twenty-eight** luxury duplex residences, **eleven** single-family villas and **twelve** townhouses. 750 jobs will be created during the construction phase and **250** permanent jobs when completed.

Madam Speaker, property owners have been upgrading their accommodation facilities to first-class levels through access to our incentive programmes: the Upgrade of Small Approved Tourism Properties with **1-5** guestrooms and the Trinidad and Tobago Hotel and Guesthouse Room-Stock Upgrade Programme with properties having **6 to 150** guestrooms.

Madam Speaker, the creative and cultural industries are playing key roles in enhancing visitor experiences and domestic tourism. The Desperadoes Pan Theatre in Port of Spain will generate a unique visitor experience in Steelband music. The Naparima Bowl will continue to foster a sense of national pride by bringing into focus the contribution of the arts to social development and cohesion.

We are repairing and upgrading the facility at the Queen's Park Savannah to ensure that the National Carnival Commission is in a better position to host events comfortably and safely. Carnival 2022, if it moves forward, will present a formidable visitor experience thereby enhancing the festival as a staple event in our annual cultural calendar.

Madam Speaker, the Government will continue to provide grants and subventions to individuals, groups and Community-Based, Faith-Based, Cultural and other Non-Governmental Organisations. Funding will be in support of projects which contribute to building the community, cultural, religious and creative sectors of Trinidad and Tobago.

Social Development

- Health

Madam Speaker, the COVID-19 Pandemic has exposed cracks in our health system. It has also demonstrated how much an efficient health sector means for our economies. We were hit hard by the dual health and economic shocks and both have had a chronic impact on our economic activity with substantial lost productivity.

Madam Speaker, prevention is better than cure. We have been investing in better health outcomes as a key for building resilience and creating healthier working-age people through our healthcare delivery system:

- Maternal and Child Health have been improving. We are now at less than 30 maternal deaths per one hundred thousand live births, down from 55 per one hundred thousand live births in 2015; This is equivalent to 7 additional women's lives saved every year since 2016;
- Neonatal mortality has been on the decline. We are now at under seven deaths per one thousand live births. In 2015, we were twelve deaths per one thousand live births; This is equivalent to an additional 90 babies alive per year since 2017;
- the Chronic Disease Assistance Programme (CDAP) has been actively restructured and re-engineered with the re-ordering cycle being reduced from **2 months to 1 month** and the fees from **\$13 to \$8 per item**; and
- Cancer screenings have escalated from **24,495** in 2015 to **54,163** in 2020, an increase of 121 **percent**.

The pandemic has made our investment in hospitals to be even more urgent.

We are in the process of delivering consistently quality healthcare throughout the country as the roll-out of our new hospital programme and new and refurbished health facilities will reduce health risks and create the entrepreneurs and skilled workers of the future:

- the *Arima Hospital* was commissioned in June 2020 at a reduced cost from **\$1.8 billion** to **\$1.6 billion**;
- the *Point Fortin Hospital* was commissioned in July 2020 at a reduced cost from **\$1.5 billion** to **\$1.2 billion**;
- the new **106**- bed *Sangre Grande Hospital* is at an advanced stage and scheduled for completion in **2022**;
- the *Diego Martin Health Centre* was commissioned in October **2020**
- the *Port of Spain Central Block* is being advanced with the completion of phase I with a new building to relocate central stores; biomedical and engineering services and medical services have been relocated to the St. James Medical Complex. Designs are in train for phase II of the Central Block;
- the *Couva Hospital and Multi-Training Facility* has been strategically repositioned to reduce the burden on the State and its citizens.

It is contributing to the transformation of the delivery of health services in the country: **6,427** patients have already received diagnostic imaging services. The activities as the hospital will drive the economic turnaround through **three** core pillars:

- the first pillar seeks to complement other ongoing health strategies to address the high burden of non-communicable diseases through the creation of *Centres of Excellence*.

These centres are being located at the Couva Hospital beginning with a *National Centre for the Treatment and Management of Renal Disease*;

- the second pillar represents Repositioning and Re-Profiling Medical Education as part of our healthcare delivery diversification strategy for the economic transformation of the country.

Medical tourism and off-shore medical education are central to this strategy and the strategy will be driven in a collaborative effort between the Government of Trinidad and Tobago and the Faculty of Medical Sciences at the University of the West Indies, St Augustine.

We have established a Special Purpose Company with a **51 percent** ownership by the University of the West Indies to oversee and to manage the execution of this initiative; and

- the third pillar positions the Couva Hospital as a full teaching University Hospital aligned with the Faculty of Medical Sciences at the University of the West Indies, St Augustine. The initiative will be managed by an international operator which will see the establishment of a new standard of care which we envisage will become the new and accepted standard of care for our hospitals and health facilities.

- a new administrative building for the Ministry of Health is being constructed under a Build Operate Lease Transfer (BOLT) Arrangement at a cost of **\$250 million** and is scheduled for commissioning in **2023**; and
- the Regional Health Authorities have made significant improvements in capacity building, services delivery, infrastructure development and equipment upgrades over the last 6 years.

Madam Speaker, the Minister of Health will expand on these initiatives and developments during the Budget Debate.

- Housing

Madam Speaker, we have long anchored our housing policy on a programme of action to ensure that all our citizens, in particular our low to medium income households, have access to adequate, safe and affordable housing. Within a well-conceptualized urban planning framework, we created a network of communities throughout the country all of which was inclusive, safe, resilient and sustainable.

With a backlog of **175,000** applicants, we have designed a range of solutions adequate to our requirements. On an ongoing basis, our home improvement grants – **1,500** annually and emergency shelter relief grants are maintaining the current housing stock while our housing construction programme, government funding and public-private partnerships are delivering new housing units to meet the current demand.

This notwithstanding, we are making much more efficient use of our limited financial resources imposed by the COVID-19 pandemic. In this new framework of financial resource stringency, we are creating a sustainable development path in core areas of the urban regions.

Madam Speaker, our *Urban Upgrading and Revitalization Programme* underpinned with a **US\$50.0 million** Inter-American Development Bank Loan is improving land tenure security in informal settlements on state-owned lands, improving the use of urban public spaces, enhancing housing conditions for low-income households and strengthening the capacity of supply-side stakeholders to satisfy effective housing demand. Some of the locations include Sahodeen Trace and Bois Bande in Sangre Grande, Factory Road in Diego Martin, Wallerfield, Guapo in Point Fortin, East Port of Spain, Eastside Plaza and Scarborough.

Madam Speaker, under our *Affordable Housing Programme* **60** units are being rolled out in Carlton Lane San Fernando and **sixty-nine** units in Riverside East San Fernando. Small- and medium-contractors are developing housing units in **fifteen** identified areas with **155** units being completed and handed over to the Housing Development Corporation.

Through public-private partnerships, development is progressing at **6** housing sites: at Mahogany Court, Mt. Hope, Malabar 1, Arima, Riverside North, Riverside East and Riverside South and Trestrail Lands, D'Abadie. **Twenty-two** units have already been completed and handed over to the HDC with **645** at various stages of completion. There are several projects in the pre-construction stage with **4,029** units being driven by private sector partnerships or through Government funding at **19** locations.

Madam Speaker, we are in the process of allocating **790** units from which we will derive revenue of **\$267.6 million**; an additional **fifty-four** units at Victoria Keys will generate a further **\$119.9 million** and a mortgage-ready stock of **3,483** units valued at **\$904.0 million** is available for conversion to ownership.

The revenue from these arrangements will contribute significantly to construction activity. The Housing Development Corporation is exploring partnerships with local financing institutions to implement alternative financing structures. These arrangements will utilise much more efficiently the cash flows generated from the mortgages and sales by the Housing Development Corporation and in so doing not only reduce the reliance on public revenue but also seeks to finance the housing construction programme on a cash-revolving basis.

The Land Settlement Agency continues its work towards facilitating the acquisition of leasehold titles by both squatters and tenants in designated areas. In the period, **October 2016 to June 2021** the Land Settlement Agency distributed Certificates of Comfort to **878** families. The Land Settlement Agency is infrastructurally-developing **fourteen** sites with a lot yield of close to **4,000** lots. The Land Settlement Agency is also engaged in **ten** pre-construction projects with a lot yield of 2,000 lots.

Madam Speaker, our *Housing and Village Improvement Programme* preserves our existing housing stock while at the same time reduces demand for subsidised housing. The Land Settlement Agency has assisted in implementing **279** projects over the **4-year** period **2017 – 2021**.

Residential lots or agricultural plots are now being distributed to former Petrotrin employees who received termination benefits resulting from the closure of the company.

Madam Speaker, the Urban Development Corporation of Trinidad and Tobago Limited is in the process of initiating the construction of **138** units in the Bayshore Housing Project as part of the San Fernando Waterfront Redevelopment Project.

Nine housing units have so far been completed with ongoing construction on **four** during the first phase of the programme. The Land Settlement Agency will construct **thirty-seven** additional units under phase I and another **eighty** under phase II.

Sport and Youth

Madam Speaker, despite the onset of the pandemic and the limits placed on physical activity which were introduced to safeguard the lives of our citizens, sport remains a key component of our national agenda and we will continue to recognize the role sport plays in nation-building. As such, we are expecting that all sporting events with fans attending will be permitted once again in 2022. However, this depends on the success of our vaccination programme.

Madam Speaker, let me take this opportunity to thank and congratulate all our athletes who competed at the recently concluded Tokyo Olympic Games. They made us very proud, and we wish them great success in Paris 2024.

Madam Speaker, I am pleased to report that despite the delays in Government construction as a result of lockdown measures, we have constructed the *Moruga Sport and Youth Multi-purpose facility*; the *Laventille Community Swimming Pool* and as well as concluded the structural assessments for all our stadia with a view to full rehabilitation.

We have also upgraded numerous Corporation grounds including the *Honeymoon Recreation Ground in El Dorado*; the *Aranguez Recreation Ground* and the *Morne Diablo Recreation Ground*. Upgrade works are nearing completion at the *Sevilla Golf Club*, *Mahaica Oval*, the *Dwight Yorke Stadium*, community swimming pools at Morvant and Maloney, and other recreation grounds at Bourg Mulatresse, Marac, Grand Riviere, and Springvale.

Madam Speaker, plans are also underway for this country to host several major sporting events. The Government has approved the submission of a bid to host matches in January 2022 of the *ICC Men's Under-19 Cricket World Cup* and we are considering the Trinidad and Tobago Cricket Board's interest in hosting some games during *England's Tour of the West Indies* in February 2022.

We will also be supporting the Trinidad and Tobago Power Boat Association's *International P1 Circuit Event*, which is scheduled for February 2022. We expect that these plans will assist in the activation of our potential to build our sports tourism product. In addition, we will continue to fund our athletes through an **enhanced** Elite Athlete Assistance Programme (EAAP).

The Minister of Sport and Community Development will provide further details on our sporting programmes during the debate.

Madam Speaker, the Government is committed to creating an enabling environment that promotes youth participation in all aspects of sustainable development. In this context, over the period 2022 to 2025, we will build additional *Fit for Purpose* youth facilities including Youth Development and Apprenticeship Centres and an expanded network of non-residential Youth Development Centres, which will play a critical role in encouraging positive youth development.

The Government is also considering the establishment of a National Service Complex at available facilities in south Trinidad. This new National Service Complex will provide a venue to facilitate an integrated, coordinated, youth-centred delivery system to address both the current and emerging needs of young people. The facility will be used as a venue for the Government's military-led programmes as well as for the skills training aspect for trainees at the Youth Development and Apprenticeship Centres.

In addition, the National Service Complex will include a Transition Home that will provide accommodation and social services to young persons who were wards of the State and left community residences at the age of eighteen. The main objective of the Transition Home is to equip young people with the necessary skills and tools needed to become independent, productive individuals. The Minister of Youth Development and National Service will expand on these projects during the Budget debate.

Public Utilities

Madam Speaker, for many years we have made substantial expenditure on our public utilities systems whether they relate to water supply, sewage treatment, electricity and public lighting systems; yet, in some areas, in particular water supply, the large expenditures have not been enhancing our quality of life. We have been reviewing our public utilities system and we are committed to ensuring that we have in place an efficient, cost-effective and reliable water and waste water service and a sustainable and affordable electricity supply.

A major driver of sustained economic development is reliable electricity services covering the length and breadth of Trinidad and Tobago. While we have made significant investments over the years in electrification programmes, there are still gaps in consumer access in particular in rural communities with unserved and underserved areas. We are targeting groups in these areas. We are assisting them in the re-wiring of their homes, in particular low-income households with household income not exceeding **\$7,000** per month, social welfare beneficiaries, senior citizens and victims of natural disasters.

We have also made substantial investments in electricity infrastructure to meet the growing electricity demand for usage and safety. Street lighting and the illumination of public spaces are continuing; the full dispatch of the **720 megawatts** from the Trinidad Generation Unlimited plant onto the national grid is strengthening supply reliability and in Tobago expanding supply is emanating from the **20 megawatts** in the Cove Power Plant.

Madam Speaker, we are looking forward to the results of the tariff review commenced by the Regulated Industries Commission for the period **December 2021- December 2026**. We expect that the financial viability of the Trinidad and Tobago Electricity Commission will be ensured with the prices reflecting the efficient cost of production; the utility will improve its service and consumers will efficiently utilize the service.

Madam Speaker, we have been improving the water sourcing and transmission network to bring relief to the citizens of Trinidad and Tobago, the majority of whom are receiving water less than **7** days per week. We are making efforts to improve the water supply in those communities where the water supply is non-existent or less than **3** days per week.

Several infrastructure projects have been completed with supply improvements in Champs Fleurs, Fyzabad, Santa Flora, Palo Seco, Diego Martin, Sangre Grande, Vistabella and Point Fortin. These projects are bringing water to **65,964** beneficiaries.

Madam Speaker, I am pleased to advise that the task of repositioning WASA is very much on course. The Board of Commissioners is in the final stages of completing a Transformation Plan to establish WASA as a modern, technology-driven water management company that efficiently delivers water and wastewater services to the population.

An integral element of the Plan is the design of a new functional and organisational structure for WASA with supporting operational systems which incorporate the use of modern technologies, and a new business model in which Government invests in capital and infrastructure and WASA meets its operational expenditure by 2024. Implementation of the Plan will commence in Fiscal 2022 and will progress over the next three (3) years. Already, the Board has made good progress in cutting expenditures on discretionary cost items and reengineering some deeply entrenched systems of operational planning, financial management, and settlement of liabilities to contractors or suppliers.

We are looking forward to the results of the rate review for WASA for the period **December 2021 - December 2026** and we would put in place a framework at the centre of which will be enhancing the quality of life of our citizens with a guaranteed daily supply of water. It is to be noted that water rates have not been adjusted in Trinidad and Tobago since 1993, 28 years ago.

Public Service

Madam Speaker, we are moving to settle outstanding wage negotiations in the public service. I have instructed the Chief Personnel Officer to commence in **2022** outstanding wage negotiations with the relevant representative trade unions in the public service.

I have also been advised that several nurses in the Regional Health Authorities are employed on temporary contracts. As a result, I have instructed the Chief Personnel Officer to investigate this situation and its implication for pension arrangements and recommend solutions to ensure that the employment contracts of these nurses are regularized. I expect this exercise will be completed by the end of **December 2021**.

Madam Speaker, the issue of pensionable service for daily-rated workers has been long-outstanding. To resolve this situation and put the service of these daily-rated workers on a pensionable basis, I propose to finalize the arrangements for the Daily-rated Pension Plan in **2022**. Expressions of Interest for suitable Consultants to implement this Plan have already been received and evaluated, and a Request for Proposals will be issued shortly.

Energy

Madam Speaker, we are an oil and gas-producing country; but we only fully commercialized gas resources in the 1980s. We are committed to reducing our dependence on oil and subsequently gas in our drive to diversification, this being a central goal of successive economic plans since the release of the first one in 1969. We are well aware of the reasons being advanced for diversification.

We wish to develop a non-oil sector and to lower oil financial dependency creating in the process a viable non-oil modern economy that can sustain relatively high levels of income; but the volatile nature of oil and gas revenues has created instability in our growth, incomes and employment.

As prices fluctuate, there are concomitant effects for export revenues and public finance. Indeed, the rise and falls in export revenues and public finance give rise to the public policy objective of the requirement for a more diversified economy. In this framework, a more diversified export and tax base become less susceptible to the vagaries of the international commodity market.

Madam Speaker, despite this repeated objective, our oil and gas economy like many others in the global economy has not been successful at diversifying fully. There are public policy dilemmas for which there is no easy answer and for this reason I am of the view that the energy sector should not only be seen as part of the problem; but also part of the solution. I am convinced that a well-functioning energy sector can be a durable source of advantage to the producers, providing in the process some of the capital and knowledge which can support more diversified growth.

The energy sector, bringing a wide range of technologies and resources into play could contribute significantly to the development of a more productive, innovative and sustainable economy.

In pursuing this objective we will take steps to ensure that greenhouse gasses are appropriately reduced from such energy activity under our Paris commitments.

Madam Speaker, our economic reform agenda is closely tied to developments in the energy sector from which substantial export revenues and public financial resources are being derived for financing growth and development:

- *we are ensuring adequate investment in upstream activity*, based on the current work programmes of the major oil companies:
 - The agreement with Shell would lead to **US\$945 million** in enhanced revenues to the Government over the period 2018-2027 and incremental revenues of **US\$118 million** annually based on a new LNG marketing arrangement;
 - The agreement with bpTT resulted in an interim agreement for Atlantic LNG Train I, the extension of the South East Galeota License and the settlement of the gas royalty issue and NGC domestic gas shortfall. The Government realized a payment of **US\$71 million** in respect of these issues;

- The gas sales agreement between Shell and NGC includes a tranche of gas at a preferential price for the Trinidad and Tobago Electricity Commission;
- **Nine** exploration wells in nine deep-water blocks have been drilled by BHP;
- The Ruby Project will provide BHP with an opportunity to deliver value by producing **138 billion** cubic feet of resources in the Ruby and Delaware reservoirs by increasing production by **10,000** barrels of oil per day in 2022;
- Shell's exploration is expected to produce **240 million** standard cubic feet per day at Baracuda in 2021 and 250 million standard cubic feet per day at Colibri in 2022;
- bpTT has produced **350 million** standard cubic feet per day in 2020 at Angelin and is expected to produce in **2021- ahead of the schedule- 276** million standard cubic feet per day at Savannah/Matapal: in 2023 **135** million standard cubic feet per day are expected at Ginger Field and in 2024 **150** million standard cubic feet at Jasmine;

- Touchtone (Primera Oil and Gas Limited) Ortoire has drilled two exploration wells with discoveries in both: Coho and Cascadura;
 - DeNovo is producing **475** barrels of condensate per day from the Iguana Field and is expected to produce **thirty million** standard cubic feet of gas from the Zandolie Field in 2022; and
 - EOG is projected to expand its production by about **one hundred** million standard cubic feet per day over the period 2022-2025, from several projects.
- *we are stabilizing our oil and condensate as well as gas production:* natural gas production which decreased in 2020 is projected to rise in 2021 to **2.77** billion standard cubic feet and in 2022 to **3.37** billion standard cubic feet and thereafter to stabilize at **3.60** billion standard cubic feet. Oil and condensate production decreased from **71,725** barrels per day in 2016 to **56,481** barrels per day in 2020; but since then has been increasing and is projected to reach **64,000** barrels per day by the end of 2021, further increasing to **86,000** barrels per day in 2022 stabilizing thereafter around that level in the medium-term.

- *we will use natural gas in support of diversification and renewable goals:*
 - the NGC CNG Company Limited has facilitated the conversion of vehicles to CNG use and the construction of CNG gas stations. As at June 30 2021, we have on the road 15,300 converted and OEM-CNG vehicles and we now have fifteen refuelling stations with CNG capability available to the general public;
 - Renewable energy will be incorporated into the local energy supply grid in the near future. We have approved a consortium comprising bpTT, Shell and Lightsource bpTT as the preferred bidders for the **112.2 megawatts** solar Photo Voltaic project. We expect that construction will commence in **2022** on the two solar Photo Voltaic plants through build-own-operate schemes, which are intended to feed power onto the national grid with **92.2 megawatts** solar Photo Voltaic at Couva and **twenty megawatts** solar Photo Voltaic at Trincity. This project is being brought in at a cost of **US\$100 million** and we are also developing a pipeline of projects aimed at increasing our renewable energy output; and

- we are phasing out the subsidised consumption of fuels, with appropriate safeguards for the vulnerable groups. We are putting in place a pricing reform agenda that would lead to enhanced energy efficiency with significant fiscal benefits.

Madam Speaker, in **September 2021** bpTT underlined its continuing interest in Trinidad and Tobago when on the occasion of the initial production from the Matapal development, the President of the company pointed out that *“natural gas will play an important role in the energy transition and to the economy of Trinidad and Tobago for decades to come... We are committed to a strong energy future in Trinidad and Tobago and this project plays a critical role in delivering that.”*

Madam Speaker, for that reason and following on recent exploration and successful activity on both our land and shallow marine areas we have ramped up our expectations in respect of our deep water areas.

We are accordingly deeply hopeful that the next rounds of bids in 2022 will attract significant investor interest on land, in shallow water marine areas and our deep water marine areas:

- the first bid round will be for deep water and will comprise **eleven** deep water blocks;
- the second bid round will be for onshore activity and will comprise **12** blocks; and
- the third bid round will be for the offshore shallow water where there are **twenty-five** open shallow water blocks for consideration; interestingly **thirteen** of the blocks have been the source of recent natural gas discoveries.

Madam Speaker, it is well known that Trinidad and Tobago is a mature oil province. Indeed there is a strong argument that the first oil well ever drilled anywhere in the world, which produced oil, was drilled in **1857**, 164 years ago, to a depth of 280 feet by the American Merrimac Company in La Brea (Spanish for “Pitch”) in southeast Trinidad.

For some time now, we have been advised that we should review our energy taxation regime to remain competitive, especially because of recent significant oil finds in neighbouring countries.

It goes without saying that “discovering, developing, exploiting, and decommissioning” an oil or gas field can cost hundreds of millions of dollars and take decades. Oilfields are unique and expensive investments, therefore. Furthermore, the costs involved in developing an oil or gas field are largely incurred at the beginning of the project, before the earning of any income, and are thus sunk costs.

These facts are central to the development of tax policy in the energy sector since at the beginning of an oil or gas field development project, there is significant uncertainty as to the outcome, i.e. no guarantee that oil or gas will be found in commercially viable quantities.

If investors believe that the balance between risk and reward is unfavourable, i.e. that the taxation regime is skewed in favour of the Government, not “fair” or not economically feasible, or that the Government may capriciously reverse incentives and eliminate tax concessions, they will simply not participate.

In that context, in collaboration with the Ministry of Energy and Energy Industries, the Ministry of Finance will very shortly conduct a comprehensive review of our oil and gas taxation regime to ensure that Trinidad and Tobago remains an internationally competitive hydrocarbon province. We intend to review the appropriateness in today's environment of our three main petroleum taxes, namely Petroleum Profits Tax (also known as Corporation Tax in this Sector), Supplemental Petroleum Tax and Royalty, both onshore and offshore, in the deep water and shallow water, and for large and small producers.

We shall also examine the relevance of the existing suite of fiscal incentives, licensing regimes and production sharing contracts, in terms of providing sufficient motivation for oil and gas companies to bid for blocks and engage in exploration and production, while at the same time ensuring that the citizens of Trinidad get their **fair share** of revenues from our natural resources.

Simply put, oil or gas in the ground is of little practical use to anyone. It must be produced and sold profitably, and the profits derived from its sale shared equitably, to have any intrinsic value.

Safety and Security

Madam Speaker, the security of our country and our citizens as well as the protection of our national interests is at the core of our national security agenda. We have been able to establish a secure Trinidad and Tobago in which our citizens can enjoy their fundamental rights and freedoms and participate actively in nation-building activities. This notwithstanding, we have been facing several emerging threats, including human trafficking, smuggling of illicit products, drug trafficking and a wide range of internal criminality driven by community gangs.

Madam Speaker, we have been combatting these threats. We have focused on a multi-agency approach aimed at improving coordination and collaboration among security agencies – all of which we have reformed and strengthened and provided with advanced technologies and online platforms. We will continue undertaking these measures to ensure the security of our citizens and the protection of our interests:

- *we are strengthening our border control and maritime capacity by bolstering our offshore capabilities:*

- in July of 2021, **2** new Cape Class patrol vessels joined our fleet of coast guard vessels. They would be able to travel longer distances and remain outside for longer periods. They would be able to conduct a wide range of operational activities, including border security, search and rescue, protection of critical energy infrastructure as well as countering all forms of illegal trafficking. They will secure our borders and enhance our national security landscape;
- the upgrade of our coastal radar system with improved surveillance equipment will assist the Trinidad and Tobago Coast Guard with monitoring our borders to combat the influx of immigrants, illegal drugs and guns which are being transported illegally into Trinidad and Tobago;
- the upgrade of our heliport facility will facilitate the detention and quarantining of undocumented immigrants; the facility is now managed by our Immigration Division, and
- re-registration for Venezuelan nationals residing in Trinidad and Tobago has been completed with **13,800** submitting re-registration forms. The exercise has been extended to the end of October 2021 to allow for legal regularization and the protection of registered Venezuelans.

- *we are advancing technology usage across all national security services* with full digitization of our service divisions thereby improving the efficiency of operations and tracking the movement of evidence;
- *we are creating purpose-built spaces: the Integrated Logistics Support Facility* at the Heliport Base Chaguaramas will provide the Trinidad and Tobago Coast Guard with the necessary infrastructure to conduct effective repairs and maintenance of its vessels.

New fire stations at Penal, Roxborough Tobago, Point Fortin and Mayaro are providing an increased measure of public safety services for households, schools, businesses as well as existing oil and gas infrastructure; and

- *we are improving the security apparatus at the Golden Grove Prison* with the installation of security perimeter fencing and the installation of alarm systems and a CCTV system. Upgrade works at the Remand Yard Prison, Golden Grove are continuing.

Madam Speaker, we have endeavoured to adopt and sustain a multi-tiered approach to all the lines of security. We have made our nationals safe and going forward we will set aside continuous resources to build the capacity of all the units in our security sector and to ensure that our youth is fully protected.

The Minister of National Security will give further details in his presentation.

Public-Private-Partnerships

Madam Speaker, during the last few decades Governments throughout the world, have been adopting increasingly the use of public-private-partnerships as procurement options for the financing and delivery of infrastructure and infrastructure-related services. While the model progresses slowly from concept to winning bidder, we recognize that they allow Governments to manage better its current and future debt headroom and to retain borrowing capacity for its core functions where the market risks are too high to attract private capital.

We are focusing actively on deepening the employment of public-private partnerships for large-scale developmental projects where the demand for funding especially risk capital far exceeds our ability to meet the required demand. We are also considering non-strategic asset sales as a mechanism for attracting investors and accessing non-traditional sources of financing.

- Port of Port of Spain

Madam Speaker, in fiscal 2021, the Government announced its intention to adopt a Landlord Model Public-Private Partnership (PPP) project, to improve the efficiency of the operations of the Port Authority's businesses.

As a result, the Government through the Port Authority of Trinidad and Tobago has recently invited Expressions of Interest (EOI) from investors with experience in port investments, development and operations, shipping logistics and cruise operations thereby encouraging and creating a competitive environment for potential new agreements to be created.

The expression of interest is designed to give all entities who may be interested, an opportunity to possibly engage in a potential public-private partnership arrangement in the future to provide investment in marine and port infrastructure, facilities and services and the management of operations based on the potential PPP model of development.

Potential investors are requested to propose business ideas that will support participation in a public-private-partnership *landlord model project* with the Port Authority of Trinidad and Tobago. The areas of participation would include cargo operations, regional cargo operations and cruise shipping operations.

Madam Speaker, we are of the view that an effective public-private partnership in those identified areas of activity will not only generate stable revenues; but would also enhance positively the experience of port users, businesses and the national community, thereby improving the ease of doing business environment in the country.

The Government is seeking to position The Port of Port of Spain as a major transshipment and logistics hub, inclusive of the added value cargo handling activities at CARICOM Wharves and the Port of Scarborough, as well as the potential opportunity of becoming a destination port for cruise shipping in the region.

Madam Speaker, the objective of the Government in inviting private participation in the port is to establish a more competitive and financially sustainable port system.

Specific benefits which can be derived include:

- improved level of governance in The Port of Port of Spain's operations;
- improved port activities and operational efficiency which can be positively leveraged to improve the ease of doing business in the country;
- positive revenue via dividends, concessions and/or lease payments and taxes; and
- stimulation of the local manufacturing sector.

Madam Speaker, the deadline for the submission of Expressions of Interest (EOIs) is November 23, 2021, with Requests for Proposals being issued publicly thereafter.

- [CL Marine Limited](#)

Madam Speaker, we are taking steps to build a ship-repair and maintenance facility in the western peninsula utilizing the asset base of CL Marine Limited and its subsidiaries. We have recently acquired as the largest creditor of the CL Financial Limited Group of Companies: CL Marine Limited. With a commercial dry-docking facility, CL Marine Limited through the recently-established wholly-owned state enterprise: *National Marine and Maintenance Services Company Limited*, presented an opportunity for a private-public partnership. We are of the view that an experienced international shipbuilder could establish a state-of-the-art ship repair and maintenance facility for both commercial and public sailing craft in the Western Peninsula.

The acquisition price of CL Marine Limited represented a set-off against the residual balance owed by the CL Financial Limited Group of Companies resulting from the 2009 bail-out.

Tobago

Madam Speaker, I now turn my attention to Tobago.

Madam Speaker, as we are aware, at present, Tobago is faced with an unprecedented situation given the 6-6 deadlock. The ongoing political interregnum has prevented the convening of the Assembly Legislature and as a result, some adjustments had to be made to the budgetary process of the THA which is governed by Section 41 of the THA Act 40 of 1996.

Madam Speaker, I am pleased to inform this Honourable House, that the THA conducted broad-based consultations with several stakeholder organisations to ensure that their recommendations informed the Estimates submitted by the THA. These groups included the business community, tourism and hoteliers, the agricultural sector, civil society, and youth organisations.

Madam Speaker, as you will agree, Tobago, like many tourism-dependent economies in the region and across the globe has been severely impacted by the COVID-19 pandemic. The Central Government is steadfast in its commitment to work with the THA to revive Tobago's economy following the impact of the pandemic and place it on a sustainable path of recovery and resilience. In addition to the Budget Estimates, the Assembly has submitted several recommendations to achieve this and as Minister of Finance, I have committed to implement the requisite measures to assist the island to accelerate the pace of economic recovery.

Madam Speaker, the allocation to the THA for Fiscal 2022 provides for significant financial assistance through both the Enterprise Assistance Grant and Enterprise Assistance Loan Programmes of the Assembly to aid businesses in Tobago adversely affected by the COVID -19 pandemic to resume operations and to stimulate business activity on the island. The ceiling on both programmes was increased by the Assembly at the onset of the pandemic to provide immediate support to the SME sector.

It is also envisioned that with the recent amendments to the Loan Guarantee Programme that businesses in Tobago will increase their participation rate in the revised Programme which has the potential to provide valuable funding and direct support to businesses impacted by the pandemic.

Madam Speaker, the revitalization **and expansion** of Tobago's tourism industry remains a key priority of this Administration. As such, the budgetary allocation to the Assembly provides for financial assistance to properties to upgrade their establishments under an expanded Tourism Accommodation Upgrade Programme. The 2022 fiscal package also provides for upgrades to the many tourism sites, innovative strategies to boost the marketing of the island as well as attractions, and new training initiatives to enhance customer service in Tobago. Additionally, the budgetary allocation to Tobago places special focus on boosting food security and expanding the agriculture sector.

We have also created a new programme, specifically designed to provide financial assistance to Hoteliers and Tourism Businesses in Tobago to get them back on their feet, after the deleterious economic effects of the pandemic.

We have allocated **\$50 million** to this new programme for **2022**, entitled **Tobago Hotel and Tourism Support**, and it will be managed by the THA in collaboration with eTeck, who will screen applications and assist the THA in designing and administering the programme. The purpose of this support programme is to provide access to much-needed working capital for the hotel and tourism industry in Tobago, which has been particularly hard hit by the pandemic.

There is provision for the Agricultural Access Roads Programme which provides farmers with greater access to farmlands to enhance agricultural production.

This year's allocation will also provide enhanced support and funding for increasing value-added production in the agricultural sector through support for the burgeoning agro-processing business enterprises in Tobago, and support for the infusion of modern technology and new agricultural practices.

We have also included in this year's allocation the sum of **\$30 million** for **Farmland Development** in Tobago. This funding is designed to allow the rehabilitation of abandoned or underutilised agricultural estates and to assist farmers in Tobago to upgrade existing farmland infrastructure, equipment and technology and bring new areas into production.

Madam Speaker, in the next fiscal year, allocations to the Assembly will provide significant support for the ongoing fight against COVID-19. Additionally, significant support will also be provided through the Assembly's various Social Safety Net Programmes to provide relief for persons adversely impacted by the COVID-19 pandemic.

The allocations to the THA also caters for improvements to the road and drainage infrastructure in Tobago and upgrades to the coastal infrastructure on the island to facilitate climate change adaptation and to mitigate against coastal erosion related to global warming and rising sea levels. The allocation would also provide for the enhancement of ICT and the digital infrastructure as Tobago adjusts to the new normal and as the Assembly rolls out its Intelligent Island Mandate.

Additionally, provision is made in this year's budget for the Assembly's Human Capital Development Programme to assist students to pursue tertiary education and post-secondary training in various fields. Relatedly, provision is also included for the construction of the Scarborough Secondary School which is expected to commence in fiscal 2022.

Madam Speaker, the pandemic has postponed but not derailed the medium-term plans developed by the Tobago House of Assembly. Those plans are founded on the following pillars: (i) Tourism and Hospitality, (ii) Infrastructure, and (iii) Energy and the Environment.

Regarding Tourism, the plans are: to attract resort brands that can drive international visitor arrivals; to build out new and improved exciting historical sites; and to prepare the population to support international tourism and participate in revenue generation through qualified and regulated bed and breakfast facilities serving segments of the visitor market.

The Infrastructure Committee has developed a comprehensive set of projects to address water, sewerage and sanitation, air and sea quality, mobility for residents and visitors, and public Wi-Fi and digitization more broadly. The expansion of the airport terminal at Crown Point is an essential aspect of the plans for improved infrastructure, which will increase productivity as well as enhance the visitor experience. The Infrastructure Committee also addressed the environment and energy efficiency and has identified projects around renewables and energy conservation, land use and planning and control.

Consistent with the theme of preserving and protecting the Environment, and branding Tobago as **Clean, Green and Serene**, I have provided an allocation of **\$20 million** for the development of **Green Spaces** in Tobago in **2022**.

Over the last year, the THA has attempted to keep active as many of these projects and initiatives as it could, given the constraints imposed by public health protocols.

Madam Speaker, for Fiscal 2022, the budgetary allocation to the Tobago House of Assembly is **\$2.357 billion**, of which, **\$2.075 billion** would be for recurrent expenditure, **\$264 million** for capital expenditure and **\$18 million** for the Unemployment Relief Programme (URP). This allocation to the Assembly represents **4.5 percent** of the national budget.

Since assuming Office in 2015 as Minister of Finance, I gave my commitment to the people of Tobago and the Assembly to provide adequate financial support to accelerate the pace of the island's development and to provide an allocation above the barest 4.03 percent minimum established by the Dispute Resolution Commission. Additionally, this support was extended to provide greater financial flexibility through the Assembly's Alternative Financing Mechanism agenda, which includes Public-Private Partnerships (PPPs) and accessing grants, technical assistance, and loans from multilateral agencies.

Madam Speaker, the ethos guiding this policy was to give Tobago a greater opportunity to increase its contribution to national economic activity and national diversification, primarily through tourism, with its potential as a major earner of foreign exchange.

Against this backdrop, in fiscal 2021 with the approval of the Cabinet, the THA was able to mobilise **\$164.175 million** through bond financing to fund selected development projects in Tobago. In the next fiscal year, additional resources will be made available through this medium to fund capital projects.

Additionally, the Assembly through the intervention of the Ministry of Finance has been able to access **US\$15 million** or **TT\$108 million** through the Andean Development Bank (CAF) for coastal infrastructure. It is envisioned that this financial flexibility would provide the required fillip for the mobilization of financial resources to advance Tobago's developmental momentum.

Madam Speaker, beyond the direct Allocation to the THA, another **\$788 million** is allocated to be spent 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.

The Central Government and the THA will continue to collaborate on several developmental projects in Tobago. These projects include the marina, hotel development, funding for coastal infrastructure, climate change adaptation, ICT infrastructure development for Tobago and completion of the A.N.R Robinson International Airport.

Madam Speaker, before I conclude on Tobago, I wish to touch briefly on the issue of Self-Government. As you are aware, The Constitution (Amendment)(Tobago Self-Government) Bill 2021 and the Tobago Island Government Bill 2021 are currently before Parliament. These pieces of legislation offer significant possibilities for Tobago for greater self-determination. These Bills are also important for Tobago's development and we seek bipartisan support from the Opposition to collectively work together to assist in the passage of these Bills.

Madam Speaker, I want to thank the THA for their collaborative approach, to advance the island's development and to increase Tobago's contribution to national economic activity. I, therefore, want to thank the Assembly for its open and thoughtful discussions as well as its approach in seeking the input of stakeholders to inform today's budget.

Medium-term Framework

Madam Speaker, we have been budgeting within a medium-term economic framework. We have found a medium-term fiscal strategy and a medium-term expenditure framework to be vital in our efforts to maintain fiscal and balance of payment discipline through a well-defined pathway of adjustment. We have put in place a medium-term framework for the upcoming 3-year period 2022-2024 for navigating the post-pandemic recovery.

Madam Speaker, as was the case for many economies in the world, the impact on major economic indicators of COVID-19 has been difficult to forecast especially at this time. Our economy is influenced by external and domestic developments in the oil and gas sectors – prices and production – both of which impact economic activity in the non-energy sector.

Madam Speaker, in 2020 and early 2021 a major local gas producer encountered unexpected technical difficulties resulting in a substantial decline in gas production. Such matters are outside of our control.

However, we envisage a rebound in oil and gas production driven by new discoveries with oil production rising from **64,859** barrels per day in 2021 to **86,163** barrels per day by 2022 and gas production from **2,773 MMscf** per day in 2021 to **3,368 MMscf** per day in 2022, stabilizing thereafter at **3,600 MMscf**. Amid the strengthening global recovery oil prices and expected to rise close to **60 percent** above their low base in 2020. The average price of oil was **US\$41.29** per annum in 2020 and is projected by international institutions to rise to **US\$64.68** in 2021 and to **US\$66.00** in 2022-2024.

Madam Speaker, both the energy and non-energy sectors were affected by the global slowdown in economic activity resulting from the pandemic as well as the developments in the oil and gas sectors.

In 2020, the energy sector contracted by **12.2 percent** and the non-energy sector by **5.6 percent** leading to an overall decline of **7.4 percent** in real economic growth. Real economic activity is forecasted to contract slightly in 2021 as non-energy sector activity is expected to decline at the same rates as energy sector activity, i.e. **1.0 percent**.

Our measures taken to mitigate the spread of the virus and our success in administering the National Vaccination Programme are expected to initiate a return to normalcy in the non-energy sector with an expected pickup of **2.3 percent** in non-energy sector growth. Strong economic recovery due to the coming online of major energy sector projects is expected to bring about energy sector growth of **13.0 percent** in 2022 with overall real economic growth of up to **5.0 percent**.

In 2023 the economy is expected to continue growing at a rate of **3.0 percent** owing to high growth in the energy sector due to improved production forecasts.

Madam Speaker, we plan to return to a primary surplus on the fiscal accounts in 2023 and continue on that path of growth. Similarly, the overall balance on the fiscal accounts is expected to move from a deficit of **11.0 percent** of GDP to an overall balance in 2024. This fiscal adjustment will lead to a stabilization of the public sector debt relative to GDP ratio in 2022/2023 and subsequently, a downward trend in our debt to GDP ratio.

Estimates of Revenue and Expenditure 2021-2022

Madam Speaker, the COVID-19 pandemic has had a significant impact on oil prices. The various benchmark prices started strong in 2020 averaging approximately **US\$64.00** per barrel in January 2020, but they plummeted in the second quarter closing at nearly **US\$9.00** per barrel in April 2020 when the price of West Texas Intermediate fell into unprecedented negative territory. Prices recovered and by June 2020, Brent prices averaged above **US\$40.00** per barrel; this price increased to **US\$50.00** at the end of 2020.

Since that time prices have fluctuated in a rising trend reaching **US\$71.00** per barrel by August 2021 in the context of rising oil demand consequent on increasing COVID-19 vaccination rates and economic activity.

The Organization of Petroleum Exporting Countries (OPEC) and partner countries have also contributed to the evolving trend in crude oil prices. In 2020 OPEC had cut oil production due to decreased demand during the pandemic. It has been gradually increasing oil output in 2021 and it has indicated that it will continue to do so until the production downward adjustment has been phased out.

Madam Speaker, oil prices have become extremely volatile and difficult to forecast; but we have been reviewing consistently the in-depth analyses undertaken by the international institutions and the US Energy Information Administration on the outlook for oil and gas prices. These institutions are forecasting oil prices to stabilize at approximately **US\$66.00** per barrel during the period **2022-2024**. Natural gas prices have been going through the roof recently, crossing **\$5.00** per MMBtu in the US and **\$20** per MMBtu in the Far East, but we have chosen to be conservative. To that end, we have decided that our assumptions for oil and gas prices are **US\$65.00** per barrel for oil and **US\$3.75** per MMBtu for gas for our Budget 2022.

As a result, of these assumptions:

- Total Revenue **\$43.333 billion**
- Total Expenditure **\$52.429 billion**
- Fiscal Deficit **\$ 9.096 billion**

Madam Speaker, based on these assumptions and estimates we are projecting:

Total revenue	\$43.333 billion
Oil revenue	\$12.614 billion
Non-oil revenue	\$29.712 billion
Capital revenue	\$1.006 billion
Total expenditure (net of capital Repayments and sinking fund contribution)	\$52.429 billion
Fiscal Deficit	\$ 9.096 billion

Madam Speaker, the major Fiscal 2022 allocations will be:

• Education and Training	\$6.886 billion
• Health	\$6.395 billion
• National Security	\$5.664 billion
• Works and Transport	\$3.577 billion
• Public Utilities	\$2.671 billion
• Rural Development and Local Government	\$1.656 billion
• Agriculture	\$1.249 billion
• Housing	\$0.610 billion

Madam Speaker, in 2021 we will secure a range of financing options for the fiscal deficit. We will tap into the domestic and international capital markets as well as accessing facilities at the international institutions. Non-debt creating financing facilities are also being secured from our utilization of public-private partnerships and strategic asset sales.

Fiscal and Other Measures

Madam Speaker, I turn now to the Fiscal Measures for 2022

1. COVID 19 Relief: 3-year cap in the reduction in the tax rate by 5 percent for significant exporters of Local Goods

Madam Speaker, as part of our comprehensive suite of COVID-19 relief measures, I propose to reduce the tax rate by **5.0 percent** for significant exporters of Local Goods the annual revenue of which is over **\$500,000**. This measure is estimated to benefit over **five hundred** exporters in the initial assessment and is estimated to cost **\$45.3 million** annually in revenue forgone. This measure will take effect on **January 1 2022** and will be reviewed after **3 years**.

2. COVID 19 Relief: 3-year cap in the reduction in the tax rate by 5 percent for Small and Medium Companies whose core business, relating to technology solutions, digitization and construction is more than 50 percent of annual revenues.

Madam Speaker, we are supporting the broad digital strategy and providing much-needed support to companies by reducing the tax rate by **5.0 percent** for Small and Medium Companies whose core business, relating to technology solutions, digitization and construction is more than 50 percent of annual revenues. It is estimated that if **1,000** Small and Medium Companies utilize this measure, they can each save **\$41,000** in taxes at a cost of an estimated **\$45.6 million** in revenue forgone per year. This measure will take effect on **January 1 2022** and will be reviewed after **3** years.

3. Digital Sector

Madam Speaker, to further accelerate and advance this country's drive for digitization, I am proposing that for **new companies** whose core business activities are digitization and technology solutions, a **50 percent** tax exemption is given on the first **\$100,000 of chargeable income** for the first year and for the first **\$200,000** of chargeable income in the second year. This measure will take effect from **January 1 2022**.

4. Research and Development Capital Allowance up to forty percent (40 percent) of expenditure (in calculating taxable profits) incurred by companies in Research and Development:

Madam Speaker, innovation is the key to increasing efficiency and effectiveness within any organization. To achieve this objective, I propose to implement a Research and Development (R&D) Capital Allowance up to **40 percent** of expenditure (in calculating taxable profits) incurred by companies engaged in Research and Development (R&D).

Madam Speaker, when a company elects to invest in R&D it will allow the organization to gain a better foundation, understanding, future capabilities and potential. This measure will cost an estimated **\$28.5 million** and will benefit 1,000 companies. This measure will take effect on **January 1 2022** and **will be reviewed** after 3 years.

5. Carbon Capture and Storage and Enhanced Oil Recovery: Tax Credit of thirty per cent (30 percent) of the cost of investment in carbon capture and storage and enhanced oil recovery up to a maximum of five hundred thousand dollars (\$500,000) for companies that make such investments.

Madam Speaker, for our country to develop its substantial hydrocarbon reserves, we need agility and quick execution which require a sharp focus on competitiveness and sustainability. To achieve this objective, I propose to introduce a Tax Credit of **30.0 percent** of the cost of investment up to a maximum of **\$500,000** for companies that invest in Carbon Capture and Storage and Enhanced Oil Recovery. This measure will take effect on **January 1 2022**.

6. Small and Medium Enterprises (SMEs) Listing on the Trinidad and Tobago Stock Exchange

Madam Speaker, Small and Medium-sized Enterprises (SMEs) have played a vital role in the Trinidad and Tobago economy, contributing significantly to growth and job creation.

SMEs face numerous challenges such as access to finance, regulatory hurdles, and workforce gaps. In light of this, I propose a full-tax holiday for the first **5-year** period to new SMEs listing on the TTSE by granting tax exemption on Business Levy and Green Fund Levy to new listings in addition to tax incentives in the Finance Act 2020 (Act 30 of 2020). For the second **5-year** period, new SME listings will be taxed at **50.0 percent** (Corporation Tax, Business Levy and Green Fund Levy).

Additionally, assistance will be provided to the TTSE to operationalise and integrate the SME Mentorship Programme into the broader set of services currently provided to SMEs by various government agencies.

This includes but is not limited to (i) supporting the re-drafting of the Listing Rules to include the SME Mentor and the subsequent approval process with the TTSE (ii) assisting in identifying, assessing and maintaining a stable list of 'highly competent and experienced' SME Mentors and (iii) integrating the SME Mentorship Programme into the government's existing support infrastructure for SMEs. This measure will take effect on **January 1 2022**.

7. Penalties for Overweight Trucks

Madam Speaker, the infrastructural damages sustained on our nation's roadways by overweight trucks continues to be a major concern. One legal truck causes the same amount of damage to a road as approximately **9,600** cars; however, one truck overloaded by only **20 percent** would cause the same amount of damage as **19,000** cars. A truck overloaded **100.0 percent** would cause the same damage as **eighteen** legal vehicles. The Ministry of Works and Transport launched Weight Control Stations at Caroni and Golconda.

Weighing at these locations over the period **October 2018** to **March 2019** indicated that of the **126** trucks weighed, **94.0 percent** of all vehicles weighed were overweight, **6.0 percent** of which were overweight by more than **100.0 percent** of their Maximum Gross Weight. Currently, the fines under the Motor Vehicles and Road Traffic (Enforcement and Administration) Act are **\$750**. I propose to increase this fine to **\$8,000**. This measure will take effect on **January 1 2022**.

8. Manufacturing Sector: Development and Expansion Incentive (DEI)

To encourage development across the manufacturing sector, I propose to offer an incentive to companies of a **5 percent** reduction in their tax rate. This is limited to **\$500,000** on **qualifying project expenditure**. This incentive will be for **2** years. These qualifying projects and activities must entail investment in projects which create advancements and growth in the manufacturing sector. Further, these projects must be related to information technology and digitization, manufacturing and technology development. This incentive excludes companies in the petrochemical industry and is geared toward new foreign direct investment businesses. This measure will take effect from **January 1 2022**.

9. Foreign Investment Sector: Withholding Tax Rate

To encourage foreign investment I propose to amend the Third Schedule of the Income Tax Act Chapter 75:01 (Part II Rates of Withholding Tax) so that the rates of withholding tax shall be reduced on any distribution made from **10 percent** to **8 percent** and where such distribution is made to a parent company the rate shall be reduced from **5 percent** to **3 percent**.

This measure is to encourage foreign companies to invest in Trinidad and Tobago. **It reduces the taxation burden for the company** as it addresses specifically the dividend payments to them. In other CARICOM countries in particular Barbados to the UK the rate is zero percent. This measure will take effect from **January 1 2022**.

10. Strengthening the Board of Inland Revenue: Recruitment of one hundred Audit and Compliance Officers.

Madam Speaker, as we move to the full of the Trinidad and Tobago Revenue Authority, this Government will in the interim enhance revenue collection of this country through the recruitment of **one hundred** recently-qualified accountants and university graduates in a relevant field to support the Inland Revenue Division (IRD) to improve tax collection. These graduates will migrate to the TTRA when it is fully operational. This initiative is geared towards enhancing our revenue collection through strategic monitoring, impact visits, reviews and audits of businesses. Those individuals who are recruited will be trained within the first two months of their employment.

11. Tax Allowance for First Time Homeowner:

Madam Speaker, we are committed to providing affordable and adequate housing to our low-and middle-income citizens. In light of the continued challenges facing such individuals as they seek affordable housing in a period of already high domestic property values, I propose to increase the first-time homeowner limit from **\$25,000 to \$30,000** per household on mortgage interest paid in the year of income for first-time homeowners for five years with effect from the date of acquisition.

This measure will generate significant investment in the private sector housing industry. It will cost the Government **\$30.0 million** per year in revenue forgone and benefit 18,000 first time homeowners. This measure will take effect on **January 1 2022**.

**12. Contributions to Approved Pension Fund
Plan/Scheme/Approved Deferred Annuity/Tax Saving
Plan/Widows' And Orphans' Fund/National Insurance Payment**

Madam Speaker, at present relief, is granted for the annual contributions made by the taxpayer up to **\$50,000** in respect of contributions to any approved Retirement Benefits Scheme or Approved Pension Fund Plan, Premiums paid under an Approved Annuity Plan, Contributions by individuals under the Retiring Allowance (Legislative Service) Act from 1st January 1996 and Contributions to National Insurance Scheme. I propose to increase the relief granted from **\$50,000 to \$60,000**. This measure will impact over **100,000** persons. This measure will take effect on **January 1 2022**.

13. Electric Vehicles

Madam Speaker, in keeping with the Government's commitment to promote a green economy and reduce our carbon footprint, I propose to remove all custom duties, motor vehicle tax and value-added tax on **the importation of battery-powered electric vehicles** with an age limit on imported used battery powered electric vehicles of 2 years. This measure will take effect from January 1, 2022 and will be reviewed after 2 years.

14. Heritage Conservation - National Trust of Trinidad and Tobago

Madam Speaker, we must design mechanisms that promote the development for restoration and preservation of heritage properties for the benefit of future generations. In this context, I propose to provide a **150 percent** tax allowance of up to **\$1 million** on corporate sponsorship to Heritage properties under the oversight of the National Trust. It is anticipated that this will encourage the maintenance and restoration of heritage properties throughout the country including the Holy Trinity Cathedral, Queen's Royal College, Reform Village Shiva Mandir, Iere Village Masjid, Brigand Hill Lighthouse and the Banwari Burial site. All of these properties require specialized heritage management and have the potential of increasing the heritage tourism product. This measure will take effect from January 1, 2022.

15. Specified Therapy Equipment, Hearing Impaired, Visually Impaired, Physical Mobility Disabilities, Disability Safety Peripheral and Communication Devices: Removal of VAT and Custom Duties

Madam Speaker, this Government is committed to providing all the necessary support and aid to persons with disabilities. I propose to remove all VAT and custom duty charges on specified Therapy Equipment, Hearing Impaired, Visually Impaired, Physical Mobility Disabilities, Disability Safety Peripherals and Communication. This measure will assist persons with disabilities to purchase the required peripherals and equipment at a reduced cost. This measure will take effect on **January 1 2022**.

16. Offer for sale by First Citizens Holdings Limited of 10,869,565 ordinary shares in First Citizens Bank

We will approach the capital market in Fiscal 2022, to divest 10,869,565 ordinary shares in First Citizens Bank in a bid to raise approximately **\$550 million**. The Government's current holding is **64.43 percent** or **161,946,890** shares.

First Citizens Bank's Annual Report indicated that for the financial year ended **September 30 2020**, profit before tax amounted to **\$831.6 million**; as well as profit after tax to **\$606.9 million**. The efficiency ratio improved slightly from **54.1 percent** to **54.8 percent**. The Group's total assets amounted to **\$47.4 billion**, a **9.4 percent** increase compared to fiscal 2019.

The gross loan portfolio increased by **3.3 percent** from **\$18.9 billion** to **\$19.5 billion**, and the investments portfolio also increased by **3.7 percent** to **\$16.5 billion** from **\$15.9 billion**. The Group's funding base increased by **9.1 percent** to **\$35.2 billion** and its capital base grew by **3.8 percent**, moving from **\$7.2 billion** to **\$7.4 billion**. Qualifying capital to risk-adjusted assets stood at **39.4 percent**.

Notwithstanding, the challenges posed by the COVID-19 Pandemic, the Group's subsidiaries performed admirably. The First Citizens Depository Services Limited realized a profit before tax of **\$60.0 million** and the Trustee Company contributed a profit before tax of **\$30.6 million**, while the First Citizens Investment Services Group contributed **\$189.4 million**. To this end, the proposed sale would result in shareholding post completion of **151,077,325** shares or **60.10 percent** of issued shares.

17. Utility Rebates: T&TEC and WASA

Madam Speaker, The TTEC Bill Rebate Programme provides a **25.0 percent** rebate to T&TEC's Residential Customers on bills, which are **\$300** or lower, that is, the total value of the bill, including VAT. I propose to increase the rebate from **25.0 percent** to **35.0 percent** on bills that are **\$300.00** or lower. This would affect **210,000** households at an additional annual cost of **\$25.0 million**. This measure will take effect from **1 January 2022**.

Madam Speaker, I also propose to appropriately offset the cost of water for the same group of households receiving the T&TEC bill rebate. Further details will be announced in the Finance Bill of 2021.

Madam Speaker, we will introduce the market-based prices for electricity and water as recommended by the Regulated Industries Commission. We will provide low-income and vulnerable groups with appropriate rebates in the first instance. We will develop and put in place a **UTILITY CASH CARD**, which will be made available to low-income and vulnerable groups to access subsidies for electricity and water, once the prices for these services are regularized.

A similar system will be extended to the same group of citizens in respect of the fuel usage upon the liberalization of the fuel market. A **FUEL CASH CARD** will be made available to vulnerable groups to offset the cost of increases in the price of motor fuels. This Cash Card Programme will be administered by the Ministry of Public Utilities.

18. ALL computer hardware, software and peripherals: Removal of ALL import duties and Taxes (VAT & Online Purchase Tax)

Madam Speaker, to stimulate the growth of the digital economy and in our quest to become a fully digitized environment, I propose to remove ALL duties and **ALL** taxes on **ALL** remaining computer hardware, software and peripherals that are not yet tax free. This measure will take effect on **January 1 2022**.

19. VAT Removal on basic food items

Madam Speaker, several commentators have suggested that we remove import duties on basic food items, to alleviate the problem of rising food prices.

However, while it may sound good to those who are unfamiliar with the local food industry, this would have an immediate and negative impact on the domestic producers of these items. For instance, the removal of import duty on chicken would have a disastrous effect on the local poultry industry. As a result, we are carefully examining the list of most commonly used basic food items to determine which items can be made exempt from import duty without damaging local manufacturers.

An example of a basic food item, not made in Trinidad and Tobago, but used as a staple in many households, which falls into this category, is Cheddar Cheese.

However, to provide immediate relief, I propose instead to expand the list of basic food items that are exempted from Value Added Tax. This will include the zero-rating of basic food items such as biscuits, cooking oil, canned vegetables, cornflakes, canned fish, canned meat, curry, juice, sausages, ham, ketchup, bottled water and pigtail. This measure will take effect from **November 1, 2021**, and an appropriate list of items will be published shortly.

It should also be noted that as we move to remove VAT from more basic food items, to assist the most vulnerable, we have, consistent with our policy in last year's budget, also made several luxury food items, such as imported lobster, clams and strawberries, subject to VAT.

Conclusion

Madam Speaker, I have outlined a fully implementable and critical portfolio of projects and policies, which will impact significantly and make substantial differences in the lives of our citizens who are facing enormous challenges and difficulties arising out of the combined impact of the pandemic-induced economic and health crisis. We wish to emerge from these difficulties stronger and in better shape.

Increasing the rate of vaccination, among our school and adult population will allow us to press on with our recovery and transformation plan, the initial outline of which was carefully laid out during my last Budget Presentation.

Madam Speaker, since we assumed Office in September 2015, we have been addressing several crises, including the requirement for stabilization arising from the precipitous decline in oil prices and revenues in 2014. Our record speaks for itself. We have demonstrated the discipline, the resolve and the determination to change the pathway of the economy. Indeed, up until the onset of the COVID-19 pandemic in early 2020, we were on course to restore and sustain macroeconomic stability over the medium term as the basis for revitalizing and reforming the economy.

Madam Speaker, we have demonstrated our enlightened experience in the most difficult combination of a health and economic crisis that we have ever encountered; and we will lead this country out of the crisis by pressing on with the economic transformation plan and by continuing to strengthen social inclusion. Our objective is to build a future that would create equal opportunities for all our citizens and in the process ensure success and prosperity.

Madam Speaker, we will consolidate our gains, complete our ongoing projects and initiate implementation of newly designed:

- we will revitalize and transform the economy by implementing our recovery programme to establish a modernized, competitive and resilient economy aimed at promoting inclusive and sustainable growth;
- we will sustain macro-economic stability with a focus on debt sustainability over the medium term;
- we will provide a supportive private sector environment for facilitating entrepreneurship, domestic businesses and foreign investment;
- we will continue to implement people-centred policies;
- we will continue to invest in digital technology to support every aspect of our economy, including the delivery of public services;
- we will support commercial farming and attract youth into the farming sector;
- we will build the manufacturing sector;
- we will develop our housing and construction industry;

- we will continue our exploration and production activity in the oil and gas sector to ensure that capital is available for diversification and growth; and
- we will continue to improve the health and well-being of our citizens.

Madam Speaker, with this Budget we are revitalizing the economy and resuming the transformation drive which was disturbed by the COVID-19 pandemic. We will achieve our goal if we stay focused on our blueprint for modernization and transformation and maximize our vaccination rate

Madam Speaker, thank you and I beg to move.