HOUSE OF REPRESENTATIVES

Monday, October 02, 2017

The House met at 1.30 p.m.

PRAYERS

[MADAM SPEAKER *in the Chair*]

PAPERS LAID

1. Draft Estimates of Expenditure for the financial year 2018. [*The Minister of Finance* (*Hon. Colm Imbert*)]
2. Draft Estimates—Details of Estimates of Recurrent Expenditure for the financial year 2018. [*Hon. C. Imbert*]
3. Draft Estimates of Revenue and Expenditure of the Statutory Boards and Similar Bodies and of the Tobago House of Assembly for the financial year 2018. [*Hon. C. Imbert*]
4. Draft Estimates of the Development Programme for the financial year 2018. [*Hon. C. Imbert*]
5. Draft Estimates of Revenue for the financial year 2018. [*Hon. C. Imbert*]
6. Social Sector Investment Programme 2018. [*Hon. C. Imbert*]
7. Public Sector Investment Programme - Trinidad 2018. [*Hon. C. Imbert*]
8. Public Sector Investment Programme - Tobago 2018. [*Hon. C. Imbert*]
9. State Enterprises Investment Programme 2018. [*Hon. C. Imbert*]
10. Review of the Economy 2017. [*Hon. C. Imbert*]
11. Vision 2030. [*Hon. C. Imbert*]
12. National Performance Framework 2017—2020. [*Hon. C. Imbert*]

APPROPRIATION (FINANCIAL YEAR – 2018) BILL, 2017

Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2018 [*The Minister of Finance*]; read the first time.

The Minister of Finance (Hon. Colm Imbert): Madam Speaker, I beg to move:

That a Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2018, be read a second time.

Madam Speaker, on behalf of the People's National Movement Government, it is my honour and privilege to present the third budget since our assumption of office in September 2015, under the leadership of the Prime Minister, Hon. Dr. Keith Rowley. [*Desk thumping*]

Madam Speaker, getting a structurally unbalanced economy to adjust for a major external shock has been an enormous challenge. Implementation has not been easy. Every step of the way we have had to make hard and difficult choices, but we are doing so while improving the efficiency of resource allocation and protecting the most vulnerable from the dislocation of the reform process. Despite the internal and external challenges stemming from very low energy prices, and a steady decline in oil and gas production, we have come a long way since we assumed office in September 2015. We are now at a crossroads. We have formulated a practical and forward-looking agenda of policies and programmes encompassing all the major aspects of economic life. A critical area is the nurturing and fostering of the private sector in an expanding role in all spheres of economic activity. This is a high priority for the Government as we ensure the involvement of the entire population in the journey of transformation.

Madam Speaker, it is appropriate at this juncture to give an account of our current financial situation. Only last week Wednesday, the Government, through the Office of the Prime Minister, hosted a historic pre-budget workshop, entitled "Spotlight on Trinidad and Tobago's Financial Circumstances", at the Hyatt Regency Hotel in Port of Spain, where technocrats from the Ministry of Finance and the Central Bank laid bare the stark economic realities that we face as a country. In this groundbreaking forum, we invited persons representing business and labour organizations, the energy sector, and the University of the West Indies to participate, make presentations and propose solutions to our current problems.

The workshop was a resounding success, and on behalf of the Government I wish to thank all those who attended, in particular, those who made presentations and sought clarifications. There was a remarkable similarity in the views expressed, although there was no prior collaboration. The consensus was that in view of the catastrophic reduction in revenues from petroleum over the last three years, which was close to 90 per cent, from $20.9 billion in 2014 to $2.8 billion in 2017, it can no longer be business as usual.

It was accepted by all concerned that we must now all come together as a people and a country in a process of fundamental transformation in order to withstand and overcome the energy price shock we have been subjected to since 2014. In so doing, it is necessary to understand where we have come from in order to determine where we need to go. To achieve this understanding, as we go forward into fiscal 2018, it is critical to understand the changes that have taken place in global energy markets over the past decade or so, and how these have affected our public finances and our external accounts. These changes clearly indicate that we need to improve our revenue administration, rethink our expenditure patterns, and intensify our efforts to diversify our economy.

Allow me to give a brief overview of our financial situation. Nine years ago in July 2008, when the price of oil peaked at US $145 per barrel, and natural gas was at a record high of $13 per MMBtu, the Government's core revenue, which we can define as revenue from taxation, duties, royalties on oil, administrative fees, and normal dividends from state enterprises was a healthy $56.8 billion. In that year, 2008, total expenditure was $53.8 billion, which yielded a fiscal surplus of $3 billion, the last surplus the country has achieved. More importantly, the balance of trade in 2008 was $56.7 billion. That is to say that in 2008 the value of our exports of goods, $116.6 billion exceeded the value of our imports of goods, $59.9 billion, by $56.7 billion. Compare this to the present day when the balance of trade in 2017 is now negative $5.2 billion. In other words, our exports in 2017, $33.1 billion, are $5.2 billion less than our imports, $38.3 billion.

By December 2008, oil prices had crashed from $145 per barrel to US $33 per barrel, forcing a re-evaluation of Government's spending plan. Although oil prices subsequently recovered to US $70 per barrel in 2009, by 2010 core revenue had dropped by $12.9 billion to $43.9 billion, a reduction of more than 20 per cent from the 2008 high. Consistent with this acute reduction in Government revenues, Government expenditure was accordingly reduced by the then PNM Government over the 2009 to 2010 period by $7.1 billion to $46.7 billion. The deficit in that year was relatively modest at $2.8 billion, or less than 2 per cent of gross domestic product, and was financed by borrowing. Unfortunately, for those of us who now have the task of managing the country's finances, under the previous Government spending escalated from $46.7 billion in 2010 to $62.8 billion in 2014, an increase of 34 per cent. Despite the fact that during the 2010 to 2014 period, core revenue never really recovered. As spending escalated, core revenue stagnated.

It is noteworthy that revenue from taxation dropped from a high of $51.6 billion in 2008 to $42.3 billion in 2015. In retrospect, it is clear that the 34 per cent increase in Government expenditure over the 2010 to 2014 period, with no proportionate increase in core revenues, was ill-advised. In fact, core revenues in 2015 were essentially the same as they were in 2011, in the $43 billion range, while annual expenditure increased by over $10 billion in the same period. This pattern of Government expenditure was and is unsustainable, but it created a false expectation among the general public that the good times would never end.

In order to satisfy increasing expenditure demands, extraordinary sources of revenue had to be found, since revenue from taxation was simply not enough. Accordingly, the one major source of cash in the state sector, which was earmarked for productive investment in sustainable new and diversified industries, that is, the retained earnings in the National Gas Company, totalling $16 billion, were withdrawn over the 2012 to 2015 period and used for budgetary support. With $6.8 billion being taken out in the election year, 2015, alone. It is noteworthy that prior to 2015, NGC's dividend policy only allowed a maximum of 50 per cent of its profits to be paid out in dividends in any year, but this was changed in 2015 to allow up to 100 per cent of NGC's profits to be withdrawn by the Government.

Further, to satisfy the craving for more and more spending by the previous Government, a sale of assets programme also commenced through sales of shares in First Citizens and the Trinidad and Tobago National Gas Company Limited through initial public offerings on the stock exchange. But this was not enough, the growing deficits had to the financed by borrowings, so the public debt also increased by 69 per cent, from $45.4 billion in 2010 to $76.5 billion in 2015, thus, increasing the Government's debt-servicing burden. Interest payments on Government debt grew by over $500 million per year over the period, and debt servicing now accounts for 20 per cent of Government expenditure.

Further, to finance increased Government spending, the cash balance in the Government's account at the Central Bank moved from $6 billion in credit in 2010 to $9 billion in debit, or in debt by 2015, using up $15 billion in cash.

Much of this increased expenditure was wasted or unproductive. Project costs skyrocketed during this period, doubling and tripling in many instances, simple building projects, such as fire stations and police stations, exploded in price, moving from $40 million per station to $400 million, in some cases, an increase of 1,000 per cent, making some fortunate contractors instant millionaires. For example, the average cost to the Government of a housing unit constructed by the HDC moved from $300,000 to over $1 million. Taxpayers' money was also wasted in many other areas.

1.45 p.m.

In fact, since 2015, as a result of the spending in the 2011 to 2015 period, the Government's account has been in permanent overdraft since 2015, very close to the allowable limit on virtually a daily basis making it difficult on many occasions since the 2015 election for the present Government to pay public sector salaries and wages.

Further, the public appetite for government expenditure was cultivated and encouraged to such an extent that we are now being asked to support a false economy that expects and demands expenditure in the range of $55—60 billion a year with tax revenues of only $35 billion a year.

Despite the fact that this PNM Government has been able to significantly reduce expenditure from $63 billion when we came in to less than $51 billion in fiscal 2017 [*Desk thumping*] a substantial reduction of 20 per cent, the gap between revenue and expenditure is still large. As a result, the Government was forced in 2017 to engage in unplanned borrowing to pay public servants' wages and salaries and meet inescapable expenditure commitments simply to keep the country functioning. [*Interruption*]

Madam Speaker: Members, I would remind you of the provisions of Standing Order 53, and this is the last time I would ask Members to comply. Minister of

Finance.

Hon. C. Imbert: Thank you, Madam Speaker, as I was saying, we are being asked to support a false economy that expects and demands expenditure in the range of $55—60 billion per year with tax revenues of only $35 billion per year. And despite the fact that the PNM Government has been able to significantly reduce expenditure, from $63 billion when we came in to less than $51 billion in fiscal 2017, a substantial reduction of 20 per cent, the gap between revenue and expenditure is still large. As a result, the Government was forced in 2017 to engage in unplanned borrowing to pay public servants' wages and salaries and meet inescapable expenditure commitments simply to keep the country functioning.

An astonishing statistic, is the fact that tax revenue from oil companies dropped from 31 per cent of total revenue in 2010, to less than 3 per cent of total revenue in 2017, down from a high of 45 per cent of total revenue in 2008. Indeed over the last three years, total revenue from all sources in the energy sector has dropped from $28 billion in 2014, to $9 billion in 2017, a loss of an annual revenue of almost $20 billion from that sector alone.

This catastrophic decline in revenue from the energy sector has had a serious adverse effect on foreign exchange inflows and on our foreign reserves. At the present time, foreign exchange inflows from energy taxation are at an all-time low. The collapse of oil and gas prices, declining production and changes in the oil and gas taxation regime have had the effect of reducing the Government's share of energy receipts. Annual inflows of foreign exchange from the energy sector have thus dropped from US $3.2 billion in 2011 to US $500 million in 2017. This is an 84 per cent reduction in foreign exchange inflows which has caused a loss to the country of US $2.7 billion per year in foreign currency. To make up for the shortfall and to make foreign exchange available to the public, especially the productive sectors, the Central Bank has injected a total of over US $7.5 billion of our reserves into the commercial banking sector in just the last four years.

Madam Speaker, it is little wonder therefore that our foreign reserves have declined from US $11.5 billion in 2014 or more than 12 months of import cover to US $8.6 billion in 2017 or 10 months of import cover. Despite this pressure on our reserves, this PNM Government has managed our country's foreign reserves prudently and accessed alternative sources of foreign exchange such as foreign commercial and multilateral loans and withdrawals from the Heritage and Stabilisation Fund.

As a consequence, the prediction of the alarmists among us that our foreign exchange would evaporate in a matter of months has not come to pass. It should also be noted that 10 months of import cover is still very comfortable by international standards. [*Desk thumping*] However, the decline in reserves cannot be allowed to continue unabated since as a country we are currently spending far more on imports than we earn from exports, an untenable situation. For this reason, we have consistently made the point that until and unless we as a country change our tastes for foreign goods, our exchange rate will continue to be under severe pressure and additional steps will have to be taken to dampen our appetite for imports.

Madam Speaker, you may wonder why I have used the term "false economy" to define the public's perception of the country's financial wealth, and the exaggerated expectations that this has created for government expenditure. Allow me to explain.

Even while we have reordered the central government finances by reducing expenditure by over $12 billion, there remain chronic economic problems in our state enterprise sector. For example, Petrotrin which produces almost 60 per cent of our country's oil, does not pay its taxes and royalties to the State and owes the Government, and by the extension the public, billions of dollars in unpaid taxes. This is a ridiculous and highly irregular state of affairs which perpetuates a false reality for this company.

In this year alone, Petrotrin should have, by law, paid $600 million in royalties to the State for the millions of barrels of the country's oil that it extracted from land and marine sources for use in its refinery. However, Petrotrin only paid $200 million in royalties, a shortfall of $400 million, which has contributed to the 2017 budget deficit. This cannot and will not continue, Petrotrin must pay its taxes like any other company.

Further, the Trinidad and Tobago Electricity Commission does not pay the NGC for the gas that is used to generate electricity although it is contractually obligated to do so. What is worse is that NGC has to pay the upstream producers such as bpTT for the gas, with a consequent loss of cash flow to NGC in the order of $750 million per year. Because of this, the bill owed by T&TEC to NGC is now over $4 billion which affects the ability of the NGC to function effectively and deprives the Government and the country of dividend income from NGC. This multi-billion dollar unpaid debt perpetuates another false reality that T&TEC has money in the bank and can afford to increase its operational expenditure.

Similarly, T&TEC did not pay Trinidad Generation Unlimited for the electricity it produces at its plant in south Trinidad for over five years, causing the last administration to take out a $1.6 billion short-term loan just before the last election which we had to scramble to refinance a few months into our term so that T&TEC could settle its arrears to TGU.

Another important utility, the Water and Sewerage Authority, receives an annual subsidy of over $2 billion a year to assist it in paying salaries, servicing debt, paying suppliers, carrying out repairs and undertaking its development projects. However, despite such massive financial assistance from the State, WASA is financially challenged and struggles to pay its bills on a daily basis.

Among these three state agencies, therefore, over $3 billion of taxpayers' dollars is being diverted or lost every year. This level of subsidy might have been supportable if the country was running budget surpluses as it did up to 2008, but in the face of persistent budget deficits every year for the last eight years, this is no longer affordable.

As a country therefore, we have to make choices as to how we distribute and spend our scarce financial resources. Should we continue to subsidize WASA and T&TEC to the tune of $3 billion plus a year; and should we continue to allow Petrotrin to avoid paying hundreds of millions per year in royalties and taxes; or should we use this money to create jobs to stimulate economic growth and to assist the poor and vulnerable? We believe the answer is clear. We must all adjust.

Madam Speaker, the 2018 budget statement has been informed by recommendations offered in written documentation and in dialogue with major stakeholders and interested parties such as economists and public policy experts. Many of their suggestions have found their way into budgetary plans and programmes. I wish to thank all those who contributed for their assistance in forging the national agenda, and I also wish to thank my Cabinet colleagues for their support and cooperation in my preparation for this occasion. [*Desk thumping*]

Once again, I wish to commend the outstanding professionalism and dedication of the public officials in the Ministry of Finance and the other Ministries and Departments who assisted us for their exceptional work beyond the call of duty. [*Desk thumping*] Indeed, their support has not only been efficient, but also effective as illustrated by the technical rigour and socio-economic assessments contained in the 12 documents which I have laid today in Parliament.

I have also had the honour in addition to the 10 budget documents bringing us to the 12, I have laid Vision 2030, the National Performance Framework 2017—2020 and the National Development Strategy 2016—2030, both prepared by the Ministry of Planning and Development.

Madam Speaker, in overcoming the most challenging economic situation of our recent past, we are securing the foundation for achieving sustainable and robust growth. Our guiding principles are charted in the updated Vision 2030 laid in Parliament today and grounded in the principles first outlined in Vision 2020.

Madam Speaker, through the implementation of Vision 2030, we envisage a society in which all our citizens will receive a fair share of our national resources. As such, they will be able to take advantage of all opportunities in an equitable manner and achieve their fullest potential in an enabling and fair environment.

For this budget presentation we have chosen an unusual theme "Changing the Paradigm", as these are unusual times which call for major changes in our policies, institutions and in ourselves. This new paradigm will call for serious adjustment from all sectors of society. [*Desk thumping*]

I turn now briefly to the global economy. At the time of the budget presentation in late 2016, the outlook was for a strong pick up in global economic activity in 2017 after a marked slowdown in 2015 to 2016. While a turnaround has materialized, it appears to be much slower than envisaged. The latest projections are for global real GDP growth of about 3.5 per cent in 2017 and 3.6 per cent in 2018, up from an average of 3.2 per cent in 2016, but a far cry from the pre-crisis levels, particularly for the advanced economies and the commodity-producing developed nations.

Real GDP growth in the United States has been revised downwards to 2.1 per cent in 2017, primarily reflecting the assumption that fiscal policy will be less expansionary than previously anticipated. Expected economic growth in the United Kingdom has also been revised downwards due to policy uncertainties following the last general election. In contrast, the cyclical rebound appears to the strong in the euro area countries as a result of reduced concerns about the negative impact of Brexit and greater political stability in the region.

Commodities exporting economies, most of which were plunged into adjustment mode to offset the sharp decline in commodity prices, are expected to slowly exit their recessions because of the steady rise in commodity prices. The recovery however, is likely to be slower for oil-producing economies as oil prices are expected to make a much slower rebound.

Inflation in the advanced economies remains generally subdued at or below the notional 2 per cent target. This level of price stability, notwithstanding relatively easy monetary policy, has been attributed to the existence of significant spare capacity, the level of private indebtedness which is contributing to cautious private sector borrowing and muted wage pressures. It is in this global context of weak or modest economic growth in many countries that we must find our way.

2.00 p.m.

Change the Paradigm: Madam Speaker, in many ways we are a typical small resource-based developing country. However, many external analysts see us as an exceptionally successful energy-based developing economy, which has used its oil and gas resources to significantly increase the living standards of our relatively small population, and the facts bear this out.

According to the World Bank Human Development Index, we have a high level of human development when measured by conventional indicators such as per capita income—now at US $17,000 in Trinidad and Tobago—education attainment and life expectancy. Our economy can boast of strong economic fundamentals, low inflation, low unemployment, comfortable external reserves, and a relatively low external debt burden. We have fairly developed, well-developed infrastructure, and we have utilized our energy resources to create a world-class petrochemical sector.

However, Madam Speaker, many economists believe in the existence of what is called the Dutch disease in Trinidad and Tobago, that is to say, a paradoxical situation where seemingly good news, such as the discovery of large oil reserves turns out in the long run to have a negative impact on the country's broader economy. This is reflected in the local private sector's investment in nontradables such as retail outlets and finished goods, rather than in manufacturing and export. It also manifests itself in the decline in agriculture and the dependence on imports, including imported food.

Other indictors of the old paradigm are:

- the failure to develop an efficient tax administration, which was overlooked in the past because we could depend on sizeable energy taxes;
- a proliferation of poorly targeted subsidies on fuel, which are currently being addressed, but as well on electricity, water, transportation, education and housing;
- a highly staffed public sector in terms of numbers coexisting with staff shortages in key departments;
- inefficient capital expenditure management, characterized by inordinate delays and cost overruns in project execution, often overlooked in the past since funding was not an issue;
- a tendency for wage increases to outpace productivity; and
- outdated institutions such as our procurement system.

Madam Speaker, you may recall that as a result of the oil shock in the 1980s, the then NAR Government chose to address the problem of reduced revenue by downsizing the public sector and cutting public sector salaries and allowances, thus requiring the population to reduce their real incomes. The present situation is quite similar, but our approach will not be the same. This PNM administration has already started to address the weaknesses in our economy as well as to create the new paradigm which is a pre-condition for the restoration of economic stability and long-term growth. Madam Speaker, the population has pulled through difficult times before and we will do it again. As the calypsonian Black Stalin told us in 1988, almost 30 years ago, “We can make it if we try”. [*Desk thumping*]

I turn now to economic data. Madam Speaker, one of the shortcomings of our system is the absence of reliable economic data. To address this, the United Nations Statistics Division has recommended that the base year for the production of GDP data at constant prices should be updated in five-year cycles or at maximum in 10-year cycles. The use of cycles greater than 10 years, as has been the custom in Trinidad and Tobago, distorts the input/output ratios and price structures and increases the margin of error of GDP estimates. The current series for GDP at constant prices had a base year of 2000, more than 17 years ago.

In that intervening period, the structure of the Trinidad and Tobago economy changed drastically. After discussion with the IMF regional institute CARTAC, the Central Statistical Office decided to update its methodology and shift its base year to 2012, consistent with the recommended five-year cycle. The rebase theory is represented in the 2017 *Review of the Economy*. Based on preliminary data for the first six months of the year, the CSO forecast of real GDP could show a decline of 2.3 per cent in 2017. However, this projection is preliminary and may not be giving sufficient weight to the turnaround in the energy sector in the second half of this year. Partial data does in fact show that oil and gas output in the first six months of the year was around 5 per cent lower than in the corresponding period in 2016. There was also a marked slowdown in activity in the petroleum services sector. In the non-energy sector there is evidence of a slowdown in construction activity led by a general reduction in government spending, and in manufacturing and distributing activities due to foreign exchange and productivity challenges.

On the other hand, there has been an increase in oil and gas output in the second half of the year. The Juniper project has started production, the rate of which is likely to be ramped up in the coming months. Also there has been some pick-up in the implementation of the Public Sector Investment Programme towards the end of the fiscal year. More importantly, with other gas projects coming on stream in 2018 to 2019, and given recent gas discoveries by bpTT, it is now safe to say that the rebound in oil and gas production over the medium term would be stronger than anticipated.

Madam Speaker, the Central Bank has reported that domestic inflation continues to be under control, which is one of the key priorities for this Government. Core inflation is now down to 1.7 per cent year on year, with food inflation measuring just 0.5 five per cent year on year. Further, based on the CSO's data, the unemployment rate at the end of 2016 was only 3.6 per cent. These are comforting figures. As is to be expected, the persistent difficulties being faced by the energy sector are reflected in a reduction in foreign exchange availability. Purchases from the market by authorized dealers have fallen from US $4.9 billion in 2015 to US $4.3 billion in 2016. Through August 2017 purchases have only amounted to US $2.9 billion. To help meet the excess demand, the Central Bank interventions in the foreign exchange market doubled to US $2.6 billion in 2015 but declined to US $1.8 billion in 2016. Up to the end of August 2017, the Central Bank had sold US $1.3 billion to the authorized dealers.

So once again, in this calendar year, the injection of foreign exchange by the Central Bank may be in the order of US $1.8 billion. As they have done in the past periods of foreign exchange difficulties, the banks have continued to give preference to manufacturing and trade in their allocation of foreign exchange.

I turn now to the fiscal out-turn in 2017. Madam Speaker, the 2017 budget assumed an oil price of US $48 per barrel, and a netback gas price of US $2.25 per MMBtu. In line with the adjustment path set out in the medium- term consolidation plan, the 2017 budget targeted an overall deficit of $6 billion, the equivalent of 3.9 per cent of the GDP estimate at the time. The actual out-turn in

2017 for oil and gas prices was US $48.03—the prediction was US $48—and a netback price of US $2 for gas. Total revenue was budgeted to increase by about $2.5 billion to $47.4 billion, largely reflecting an increase in proceeds from the sale of assets. Core revenues were budgeted to remain at $33 billion. As an expected increase in tax collections from the energy sector was to be roughly offset by lower profit transfers from state enterprises. Total expenditure was budgeted to increase by just $0.5 billion to $53.5 billion. Current expenditure was budgeted to remain unchanged at around $48.4 billion, notwithstanding the inclusion of $1.8 billion to cover the remainder of arrears to public servants, and a further $1.8 billion to reduce outstanding arrears to contractors.

The budget also provided for a small increase of about $.5 billion in capital expenditure over the 2016 estimates. Preliminary data indicate that we will fall short of our 2017 revenue target. This is largely because of delays in the receipt of certain one-off revenue flows which we can call debt recovery. In particular, the delay in recovering the $15 billion plus of taxpayers' money still owed by CL Financial. As is now public knowledge, the delay in monetizing CLF's assets was caused by a lack of cooperation on the part of the CL Financial shareholders, and an attempted hostile takeover on their part of the company. This attempted take over led to an application to the court to wind up the company which became necessary to save and preserve taxpayers' assets, and now that the liquidators have been appointed by the court, it will be far easier in 2018 to recover the billions of dollars lent to CL Financial—the billions of taxpayers' dollars lent to a private company, CL Financial.

A further revenue shortfall was caused by delays in the collection of property tax, as a result of legal proceedings initiated by persons associated with the UNC Opposition. These proceedings had to be heard by the Court of Appeal

[*Desk thumping*] before—[*Crosstalk*]—

[*Madam Speaker stands*]

These court proceedings had to be heard by the Court of Appeal before the Government was given the go-ahead with the collection of the tax. An aspect of that court matter is still to be determined by the court, but the Government can now proceed to value properties and populate the property valuation rolls which is an essential prerequisite to the collection of the property tax. [*Desk thumping*]

The expected receipts from the gambling and gaming sector were also not realized. The new gambling legislation, which seeks to regulate gambling and ensure that Government receives its fair share of revenue from this sector requires a special majority. And as such, it is making its way through a joint select committee of Parliament. Considerable progress has already been made in the JSC, however. All stakeholders who made submissions on the proposed gambling Bill have been interviewed by the committee, leaving just the clause by clause examination to be undertaken. Once the requisite amendments are made to the legislation, and the Opposition supports the required three-fifths majority, the new gambling and gaming commission can be implemented. Total revenue in 2017 was thus roughly $10 billion lower than envisaged, largely because of the shortfall in the above-mentioned areas.

On the other hand, due to prudent financial management, total expenditure was $3 billion lower than expended. [*Desk thumping*] On this basis, the overall deficit turned out to be $12.6 billion. Almost twice the budgeted level. It is noteworthy that the entire increase in the deficit is explained by the non-receipt of the extraordinary revenues from CLF/Clico—the debt recovery—due to legal challenges. Now that the legal challenges have been largely resolved, in excess of $10 billion from CLF/Clico would be available for future financing, including the

2018 budget.

Madam Speaker, an analysis of the 2017 revenue out-turn indicates that the increase in oil prices beyond the US $50 per barrel threshold for three months early in fiscal 2017 triggered the payment of supplemental petroleum tax. Since earlier 2016, oil prices have fluctuated just below the US $50 threshold. So that little if any supplemental petroleum tax was payable. Preliminary data also suggests there were nominal shortfalls in the collection of value added tax, reflecting declining consumer demand and pervasive tax evasion. Reduced foreign exchange availability also affected revenue collections from taxes on alcohol and cigarettes, while a pronounced shift in demand for hybrid vehicles that are tax exempt resulted in lower motor vehicle tax collections. Poor revenue administration continues to impact the collection of taxes. The 2017 budget had also envisaged one-off revenues from assets sales through public offerings of shares of the First Citizens and the Trinidad and Tobago National Gas Limited.

Expenditure: Madam Speaker, preliminary data indicate that total expenditure in 2017 was in the order of $50.5 billion, some $3 billion below budget.

2.15 p.m.

The implementation of the Public Sector Investment Programme is now more disciplined in order to avoid wastage that occurred in previous years. Unfortunately, this new orderly approach has resulted in delays in getting some of our larger projects off the ground. We were also able to complete the planning and advance the procurement process in respect of some of the larger projects. This is important since it means we can hit the ground running in the next fiscal year.

Budget financing and the public debt. Madam Speaker, the overall deficit was financed in the main through a drawdown of US $252 million, or approximately TT $1.7 billion from the Heritage and Stabilisation Fund in March 2017, and from domestic and foreign borrowing. Our foreign borrowing consisted mainly of a US $300 million, or TT $2 billion loan, from the Corporación Andina de Fomento (CAF), also called the Andean Development Bank, and loan drawdowns of $280 million from the Inter-American Development Bank.

Domestic financing in 2017 amounted to $6.6 billion representing the proceeds from bond issues. As at September 30, 2017, net public sector debt outstanding, totalled $93.7 billion, the equivalent of 62.6 per cent of the revised GDP compared with $87.5 billion or 58.8 per cent of GDP at the end of September 2016. External public sector debt as at September 30, 2017 amounted to a still comfortable, 16.9 per cent of GDP.

We do not anticipate a large fiscal deficit in 2018 since our sale of assets programme and the recovery of money lent to CLF/Clico, debt recovery, will be far easier to execute in 2018 than in 2017.

Medium-term fiscal policy: Madam Speaker, developments in the second half of 2017 confirm the assessment of the recently concluded IMF Article IV Consultation Mission that the economy is on the cusp of a moderate recovery. To ensure and support this turnaround we need to redouble our efforts to reduce the large fiscal imbalance and to accelerate the structural reforms that are needed for economic diversification. [*Desk thumping*] The medium-term recovery will again be driven by the energy sector. However, the policies being put in place are expected to elicit a stronger response from the non-energy export sector.

The energy sector: Madam Speaker, despite the challenges posed by the low price environment, the energy sector faces a very positive outlook based on a number of new gas projects which are scheduled to start production over the next two to three years. A new tax regime which is designed to provide incentives for increased exploration and production should also set the stage for increased oil and gas output.

Oil production for the first five months of 2017 has leveled off at 73,500 barrels per day, compared with 73,800 barrels per day for the corresponding period of 2016, although this is well below the rate of 100,851 barrels per day in May 2010. Oil production is now expected to reach around 85,000 barrels per day by 2020, in the context of the plans and programmes now being undertaken by the industry. [*Crosstalk*]

Madam Speaker: Some consistent mutterings are reaching me, and any Member who is challenged by Standing Order 53 is welcome to quietly exit the Chamber and return when they overcome their challenge. Please, continue.

Hon. C. Imbert: Thank you, Madam Speaker. As I indicated, oil production is now expected to reach around 85,000 barrels per day by 2020 in the context of the plans and programmes now being undertaken by the industry. Gas production has also been declining. In 2015, gas production averaged 3.833 billion standard cubic feet per day, but this amount declined to 3.327 billion standard cubic feet in 2016 and the downward trend continued in 2017.

However, we are now firmly charting a way forward out of what was a potential gas crisis and taking steps to ensure that our gas production returns to the 2010 level of 4.3 billion standard cubic feet. We expect to reach this target of 4.3 billion standard cubic feet as a result of number of projects, most of which are already on stream:

- the bpTT Juniper Platform which commenced gas production in August 2017 would have peak output capacity of 590 million standard cubic feet;
- the bpTT, EOG Resources Sercan Phase 2 project which began in the second half of 2016 has the capacity to produce up to 275 million standard cubic

feet;

- the bpTT's Trinidad Region Onshore Compression project which commenced production in April 2017 is expected to add up to 200 million standard cubic feet;
- the Angelin project is expected to produce up to 600 million standard cubic feet beginning at the end of 2019;
- Shell's major work programme on the redevelopment of the Starfish field, the use of infill drilling in the Dolphin field and the development of untapped reserves in the Bounty and Endeavour fields are expected to produce additional gas in 2019, thereby reversing Shell's declining output levels of recent years; and
- bpTT's Cassia Offshore Compression project which, once approved, will commence operations in 2020.

Madam Speaker, with the natural rate of decline in gas production and despite increasing production from new projects the uplift in gas availability would amount to 3.539 billion standard cubic feet per day. To supplement this, the Government is working assiduously with the Venezuelan authorities and related companies to complete a gas sales agreement in the near future with access to across- the-border gas by the 2019 to the 2020 period. With access to the Dragon Field, gas availability could be raised to around 3.839 billion standard cubic feet by 2020, thereby bringing gas supply closer to gas demand.

Over the longer term, we envisage that the natural gas supply to the downstream sector will be sustained by the exploration activity of the major energy companies, which is expected to accelerate over the medium term. We anticipate that production of natural gas from the recently announced discovery of approximately two trillion cubic feet of natural gas at bpTT's Savannah and

Macadamia wells could begin around 2021 or 2022. This development will ensure that gas supply will be able to meet projected gas demand.

Further ahead, production from the 10 trillion cubic feet cross-border Loran-Manatee Field between Venezuela and Trinidad and Tobago is expected to commence as early as 2023, providing access to the 2.69 trillion cubic feet portion of gas within Trinidad and Tobago's territory. It is also quite possible, once the current negotiation bear fruit, that over seven trillion cubic feet of gas on the Venezuelan side can be processed at this county's Atlantic LNG facility.

The Gas Master Plan: It is public knowledge that the future of our gas-based industries is being threatened by shortages in domestic gas production. Since 2002 the gas reserve base has been steadily falling with the proven reserves to production ratio falling to 7.6 years as at the end of 2015. However, as noted earlier, several projects to improve gas supply are under way and we are putting in place a road map to ensure the long-term stability of our natural gas sector.

In 2017, we completed the technical work in the evaluation of the Gas Master Plan. We are committed to the policy framework as outlined in that plan which has already been approved by the Standing Committee on Energy of the Cabinet. We expect this plan to be quickly adopted by the Joint Select Committee of Parliament on Energy as national policy. The main elements of this plan are:

- ensuring that new exploration efforts are undertaken to the maximum extent possible;
- ensuring that all suppliers develop and supply their gas resources to the market in an optimal manner;
- maximizing the government take from the gas sector subject to ensuring that all producers along the value chain are sufficiently incentivized to perform optimally for the country;

- ensuring that sufficient gas supplies are available to strategic downstream sectors; and
- ensuring that if gas supply curtailment is required it is applied on a transparent consistent and fair basis.

Madam Speaker, the work has already begun. As an initial step we are addressing the inadequate benefits flowing to Trinidad and Tobago from the high global liquefied natural gas prices in recent years. The initial assessment is that the very low-weighted netback prices for LNG in Trinidad and Tobago, under existing commercial arrangements, were completely inconsistent with the high prices of LNG then prevailing in global markets. By some estimates, Madam Speaker, the country lost billions of US dollars annually in the 2011 to 2014 period from such irregular transfer pricing practices. To address this, an international gas consultant has been engaged and is now working with the Government to establish mechanisms through which the Government can increase or maximize its share of the income generated through sales of our country's LNG within the scope of the existing contractual arrangements.

I move now to fiscal reforms, and before I do that, Madam Speaker, these two in front of me are constantly disturbing me. I beg your protection.

Madam Speaker: Minister of Finance, you mean the Members on the other side. All right. So—[*Madam Speaker waits for silence*]—please proceed.

Hon. C. Imbert: Thank you, Madam Speaker. I hope they will keep their fire.

Fiscal reforms—tax compliance and administration: Madam Speaker, the prolonged period of high energy prices that we experienced obscured many of the ills plaguing our fiscal regime. In fact, the decade and a half leading up to the collapse of oil and gas prices in 2014 institutionalized a mix of policies and behaviours, many of which are incompatible with the type of dynamic diversified economy we want to create.

We thus need to introduce a number of fiscal reforms more in keeping with our goal of fiscal sustainability. There are important issues to be addressed with our energy tax regime. Given the long history of the sector and the way it has evolved over time, Government's approach to the taxation of the energy sector has not always been consistent or holistic. Moreover, the proliferation of multiple tax systems in one sector raises questions about the efficiency of these arrangements and creates uncertainty regarding expected government revenue.

Against this background, we have started a review of the energy tax regime in order to simplify and rationalize the terms of both exploration and production licences and production-sharing contracts. The main objectives of this reform are to encourage investment in the energy sector and to raise the Government's revenue take. Critical areas being addressed are:

- making the supplemental petroleum tax responsive not to price but to profitability;
- extending the supplemental petroleum tax to gas, which is now the country's main petroleum product;
- reconciling and simplifying of the fiscal regimes applicable to the exploration and production and production-sharing systems; and
- standardizing and uniformly applying appropriate royalty rates to all crude oil, condensate and gas.

Negotiations between the energy companies and the Government are well advanced and we expect to be in a position to present the new oil and gas fiscal regime before the end of this year. However, Madam Speaker, the prolonged period of high energy taxes that this country has enjoyed, lulled significant sections of the population into believing that taxes from the non-oil sector were not needed to finance the provision of the government services.

That seemed to be the Opposition's rationale in suspending and later opposing the introduction of a modern property tax, a tax that is widely regarded as being equitable and progressive, while at the same time being efficient and simple to administer.

We in this Government, however, recognize the urgent need to identify new revenue streams, and preparations are well advanced towards populating the valuation and assessment roles and training the personnel needed to facilitate the implementation of this tax.

2.30 p.m.

Our tax reform strategy also involves a major improvement in tax administration. We must ensure that everyone pays his or her rightful share, not just the easily identified wage earners. The self-employed professionals need to pay their fair share and businesses need to ensure that they collect and hand over value added taxes as the law requires. In this context, Government plans to review the tax incentive regime to ensure there are no companies still receiving incentives which should have expired, or are no longer required.

Madam Speaker, experience in the region and elsewhere has demonstrated the benefits of having an integrated Revenue Authority as the centrepiece of the tax administration system, as it brings together the Board of the Inland Revenue and the Customs and Excise Division under one administrative umbrella. A well-structured Revenue Authority not only facilitates coordination and collaboration between the two main tax collection offices but also allows for the recruitment of specialized staff which are not always available in the traditional public service. This arrangement is conducive to greater administrative and operational efficiency since it facilitates the transfer of information between the two tax collection units. As we move ahead to more efficient revenue collection we intend to present the legislation establishing the Revenue Authority to Parliament by December 2017.

Madam Speaker, I move now to gambling. Trinidad and Tobago is home to a gambling industry worth an estimated $15—20 billion from which we collect little or no taxes. A Gambling (Gaming and Betting) Control Bill, which is identical, word for word, to the one prepared by the last government, was presented to a joint select committee of Parliament in February of this year at the request of the Opposition. As I said before, the committee has already invited and received submissions from the public and all stakeholders in the gambling sector have been interviewed, as well as all concerned. It is our expectation, therefore, that the clause by clause examination of the Bill will be completed as quickly as possible so that new comprehensive gaming legislation will be in place before the end of fiscal 2018. In the meanwhile, in anticipation of the Bill receiving the required special majority, the Ministry of Finance is working diligently on the required regulatory and compliance structure.

Madam Speaker, there are also obvious unsustainable weaknesses in the structure of Central Government's expenditure. The Central Government's wage bill now consumes 31 per cent of core revenue receipts—31 per cent. In 2014, before the collapse in oil and gas prices and before a 14 per cent wage increase to public servants and workers in many state enterprises, the wage bill only consumed 15 per cent of core revenues.

Madam Speaker, for years we have expressed concern about the explosive growth of transfers and subsidies but we have done little about it, except in the area of reducing fuel subsidies. In this latter context, notwithstanding adjustments to fuel prices in 2016, the fuel subsidy in 2017 largely on diesel, amounted to $800 million. It is also important for me to emphasize and for our population to realize that our fiscal system is overrun with subsidies, many of which are unsustainable though they are sometimes called by other names.

As I said before, in 2017, for example, the Water and Sewerage Authority, the Port Authority, Caribbean Airlines and the Public Transport Service Corporation received combined transfers of close to $3 billion from the Central Government. These are, in fact, subsidies on water rates and transportation tariffs. The Trinidad and Tobago Electricity Commission also receives a subsidy of about $750 million a year by not paying the National Gas Company for natural gas. This is why we have the lowest electricity tariffs in the Caribbean and in Latin America. But how much longer can we afford this, Madam Speaker?

The Government Assistance for Tertiary Education (GATE), is another subsidy that takes up a large part of Government spending. Since its introduction by a previous PNM administration in 2004, successive governments have spent $6.5 billion on GATE. This subsidy has contributed to raising the student participation rate in higher education from 8 per cent to 65 per cent, [*Desk thumping*] but at current revenue levels this rate of expenditure is not sustainable and must be subject to constant review.

In recognition of the fact that we can no longer afford to spend upwards of $700 million a year on GATE, the Government, after consultations with the relevant stakeholders, has restructured the programme such that GATE will remain open to all students but they will have to undergo a means test to determine the level of subsidy to which they would be entitled. The idea is to give maximum assistance to those most in need and to ask those who can afford, to make a contribution to their tertiary education. The GATE Programme will be subject to further review and adjustment in 2018, since a reasoned argument has been made that wealthy individuals should not benefit from any subsidy on tertiary education at all. Right now there are people earning $100,000 a month benefitting from GATE.

Madam Speaker, the Government also spends close to $1 billion annually on two employment-generation programmes: the Unemployment Relief Programme and the Community Environmental, Protection and Enhancement Programme. We have already begun to review these programmes to return them to their original mandate and to ensure they are more productive and in the national interest.

Madam Speaker, consistent with the need to cut out waste and duplication, the Government has engaged the World Bank to conduct a public expenditure review, starting with the major areas of expenditure. The study will focus on improving the efficiency of our spending on health, education and social services and developing systems to improve targeting and prevent overlapping of our social safety net. We expect that implementation of measures to improve the efficiency and targeting of these subsidies and transfers could produce significant savings without depriving the deserving beneficiaries of these programmes.

I turn now to diversification. Madam Speaker, in the ensuing budget debate, Ministers of Government will report in detail on the progress their ministries have made, their achievements in 2017, as well as their plans for 2018. This Government is a team and our Ministers are all worthy speakers. [*Desk thumping*] There is thus no need to dilute the fiscal message in this statement with unnecessary reporting on all Government departments and agencies. This Budget Statement, therefore, will focus on those areas that we consider relevant to the new economic paradigm. [*Desk thumping*] In that context, as is the case with our fiscal consolidation strategy, we certainly need to change the paradigm if we are to be successful at long-term economic diversification.

Consecutive administrations have recognized the need for economic diversification, but the lure, the attraction of windfall revenues from oil and the spending possibilities that they present, have always come in the way out of the best-laid plans. Perhaps, more importantly, we have never been able to reach the level of stakeholder collaboration needed to successfully pursue diversification.

It is clear that the market mechanism by itself will not get us there. If business or labour pursue sectional interest, it would not be sufficient and successive governments are also not without blame. Governments have often been too slow in taking the difficult decisions rather than acquiescing in short-term fixes. As an example, we have too often put off the kinds of public service reforms that are required to facilitate private sector activity and investment. Our present economic predicament provides us with yet another opportunity to get it right and we must seize and pursue it vigorously in order to protect our country's future. [*Desk thumping*]

Allow me to speak about business facilitation. This Government has made progress in improving business facilitation. We have strengthened the single electronic window and implemented a risk management framework to alleviate bottlenecks at the Customs Division. We are well advanced towards unveiling an automatic system for the approval of construction permits. Let me repeat that. We are well advanced towards unveiling an automatic system for the approval of construction permits. We have reduced the time it takes to start a business, from seven days to three days, though much more needs to be done. [*Desk thumping*]

Madam Speaker, the latest Global Competitiveness Report published just last week ranked Trinidad and Tobago at 83 out of 137 countries. This represents a major improvement since we assumed office. [*Desk thumping*] However, we need to be mindful that Global Competitiveness Reports have ranked poor work ethic, corruption and inefficient government bureaucracy as the three most problematic factors for doing business in Trinidad and Tobago. We will all need to work together to address these issues and our focus in 2018 will be on efficient implementation. It is also critical that we all work constructively and, in a spirit of give and take reduce the level of misunderstanding and disenchantment that currently exist between labour, business and Government. This is absolutely needed in the national interest. Our efforts to intensify our diversification strategy will encompass the following sectorial initiatives.

Export promotion: Madam Speaker, apart from import substitution, one of the main drivers of the new Trinidad and Tobago economy must be growth in exports in order to earn foreign exchange and penetrate new markets. However, one of the major challenges for exporters at this time is access to foreign exchange for raw materials and other essential inputs into manufacturing. To address this problem, we are establishing a facility to allow eligible exporters to access foreign exchange. In furtherance of this objective, we will request the Central Bank to license the Eximbank as a dealer in foreign exchange and give the Eximbank the responsibility to allocate foreign exchange to exporters.

In the first instance, the facility will be capitalized at US $100 million and will be available in fiscal 2018. The facility will fund the operations and import requirements of our local manufacturers and exporters. To qualify, at least 30 per cent of a business' production must be for export, in the case of existing established manufacturers, to qualify. And they must agree to repatriate a suitable amount of their foreign exchange earnings. This is one of the problems we have, Madam Speaker. Companies in Trinidad and Tobago earn foreign exchange and keep it abroad. Start-ups or fledgling manufacturers with a lower level of export production but with a feasible export plan will also be considered favourably. The allocation of foreign exchange, the US $100 million we are making available to our exporters through the window at the Eximbank, will be reviewed and adjusted as necessary as more and more manufacturers join the new export promotion programme.

Business Development Incentive Programme: Madam Speaker, another area of focus for the Government is the stimulation of small to medium-sized businesses. Large local businesses have made it clear that in their view, apart from issues with the ease of doing business and the disincentives created by Government bureaucracy, our current exchange rate is, in their view, uncompetitive. They tell us that in order for them to grow their businesses and export their products into what they describe as the 20 million-plus Caribbean free market made up of Caricom and Cariforum countries, they are of the view that our exchange rate should be managed for maximum economic benefit. To create more jobs or to maintain existing jobs they tell us we must allow the Trinidad and Tobago dollar to move to a level where goods produced in Trinidad and Tobago become cheaper than other countries in the region.

2.45 p.m.

Madam Speaker, as a Government, while we listen to everyone, we cannot be driven only by the requests of big businesses and we must consider all of the social and economic impacts of a devaluation and not make hasty decisions or rush to judgment. We must consider the national good, in particular the needs of the poor and the vulnerable, and the effect on inflation of a change in the exchange rate. We must also weigh the pros and the cons of the arguments made by our private sector, who we depend on to invest in this country and stimulate economic activity. The management of our exchange rate will therefore continue to be within the purview of the Central Bank, with appropriate guidance from the Government. However, the exchange rate will move more in step with demand and supply and the availability of foreign exchange.

We believe that in order to survive and grow in this challenging new financial environment, we must learn from other countries that have been successful. Small businesses and medium-sized businesses are the mainstay of Europe's economy, contributing 98 per cent of business activity and 67 per cent of total private employment in the European Community. If European economies can depend on small and medium-sized businesses for economic growth, why cannot ours, Madam Speaker? Thus, we see the encouragement of small and medium businesses as crucial to our future development. As they succeed, many successful small businesses will grow and expand and even become big businesses.

However, small businesses face a different range of problems than their larger counterparts due to their inability to enjoy some of the same advantages in the market place. Most of these problems are due to revenue and cash-on- hand availability when bills become due. The most important issue to any small business entrepreneur is cash flow. It does not help a small business to have a potentially profitable upcoming year or a great business idea if they do not have enough cash to meet their rent and utility bills or pay their current employees.

Further, start-up companies and small businesses frequently run on small margins and may be profitable only so long as unplanned events never occur or capital investments are required to keep abreast of the competition, such as new equipment or new accommodation. In many cases, all a small business needs to expand or maintain its operations is relatively small amounts of seed capital to purchase machinery, raw materials, market its products, or establish a place of business. Likewise, a natural disaster, industrial accident or other major disruption can close a small business for weeks or months.

Madam Speaker, recognizing the constraints that face small businesses and borrowing from the experiences of other countries, the Government will continue to expand, simplify and expedite the provision of concessional loans and loan guarantees through state agencies, and will establish a new business development fund aimed at providing working capital or seed capital through grant funding, both to start-ups and existing small businesses.

Access to the fund will be through a process of evaluation and interview by a group of successful Trinidad and Tobago entrepreneurs and self-made businessmen and women, in similar fashion to the acclaimed *Shark Tank* and *Planting Seeds* reality shows, but with the seed capital provided by the Government. Once our panel of experts deem an application from a small local business to be worthy of grant funding, it will be afforded to a ministerial committee for final decision and disbursement.

Every effort will be made to fashion the programme in such a way that it is simply and easy to access without cumbersome bureaucracy. In the first instance, grants to successful small business applicants will be up to a maximum of $100,000. [*Desk thumping*] This limit will be reviewed as the programme develops, and adjusted if required. A provision of $50 million has been made in the 2018 budget for the new business development programme which will assist at least 500 small business in Trinidad and Tobago to grow and develop. This allocation will be supplemented if necessary. [*Desk thumping*]

Tourism: Madam Speaker, independent analysts, both local and international, tend to be full of praise for the tremendous potential of Trinidad and Tobago's tourism industry. However, they are equally quick to lament that the sector has grossly underperformed. The factors underpinning this underperformance have also been well documented and are still to be addressed comprehensively. The Government is taking some bold steps, Madam Speaker, to rectify the sector's shortcomings by first addressing the governance arrangements in the sector.

We have therefore dissolved the Tourism Development Company which has been replaced by two new companies, one with oversight for Trinidad and the other with oversight for Tobago, bearing in mind that the two destinations have unique characteristics. The Tourism Trinidad Company, in collaboration with the Ministry of Tourism, will market the Trinidad tourism product, such as meetings, conferences, exhibitions and cultural tourism. The Tobago Tourism Agency will market and develop the Tobago tourism product as a leisure-based location under the remit of the Tobago House of Assembly.

Madam Speaker, the combined destination of both locations—Trinidad and Tobago—will provide opportunities for both experiences through strategic marketing and promotion. We are establishing for the first time, a regulatory authority—the Trinidad and Tobago tourism regulatory and licensing authority—to ensure that the tourism product in both Trinidad and Tobago meets and maintains international best practice, adherence to which will be monitored. We have already started to forge closer links with cruise lines and strengthen our marketing efforts to increase the number of port calls to our destination. We are working to provide an enhanced visitor experience for cruise ship visitors.

With the closure of the Tourism Development Company, the Ministry of Tourism has assumed responsibility for tourism investments and incentives, cruise passenger visitors services, airport visitor information services, sites and attractions at the facilities at Maracas, Las Cuevas, Vessigny, Manzanilla, La Brea Pitch Lake, among others. We are moving rapidly to complete the facility upgrade at Maracas

Beach by January 2018, so that visitors will be able to access Maracas Beach in an eye-catching, attractive and healthy environment.

Discussions have been progressing satisfactorily on the establishment of the Sandals Resort at the Golden Grove Estate in Tobago. [*Crosstalk*]

Mrs. Robinson-Regis: Madam Speaker, may I ask that you invoke Standing Order 53, please? The Minister is being disturbed unnecessarily.

Madam Speaker: Hon. Members, again, I remind you all of the provisions of Standing Order 53, which I expect all Members will comply with. I am sure the Minister will not be much longer and the debate will start on Friday when you will all have your opportunity to make your contribution. Minister of Finance.

Hon. C. Imbert: Thank you, Madam Speaker. Discussions have been progressing satisfactorily on the establishment of a Sandals Resort at the Golden Grove Estate in Tobago. Sandals with its 22 hotels based in the Caribbean will contribute significantly to the branding and marketing of Tobago as a tourism destination. It will also catalyze the expansion of good quality five-star rooms, provide a boost to stay-over arrivals, and in the process generate employment opportunities and spill-over activities both in Tobago and in Trinidad. The Sandals brand will also lead to an expansion in air and sea traffic to Trinidad and Tobago. We expect the negotiations with the Sandals group to be concluded shortly.

Agriculture: Madam Speaker, agriculture has been targeted as one of the sectors earmarked for special focus within the Government's diversification strategy because of the sector's inherent potential, the realization of which will, among other things:

- boost the health of our nation;
- contribute to food security and exports;
- displace food import, saving foreign exchange;

- present spill-offs through agro-processing; and
- enhance agricultural incomes.

In 2003, the contribution of the agricultural sector to the Gross Domestic Product dipped below 1 per cent and has languished at below 0.5 per cent of GDP since 2012. Commensurately, our food import bill expanded, consuming a considerable proportion of our foreign exchange earnings. Over the period 2003 to 2016, our food import bill was an estimated US $8.19 billion, or TT $56.9 billion.

Mrs. Robinson-Regis: 8.91.

Hon. C. Imbert: $8.91 billion.

Madam Speaker, our 2015 Manifesto, which is now public policy, committed this PNM administration to improve our food security through the creation of a strong, modern and competitive agricultural sector. We are targeting a doubling of output of the agricultural sector over the next two years, thereby raising the sector's contribution to gross domestic product to just over 1 per cent and in the process reducing food imports.

We are adopting modernized production methods throughout the sector. We are improving the quality of agricultural infrastructure to help boost farm output. Farming knowledge and interest in farming are being promoted through training programmes and other initiatives. During just the last fiscal year alone, Madam Speaker:

- 1,400 persons were trained in 85 farming courses;
- 482,100 nursery plants and planting material for crops such as cocoa, citrus and other fruits were produced and distributed to farmers and the general public;
- 1,900 applications were processed under the Agricultural Incentives Programme.

- the Coconut Rehabilitation and Replanting Programme is developing sustainable coconut-based enterprises: coconut growers are being trained in new technologies; appropriate agronomic practices are being implemented; coconut estates are being rehabilitated; and a coconut seedling garden using superior nuts has been established;
- the Cocoa Rehabilitation Programme is ongoing and is developing 12 cocoa clusters with the upgrade of fermentation and drying facility at La Reunion Estate. The highest quality of beans is being produced and they have already achieved global recognition. We are supporting local businesses wishing to venture into high-end export markets. We are positioning the locally produced cocoa beans for greater penetration of the European market; and
- the Community Environmental Protection and Enhancement Programme participation in agriculture, which with commence shortly, will be in the targeted areas of reforestation, preservation, planting and rejuvenation of terrain. When synchronized with targeted needs analyzes, ongoing evaluation and feedback, there will be significant productivity gains utilizing CEPEP labour. This programme will also serve as an incubator for workers to develop their skills in the agriculture sector.

Madam Speaker, the agro-processing and light industrial park in Moruga will house five factory shells on more than 18 acres of land. It would be dedicated to processing and manufacturing products which originate from agriculture, forestry and fisheries. Rehabilitation works will proceed on access roads for priority agricultural commodities and upgrade works will commence at fishing facilities throughout Trinidad, but in all of this it is obvious that we need new incentives for farmers.

At the present time, the agriculture sector in Trinidad and Tobago benefits from a myriad of incentives including exemption from income tax for approved agricultural holdings, tax concessions on vehicles, equipment, raw materials and other inputs, subsidized loan programmes, purpose-built markets, planting materials, access roads, state land leases and the like. However, despite all of these incentives—and I dare say these have been in place for years—the number of persons engaging in full-time agriculture and agro-processing continues to decline.

Full-time agriculture is no longer attractive to many people and is seen by many as unviable. Madam Speaker, we just do not have enough farmers. However, to increase local food production we need many more full-time dedicated farmers, and we therefore need to encourage persons to take up farming as a career and as a business. We also need to encourage existing farmers to upgrade their skills and to educate themselves about the latest techniques in farming so that they can approach this business in a structured manner for maximum efficiency.

Accordingly, in similar fashion to our small business incentive programme, where we will be giving grants of a $100,000 to start-ups and viable businesses, we shall establish an agricultural finance support programme with grants for new and existing farmers of up to $100,000. Appropriate training or certification in farming will be a prerequisite for applicants for this financial assistance since the objective is to encourage rational, efficient and methodical participation in agriculture.

3.00 p.m.

Applications will be reviewed by a panel of experienced and successful farmers and agricultural entrepreneurs who will make recommendations to a ministerial committee. These grants will be directed to financing the purchase of seeds, planting materials, livestock, tools, feed, chemicals, equipment, engines and other essential inputs into farming to provide the necessary start-up or working capital for farmers, but will not be available for the purchase of vehicles or other non-essentials. To start the programme, an allocation of $20 million has been put into the 2018 Budget. [*Desk thumping*]

I turn now to another area of potential growth, business process outsourcing. Madam Speaker, financial services is one of the sectors around which our diversification strategy centres. In this area, we are pursuing a two-pronged approach: taking the necessary steps to make Trinidad and Tobago a preferred location for business process outsourcing and making Trinidad and Tobago an international financial centre offering a broad range of services and serving as a financial gateway to Latin America and the Caribbean.

We have chosen to focus on business outsourcing services for two main reasons. Firstly, it is among the fastest growing industries in the world. In the Caribbean, the business outsourcing industry has already reached a level of US $3 billion to $5 billion. Many US and European investors are now keen to set up regional headquarters and shared service centres in the Caribbean region, in particular for financing and accounting services. The demand seems to be greatest for finance and accounting and we wish to benefit from these latest international trends.

Secondly, Trinidad and Tobago has many, if not more, of the strengths which many successful business process outsourcing centres possess. We are English-speaking with a first rate education system. We have a sizeable pool of finance and accounting talent with almost 6,000 persons enrolled in the ACCA Foundation and Professional Level accounting courses. We have competitive telecommunications infrastructure in terms of reliability, cost and bandwidth and we are signatory to several bilateral trade agreements and double taxation treaties.

Madam Speaker, we have already have a nascent business processing outsourcing industry that is providing services to local and regional clients. Currently, the sector provides employment for about 1,400 persons and earns a modest amount of foreign exchange.

Accordingly, the Trinidad and Tobago International Financial Centre is in the process of expanding its business processing outsourcing operations by attracting foreign business process outsourcing firms who would use local labour to serve their offshore clients. One large energy company has already made the decision to relocate its North American petroleum accounting and reporting function from Houston to Port of Spain.

During 2017, the TTIFC facilitated the registration of two large international business processing outsourcing firms interested in providing high-end accounting services to foreign clients. The TTIFC is in discussion with other prospective clients who are interested in a wide range of services including information technology, legal and call centre services. The TTIFC is also continuing discussions with various interested parties on the establishment of an international financial centre. The focus is on attracting international banks which are interested in expanding their lending and other financial services to Latin America. This is clearly a longer term proposition as it would entail far-reaching changes in the regulatory environment, as well as possible investment and costly infrastructure.

I now turn to another potential growth area, Madam Speaker, and that is the yachting industry. We already have a striving yachting subsector comprising approximately 180 firms. We are outside of the hurricane belt, Madam Speaker, and while it is not something to be happy about, the terrible natural disasters in the Northern Caribbean will result in increased visits to our shores as yacht owners seek to avoid future damage from hurricanes. And allow me to digress, Madam Speaker. I want to thank and congratulate all those Trinidad and Tobago citizens who have reached out to assist our Caribbean neighbours [*Desk thumping*] in Dominica and Antigua. I wish to thank them for their spontaneous desire to help our Caribbean neighbours and also the National Helicopter Services and the Trinidad and Tobago Coast Guard [*Desk thumping*] and everybody else who has assisted. But let me move on.

These terrible natural disasters in the Northern Caribbean will result in increased visits to our shores as yacht owners seek to avoid future damage from hurricanes. This has happened before when destructive hurricanes caused massive property damage in Leeward and Windward Islands, most notably in 2005 when Hurricane Ivan hit Grenada. Approximately 1,700 individuals have good quality jobs in this industry. We are rolling out a new yachting policy which will establish a foundation to improve the competitiveness of the industry with a view to establishing Trinidad and Tobago as the premier destination for yacht repair services.

We are supporting this sector by developing yachting specific legislation to provide a clear distinction from commercial maritime laws and to provide regulations and operating procedures through engagement of the relevant stakeholders; introducing the single harmonised form which will reduce entry and departure times for cruisers visiting Trinidad and Tobago; developing a comprehensive marketing and promotion flan for the yachting subsector, and marina development through public/private partnerships in Tobago.

I move now to another potential growth area, Madam Speaker, the creative industries. We are stimulating and facilitating the development of our creativity industries, in particular music, film and fashion. In the music sector, we will implement an artiste portfolio development programme which will support artistes who are on the verge of becoming export ready by leveraging their creative talents on the worldwide market. An export ready academy will assist local artistes with producing, marketing and exporting their music. The establishment of a live music district—there are many cities and countries in the world, Madam Speaker, that have a live music district where music is played 24/7—will provide the appropriate space for live music and other musical activities year round.

We are also establishing a strategic plan for the film industry as a guide to enabling Government to make informed decisions on the development of this subsector. Local production crews will be given the opportunity to improve their film production talent and ensure more high-quality production. In support of this process, there will be training and certification programmes which would be on par with international standards. We will also launch a production assistance and script development programme which will provide funding to filmmakers to produce high-quality films. The return of Trinidad and Tobago Television will also be an outlet for regularly broadcasting local films produced under this programme to a wider audience. [*Desk thumping*]

Madam Speaker, we are also justifiably proud of our fashion industry. We are now establishing, in collaboration with the University of Trinidad and Tobago, a garment production facility which will be located at the John Donaldson Campus of the UTT. [*Crosstalk*] A tailoring and certification programme will also be introduced at this facility.

Madam Speaker, let me move now to building human capital and I am treating in particular with the housing subsector. Madam Speaker, good affordable housing is one of the most urgent requirements of our population. Further, the construction of appropriate housing units has many benefits for the economy and for society. The immediate obvious benefits are job creation, consumer spending and stimulation of economic activity and growth with backward linkages to the production of building materials and the provision [*Crosstalk*] of a multitude of services associated with the construction industry.

Hon. Member: What about crime?

Hon. C. Imbert: Madam Speaker, please. All of them are mumbling and muttering. I crave your protection. [*Continuous crosstalk*]

Mr. Padarath: All of who?

Madam Speaker: Member for Princes Town, could you just kindly take "ah lil" walk and you can return. Okay? "We not allowing the shouting across." Member for Couva South and Member for Caroni East, if it is you wish to make an interruption in accordance with Standing Order 47, then you will do it in the proper way. Member for Princes Town, I have invited you to take "ah lil" walk and return.

Hon. C. Imbert: Thank you, Madam Speaker.

Madam Speaker: Just before—[*Member for Princes Town departs the Chamber*] I would also ask Members, to the right of me, to also observe the Standing Orders. Please continue.

Hon. C. Imbert: Thank you very much, Madam Speaker. Good affordable housing is one of the most urgent requirements of our population. I need to repeat. The construction of appropriate housing units has many benefits for the economy and for society. The immediate obvious benefits are job creation, consumer spending and stimulation of economic activity and growth with backward linkages to the production of building materials and the provision of a multitude of services associated with the construction industry. Affordable housing construction also encourages savings and provides homeowners with more disposable income and leads to the creation of strong and vibrant communities. It can also increase productivity in the workplace as workers are settled in terms of their place of abode rather than moving from place to place.

Madam Speaker, it is well known that there are currently over 150,000 applications for housing on the HDC's waiting list and that this high level of demand has existed for years. However, Madam Speaker, with the best will in the world and all available financial and human resources, the HDC can construct, at most, 2,000 new houses per year, which means that with the current arrangements, the waiting list will never be fully satisfied.

Additionally, the cost to Government of housing construction is way out of sync with reality. The HDC's records over the last 15 years indicate that the cost of construction of an HDC housing unit, inclusive of infrastructure and administrative cost, has moved from $100,000 in 2002 to as much as $1.2 million in 2015. Over the years, the HDC also drifted away from lower income housing and into the middle and upper income market. Accordingly, with the sale prices for the majority of HDC units now ranging between $500,000 and $700,000, this means that the HDC is losing up to $500,000 for each house now under construction. It costs $1.2 million and they can sell it for, at most, $700,000. This translates, Madam Speaker, into billions of dollars in the subsidy of housing constructed by the State just to produce, at most, a few thousand houses per year. In our current financial situation, this approach to housing construction is no longer feasible.

In addition, the greatest demand at the lower end of the scale is for rental accommodation or rent-to-own arrangement where a portion of the rent is allocated to the eventual purchase over time of the unit. Accordingly, this market is where the Government should focus its efforts. However, in order to generate the required cash flow to pay for ongoing and new housing projects, the HDC has been constrained over the years in terms of the number of rental units that it can make available, since it desperately requires the proceeds of housing sales just to keep its head above water. Madam Speaker, rental income is a fraction of the income from sales and the HDC cannot finance a major housing construction programme based primarily on rental income. Significant Government subsidy is thus essential for the provision of rental units.

In the context of the demand, Madam Speaker—because all of us, as MPs, when people come to see us, they ask for rental units—the Government intends to shift the HDC's focus away from the middle and upper income construction market and to return the HDC to its original moorings to provide affordable housing for lower and lower-middle income families with an emphasis on rental accommodation. This is where the Government scarce resources will be now focused. [*Desk thumping*]

However, to fill the space in the housing market that will occur with this shift and to also stimulate the private construction sector, the Government will, in 2018, initiate a housing construction incentive programme to encourage private developers to construct houses to satisfy the current demand for affordable housing.

3.15 p.m.

The income from sales of houses under this programme will be tax-free, as currently obtains for large traders in housing. And as an added incentive, the Government will contribute a cash bonus or state land, as appropriate, to all approved developers who construct housing units in accordance with designs, specifications and prices fixed by the Government. [*Desk thumping*] By way of example, the price of a standard three-bedroom, two-bathroom unit, with a floor area of just over a thousand square feet, could be fixed at $750,000. Private developers will be required to acquire their own land, raise their own financing, and mobilize their own resources to construct these units.

However, upon successful completion and sale to qualified applicants on the HDC list—because we will be providing the HDC list to the private developers—there are at least 30,000 or 40,000 qualified applicants on the HDC list who can purchase houses. So upon successful completion and sale to qualified applicants on the HDC list, in the first instance, a cash incentive of up to $100,000 per unit, depending on the degree of difficulty of construction, will be paid by the Government to developers. Alternatively, developers would be provided by the State with suitable land at no cost, in lieu of the cash payment per unit. With these incentives, it is expected that private developers would expedite the construction process, in order to take advantage of the incentives, allowing for completion and sale of approved units in nine months or less.

Madam Speaker, you should note, that with the current 2 per cent subsidized mortgage interest rate at Trinidad and Tobago Mortgage Finance, with a 10 per cent deposit and a 25-year mortgage, a typical purchaser in this new housing programme would only pay a monthly mortgage loan payment of $2,865 for a house or an apartment costing $750,000, which is well within the reach of most households. To make access to mortgage loans even easier, we shall engage in discussions with the commercial banks to design a suitable housing loan regime with Government input, including, if necessary, mortgage loan interest subsidy. It will be apparent that in this way the State, and by extension taxpayers, can save the Treasury $400,000 per housing unit since the cost to the State will now be in the vicinity of $100,000 per unit, instead of the current net cost to the HDC of $500,000 per unit. This should allow us to quadruple the current production of affordable housing once fully implemented. [*Desk thumping*]

However, Madam Speaker, the Government is very conscious of the fact that many well-intentioned fiscal incentives and developmental programmes are frustrated by excessive bureaucracy and lengthy delays in obtaining approvals. To ensure the success of this new programme, the Government will establish a Ministerial oversight committee chaired in the first instance by the Prime Minister, this is to show the importance we give to this programme, to monitor and expedite the process of obtaining building approvals from all regulatory agencies, including the Town and Country Planning Division, Drainage, Construction and Highways Division of the Ministry of Works, WASA, T&TEC, the Fire Service, the Environmental Management Agency and the Regional and Municipal Corporations. The fact that the designs of the approved housing units would be standardized and based on existing models should also speed up the approvals process. In addition, the process for registering approved housing developers would be simplified, monitored for efficiency and fast-tracked.

And further, Madam Speaker, to further stimulate housing construction, the Town and Country Planning Division will be requested to relax existing guidelines for the allowable density of housing developments, particularly in urban and suburban areas and along main roads and thoroughfares. A typical example of the new approach will be approved in appropriate areas of the construction of four apartments on a standard building lot in a two-storeyed building with two apartments on each floor. [*Desk thumping*]

In this way the new housing construction incentive programme will be available to small and large developers. It will not be confined to wealthy contractors or large land owners, but open to all citizens who are willing to participate in this programme, [*Interruption*]—even Members of the Opposition—

and are capable of financing, constructing and selling approved units with the support of the cash or land incentive, from the small man who can mobilize resources to construct just four units on one lot, to the big developers who can construct 400 units in a large development. [*Desk thumping*] Everybody will be eligible for this $100,000 cash incentive. Our target for the start-up of this programme is January 01, 2018, and for fiscal 2018, assuming a split between cash incentives and the provision of state land, we have allocated $50 million to provide the cash incentives for approximately 1,000 additional new private sector finance and constructed affordable houses. This allocation would be reviewed and supplemented as appropriate, as the programme kicks off. [*Desk thumping*]

Madam Speaker, you should note that the provision by governments or state bodies of cash incentives or fiscal incentives to stimulate the construction of affordable public housing by the private sector is a feature of modern democracies the world over and is a tried and tested solution to public housing demand.

I move now to transportation. Madam Speaker, the rapid growth in incomes and living standards outpace the rate of expansion of our transportation infrastructure. The tremendous growth in automobile imports and the huge subsidies on motor fuel also contributed to this widening gap. And I digress to let you know, Madam Speaker, believe it or not, in 2017, with a depressed economy, Trinidad and Tobago citizens imported 35,000 new or used motor cars, 35,000 in one year, 2017.

Currently, the limited road network and the deficiencies in the public transportation system have become the main causes of traffic congestion and a principal contributor to the low level of labour productivity in the country.

In an attempt to address this imbalance, our Public Sector Investment Programme places focus on road infrastructure and initiatives to ease traffic congestion. We are currently implementing a number of initiatives over the medium to long term, including the planned removal of all traffic lights from Port of Spain to Arima, through the construction of interchanges. The programme has already started with the award of a contract for the Curepe Interchange at the intersection of the Churchill Roosevelt Highway and the Southern Main Road, which is scheduled to be completed by 2019. Additionally, the widening of several main arteries, including the Churchill Roosevelt Highway, the Beetham Highway, from Uriah Butler Highway to Port of Spain, the expansion of traffic surveillance, the traffic surveillance and control system and the Corridor Traffic Management System, which will improve traffic monitoring.

In terms of institutional strengthening, the Government has passed legislation to enforce breaches of road traffic regulations to reform the fixed penalty traffic system and to introduce a demerit point system as part of the traffic regulation system.

We will also reform and modernize the motor vehicle registration system and replace the ageing fleet of Public Transport Service Corporation vehicles initially with the purchase of 35 new buses in 2018.

We have also improved citizen access to motor vehicle licensing offices, with four principal offices now available to the public at Port of Spain, San Fernando, Caroni and in Tobago. And Madam Speaker, a measure that we believe will result in equity and assist in transportation, it is the intention of this Government to remove the current restrictions on the allocation of maxi-taxi licences, remove it altogether. [*Desk thumping*] No longer will there be restrictions on ownership of banded maxi-taxis. Persons would be able to buy and band their maxi-taxis and drive wherever they please without any restriction. This will open up the public transportation system. [*Desk thumping*]

I move now to public utilities. Madam Speaker, it cannot be business as usual for our public utilities. It is obvious to the taxpayers of this country that the business models adopted by our utilities have not been successful. As an initial step, we are strengthening the governance and managerial structures for our public utility systems. We are ensuring that the delivery of services by the public utilities meets best standard utility practice in order to improve the level and quality of the standard of living of our citizens. We are making the delivery system more efficient. We are ensuring that water and wastewater services and electricity supply remain reliable and cost-effective.

The national electricity grid is being expanded to ensure that bulk power generated at power stations is delivered to the various load centres. Upgrades of substations have taken place or are taking place at Pinto Road in Arima, at St. James in Port of Spain, at Bamboo in St. Joseph, at Westmoorings and at Union in San Fernando. Additionally, the generating capacity for Tobago is being expanded from 75 megawatts to 95 megawatts. We would also seek to improve the efficiency of existing power plants through the upgrading and modernizing of their equipment, in order to reduce the consumption of natural gas.

Madam Speaker, we have been improving the transmission network for water production with a view to reducing water loss from leakages. We have installed 45 kilometres of new mains from the Caroni Water Treatment Plant to the San Fernando Booster Pump Station, as well as five kilometres of mains from Maloney Street in San Juan, to the Santa Cruz Booster Station. The water transmission and distribution network in Tobago is being expanded with the installation of 27 kilometres of transmission pipelines. We are rehabilitating our service reservoirs at Guanapo, Hololo, Quare and Four Roads, Diego Martin.

Madam Speaker, consistent with the need to understand, and we need to understand, the level of subsidy that is presently given in respect of electricity and water supply, the Regulated Industries Commission has exercised its authority under its governing legislation and signalled its intention to conduct a rate determination exercise for both T&TEC and WASA to be completed in 2018. It should be pointed out that the last rate reviews for WASA and T&TEC were in 1993 and 2006, respectively. We look forward to an early completion of the RIC rate review so that appropriate decisions can be made on this pressing matter.

Allow me to say some brief words about our hospital construction programme. In keeping with Government's continued thrust to improve the availability of quality health care in Trinidad and Tobago, construction of the Arima hospital is ongoing. To date, the project is more than 35 per cent completed. Financing for the remainder of the project in the amount $1.2 billion would be sourced through borrowing on the domestic market.

The original projected cost of the Arima hospital was $1.85 billion, but this PNM Government, in an effort to save your tax dollars and achieve value for money, was able to reduce the cost to $1.6 billion, saving $250 million without changing the design of the hospital. [*Desk thumping*] The new 150-bed hospital is expected to be completed and be operational in 2019.

The construction of the new Point Fortin hospital is ongoing with financing to be sourced through an export credit agreement with the UniCredit Bank of Austria. However, pending the execution of that agreement, the project is being funded through budgetary allocations, as well as a short-term loan raised on the domestic market. The Point Fortin project is scheduled to be completed in 2019.

Madam Speaker, we will also continue our search for a suitable operative for the Couva Medical and Training Facility, and to that end we expect that the facility will be commissioned in 2018. It should be noted, Madam Speaker, that the operational cost of these new hospitals will run into several hundred million dollars per year. Let me repeat. The operational cost of each of these new hospitals, I did an analysis of Couva, Madam Speaker, and the cost of operating the Couva hospital is $430 million a year. So the population must know that the operational cost of these new hospitals will run into several hundred million dollars per year and funding for this will have to be provided.

I turn now to the social agenda. Madam Speaker, the creation of a fair and equitable society was one of the guiding principles of our developmental planning in 1956, when the PNM was founded.

Since that time under successive PNM administrations, this policy has remained intact.

3.30 p.m.

We have established a modern social safety network which has been protecting the most vulnerable and defenseless in our society. At present, our investment in social services accounts for more than 30 per cent of public expenditure and despite the fiscal constraints the most vulnerable and defenceless continue to receive support both in cash and in kind.

For example, in fiscal 2017:

- 26,000 differently-abled persons were supported at a cost of $550 million;
- 70,000 poor and vulnerable families received financial support at a cost of $700 million;
- 90,800 senior citizens received pensions at a cost of $3.4 billion. Of this amount, $139 million was directed to 9,000 new pensioners who were added to the system as a result of this Government's decision to increase the limit to $4,500 a month to qualify for the senior citizens' pension.

We are ensuring that the social expenditure is well targeted, Madam

Speaker, improving the delivery systems and processes in the suite of social sector programmes. We have engaged in a re-certification exercise for the financial assistance programme for food security, also known as a food card. This re-certification exercise discovered many persons who should not have been in the system. Ghosts, as they are called, local parlance, and this has reduced the number of eligible households, bringing the household base to 26,600. We have generated through this rigorous re-certification exercise a monthly of savings of $13.3 million.

We also established a high level committee reviewing the rationalization of social programmes across the ministries and an interim report has already disclosed a duplication and overlap were found among 17 of the 53 grants offered through several Ministries.

A universal means test for programme eligibility is being put in place to ensure more effective targeting of direct resources to those individuals and families in need and a new single intake form for all social programmes is not only improving, timely approval of grants, but it is also eliminating unauthorized usage, by reducing the instances of one individual accessing multiple grants.

Madam Speaker, in this country there are people that go from place to place accessing grant after grant after grant, from Ministry after Ministry. This cannot continue. Madam Speaker, we will continue to adopt approaches and methods aimed at improving social service delivery. We will insist on value for money and ensure that allocated resources generate greater benefits for a larger number of vulnerable and defenceless individuals and families. During the new fiscal year, we will implement a number of programmes to improve the delivery of social services to the most vulnerable in society.

I turn now to Sports. We view our sport sector as being vital for contributing to youth and economic development. The recently commissioned world class sport facilities in aquatic, cycling, tennis, hockey and cricket [*Desk thumping*] have joined our football stadia as the foundation for the country being a hub in sports tourism. We are now positioning sports tourism as a viable, incipient industry for economic diversification.

We have already won international acclaim and positive reviews from the sporting fraternity for hosting a series of major competitive domestic and international sporting events at these facilities. We are continuing to secure such sporting events. We are putting in place attractive user rates for these facilities, the revenue generated including through the introduction of naming rights will ensure their adequate maintenance.

We plan to focus on three major revenue generating avenues: sport services, sport events and sport infrastructure, given that those areas require very little capital investment, as a result of existing infrastructure. These facilities will serve as the foundation for our youth as they strive for excellence on the international stage, and bring the international spotlight on our country. Our national community, with events to celebrate on a continual basis, will benefit from the outflow of patriotism and pride and in the process serve as a cohesive force for national building and I digress Madam Speaker, to say how proud I was when the Trinbago Knight Riders won the CPL Finals, here in Trinidad and Tobago and I enjoyed that event at the stadium together with many of the colleagues opposite. [*Desk thumping*]

The recent performance of our athletic teams at the Sixteenth—

Madam Speaker: Order.

Hon. C. Imbert: Thank you, Madam Speaker. All of them were there, Madam Speaker. The recent performance of our athletic teams at the Sixteenth IAAF

World Championships and the World Para Athletics Championships in London, England is illustrative. We were given the opportunity to listen to our National Anthem with our national flag being raised in victory for all to see.

We will continue with our strategies geared towards the development of sports, such as the Elite Athlete and Coach Development Programme, as well as to implement and a new talent identification framework for high performance athletes. But we will appeal to the private sector and to our citizens to expand their support for our sporting activities on a sustained basis, well through attendance at events or financing activities in programmes in order to play their part in the national effort. We are now reviewing the governance structures and systemic arrangements for the delivery of sport services with a view to increasing efficiency and streamlining processes.

We are putting in place the Sports Commission for Trinidad and Tobago and developing requisite legislation which will address issues such as sports events management and sport dispute resolution and management of national sporting bodies.

Madam Speaker, I turn now to National Security.

Hon. Members: Finally, after two hours.

Hon. C. Imbert: Madam Speaker, addressing crime and criminality will continue to be the number one priority for this country. Given this implications for the quality of life of our citizens and for the safety and security of persons wishing to visit or do business here. The current rate of crime in Trinidad and Tobago, has had a deleterious effect on foreign and local investment and business activity. [*Desk thumping*]

It affects our economy and is an issue that comes to the fore in discussions with the business sector and the general population. We maintain that those who have chosen to promote lawlessness and barbarism among us, are in the minority. However, the high murder rate, the preponderance of gang culture, the continuing issue of domestic violence and the heinous attacks on our women and children, remain as constant reminders of the need to intensify our efforts to address this disturbing trend.

We must return our citizens to the tranquility and peace of mind that they all deserve, and which are so essential for generating economic prosperity. To this end, this government is placing even greater effort in the incoming year into crime reduction. Given our economic realities, we recognize the need for stronger collaboration between the government and non-governmental sectors, law enforcement agencies and the population. The Ministry of National Security received approximately $8.4 billion per year in the last three years, these allocations are sufficiently adequate to support crime prevention and detection in a country of 1.3 million people. However, security personnel are challenged in identifying persons responsible for these criminal activities.

We propose therefore to launch a key initiative, the National Crime Prevention Programme. This programme will constitute a holistic approach to crime fighting. It will impact crime prevention through community empowerment which is a key factor to returning safety and security to the national community. It will employ resources in law enforcement, government ministries and communities across Trinidad and Tobago and it is clear, Madam Speaker, that any approach to deal with crime and violence must include the broad spectrum of prediction, deterrence, detection, prosecution and rehabilitation.

Against this background, over the last two years, we have focused on strengthening our intelligence gathering capacity, enhancing our border control efforts and strengthening our crime detection capabilities. We have advanced the rehabilitative thrust within our present prison system. We are ensuring that the revolving door syndrome is put to an end and that issues of prison security management and inmate rehabilitation are adequately addressed.

In our bid to fulfill our safety and security mandate, we have strengthened our border protection capacity. All of the new naval vessels are now in operation, with the last of the Damen vessels acquired in December 2016. These assets allow for increased surveillance and protection of our maritime domain. We have signed a Memorandum of Intent with the US Government for the establishment of a state-of-the-art border control system that will document the arrival and departure of international travellers at airports and sea ports in Trinidad and Tobago. This system allows far more precise identification of passengers so that customs and immigration officials can make more informed decisions on the threat to public security posed by incoming passengers.

In January 2017, Madam Speaker, we established a police man-power audit committee. This Committee is examining the current operational environment of the Trinidad and Tobago Police Service to determine the maximum benefits to be derived from our resources. The work of this committee is due to be completed by December 31, 2017. We have advanced the establishment of a video conferencing facility at the remand yard prison in Golden Grove. This facility will allow for case management hearings by video link, thereby reducing the number of non-appearances by inmates and, in the process, enhancing the efficiency of the judicial system. We are also upgrading the remand yard facility.

We are continuing to refine our national security strategy we are pursuing a number of initiatives which are either in the planning or implementing—implementation phase. These include:

- strengthening national security operations in Tobago, the construction and refurbishment of two fire stations one at Roxborough the other in Moriah;

- upgrading the Immigration Detention Centre, when completed the facility will satisfy international detention centre standards; and
- establishing an offender management programme which will manage the inmate population and allow information to be shared with other agencies, as well as improve the accountability of the Trinidad and Tobago Prison Service.

Madam Speaker, we are optimistic that our efforts have begun to bear fruit. We stand committed to continue to invest resources strategically and work with our partners in making our crime reduction goals a reality.

I move now to Building Institutions: the Trinidad and Tobago Revenue Authority. All modern societies have a place—have in place a tax administration system, aimed at collecting revenue to order to deliver services to the national community, as well as to resource social and developmental initiatives as appropriate. For general acceptance by taxpayers, the tax administration system must be equitable transparent and fair. The objective is to ensure optimality in the collection of taxes.

Our internal revenue collecting agencies, the Inland Revenue and the Customs and Excise Divisions have long been struggling to function in an efficient and effective manner. The leakages and loopholes are well documented. The two institutions have not been able to achieve optimal staffing levels, a perennially high number of vacant positions and inadequate operating budgets exist. Allegations of extensive corruption have dogged the two organizations. The Revenue Authority model was adopted in 2009, but the initiative was brought to an abrupt end by the decision of the then government in 2010 to abandon the model. Substantial time, extensive effort and considerable resources had been spent with no result.

Madam Speaker, we are now completing the legislative requirements for the establishment of a Revenue Authority, the new public institution will bring together into one entity the customs and tax administration. Under the oversight of a board of management with a degree of autonomy, the authority will be empowered to develop its own human resource policies, including appropriate compensation packages and financial management regimes.

3.45 p.m.

Madam Speaker, we will engage the national community, including labour and business organizations, in an outreach and educational programme, with a view to sharing with them all aspects relating to the new institution. We are designing an organizational structure with clear lines of authority and responsibility, and we will determine the question of how to migrate personnel already in the system to the new Revenue Authority. We propose to have the Revenue Authority operational in 2018, Madam Speaker. [*Desk thumping*]

Office of Procurement Regulation. Madam Speaker, immediately upon assumption of office and consistent with the commitment in our manifesto, we moved rapidly to improve the procurement framework as established in the Public Procurement and Disposal of Property Act, No. 15 of 2015. Through two major amendments—Act No. 5 of 2016 and Act No. 3 of 2016—we are now assured that procurement transactions will meet the best practice and highest standards of governance.

Publicly accountable procurement units within our ministerial structure will ensure that society reaps the dividends from a legal framework which is fair and transparent, and the scope for arbitrary decisions and corruption minimized, if not eliminated. The now-ingrained integrity of the procurement system will bring with it value for money in all our procurement transactions.

Madam Speaker, the Office of the President is at an advanced stage of securing a Procurement Regulator for the Office of Procurement Regulation. The position of regulator has been advertised by the Office of the President, and applications closed on August 25, 2017. We are advised that the Office of the President is working assiduously on evaluating the applications, and that in the not-too-distant future, a decision will be made by His Excellency after the required consultations with respect to the appointment of the Procurement Regulator. Accordingly, we envisage that by early 2018 the legislation will be operational.

The Gambling Commission. Madam Speaker, we are progressing the Gambling (Gaming and Betting) Control Bill, 2016 and supporting regulations. With the soon-to-be concluded review of the legislation, now being undertaken by a joint select committee of Parliament, we expect the legislation to be fully operational in 2018.

Despite the Government's thrust towards the establishment of a gambling control commission, the non-enforcement of the current law has led to a considerable rise in non-compliance in respect of the remittance of taxes by the sectors of the gambling industry. The rate of compliance, Madam Speaker, with members' clubs and amusement gaming operators, upon investigation, are recorded to be less than 10 per cent and 7 per cent respectively. Let me repeat that. The rate of compliance in terms of paying taxes in the gambling industry among members' clubs and amusement gaming operators are recorded to be less than 10 per cent and 7 per cent respectively. This will no longer be tolerated as this Government intends to enforce the current laws of the land.

The totally unregulated and buoyant gambling sector and the emergence of online gambling are absorbing significant foreign exchange resources. Some estimates put the annual outflow from Trinidad and Tobago at approximately US

$200 million. Madam Speaker, we also need to address the undesirable activities associated with the proliferation of unregulated gambling in this country through the establishment of a framework which facilitates betting and gambling within a structured, controlled and legitimate environment that allows a cluster of employees to generate high-quality jobs.

There is existing legislation which stipulates limitations under which various gambling and betting entities may operate. The Registration of Clubs Act for private members' clubs, the Liquor Licences Act for bar owners who operate amusement gaming machines and the Betting Levy Board Act for all betting establishments. We propose to strictly enforce the provisions of these pieces of legislation to ensure that all private members' clubs, bar owners and betting establishment meet their prescribed tax liabilities.

I move now to the property tax. Madam Speaker, property values in Trinidad and Tobago have increased significantly since an attempt was made in 2009 to implement a modern property tax. Over the years, as property values increased, as reflected in various transactions such as the sale, lease, development, disposal and acquisitions generally of property, property taxes did not keep pace with these updated property values. The time has come when property owners must begin to contribute a share of these benefits to assist in financing the country's development.

In addressing this obvious mismatch, we have begun the process of building a comprehensive list of all properties in Trinidad and Tobago, and to this end a data-gathering process is being implemented. On completion, this would form the basis for meaningful assessments to be made and for property taxes to be paid by all property owners commensurate with the rental values of their property.

In 2015, the payment under the Property Tax Act was waived for the period

January 01, 2010 to January 01, 2016. This means that absolutely no revenue was collected from property owners for the period 2010 to 2015. With urgent need for additional sources of revenue, particularly from the non-oil sector in order to maintain the level of goods and services provided by Government and to continue to provide subsidies where they are needed, we intend to have a fully implemented property tax system in 2018.

I move now to state-owned enterprises. We are reviewing and reforming as appropriate, our portfolio of state enterprises. We recognize that the State, through a state enterprise sector, has been playing a distinctive and instrumental role in the development and industrial successes of this country but, Madam Speaker, we can no longer justify the retention of state-owned enterprises which are not strategic in nature. In the context of this framework, we have closed a number of enterprises which were commercially oriented or which had deviated from their mandates or whose mandates were no longer required. The reform represents an important component in our efforts to rebalance and strengthen our economy.

We are enforcing governance and accountability guidelines in the state enterprise sector and we are clarifying where appropriate their development mandates. We expect that with sound governance at the board and managerial levels, the state enterprise sector will discharge its mandate in growing the productive capacity and infrastructure of our economy.

Madam Speaker, financial audits assist in the recognition of financial irregularities and are a very important control mechanism for Government spending. In 2018, the Ministry of Finance, through its central audit committee, will partner with personnel with auditing expertise to give the Government additional oversight in ensuring financial compliance and efficiency at all state enterprises and statutory authorities. This will involve a coordinated approach with all stakeholders. To ensure that we are getting value for money, we have allocated the sum of $50 million for special audits of state enterprise and government departments in 2018 and this exercise will commence immediately.

I turn now to Petrotrin. Madam Speaker, the Petroleum Company of Trinidad and Tobago has been instrumental not only in generating resources for financing the growth and development of Trinidad and Tobago, but also in building for the country the capability in energy affairs which was so critical during the transformation of our oil economy into a gas-based economy.

However, Petrotrin can no longer discharge its mandate in its current corporate form. Petrotrin faces both challenges and opportunities. Among Petrotrin's major strengths are its significant assets and oil reserves. However, the company's continued economic viability demands that it makes up for the policy mistakes of the past and adjust to the new reality of the global energy markets. Petrotrin requires fundamental restructuring which it cannot put off any longer.

Earlier this year, a Cabinet-appointed high-powered team conducted a review of the operations of Petrotrin and made recommendations for the restructuring of the company. The team identified the following structural problems: an unwieldy structure and poor governance; declining crude oil production; declining productivity; escalating manpower costs; steadily increasing maintenance and capital costs; low refinery margins; and poor asset quality.

These factors are reflected in Petrotrin's financial indicators and the company's overall financial performance. The significant decline in crude oil prices since 2014 has resulted in a more than 50 per cent decrease in the company's revenues from $37 billion in 2012 to $16 billion in 2016. This has seriously affected Petrotrin's net working capital position just turned negative, forcing the company to resort to government-guaranteed revolving credit facilities to assist in the purchase of imported crude.

The combined effect of the underlying weaknesses and the reduced revenues resulted in a net loss of $819 million in 2015. Based on unaudited accounts, there were further loses of $387 million in 2016 and $393 million for the first nine months of 2017. In addition, Petrotrin has accumulated tax arrears of some $3.2 billion.

Petrotrin's debt burden now stands at close to $12 billion which includes two large US-dollar loans of US $850 million and US $750 million, due to mature in 2019 and 2022, respectively. Petrotrin and the Ministry of Finance are currently discussing possible refinancing options with both local and foreign financial institutions.

Madam Speaker, there is no doubt that Petrotrin still has great potential, including an excellent portfolio of land and marine acreage. The issue requires transformative change in order to ground sustainability and success. In the new fiscal year, we will be appointing an implementation team with a view to effecting the recommendations of the report of the review team—we did our review, we shall now be implementing the recommendations—in the context of governance and structure; exploration and production; refining and marketing; health, safety and the environment; asset integrity; debt servicing; and industrial relations/cost structure.

I turn now to the CL Financial/Clico repayment plan. Madam Speaker, as you are aware, CL Financial is the parent company of the CL Financial Group of Companies. The group includes companies operating in many sectors and was the largest privately held conglomerate in Trinidad and Tobago, and one of the largest in the Caribbean. One particularly significant member of the group is Colonial Life Insurance Company (Trinidad and Tobago) Limited also known as Clico which is regulated as an insurance company under the Insurance Act.

In addition to the network of other companies in the Caribbean, the group included several other financial service providers based in Trinidad and Tobago. Clico Investment Bank was one of the group's companies which was frequently used to provide intragroup funding. Its subsidiary, Caribbean Money Market Brokers, now called First Citizens Investment Services, provided asset and portfolio management, bond and equity trading and brokerage services. On January 13, 2009, the management of the CLF group informed the Central Bank the group was experiencing financial difficulties as a result of the global financial crisis.

Just two weeks later, on January 30, 2009, the Government and CLF entered into a memorandum of understanding in order to set out the steps which CLF would take to correct the financial condition of its financial subsidiaries. The Central Bank took control of CIB, Clico Investment Bank on January 31, 2009 and of Clico and the British American Company on the 13th of February, 2009, pursuant to its powers under section 44D of the Central Bank Act. The Central Bank's control of CIB ended on October 17, 2011 when CIB was placed in compulsory liquidation and the Deposit Insurance Corporation was appointed as the liquidator.

4.00 p.m.

In order to protect its depositors and investors, the Government transferred CMMB, Caribbean Money Market Brokers, from Clico Investment Bank to First Citizens Bank Limited, and provided liquidity support to First Citizens and First Citizens Investment Services through a liquidity support agreement dated May 15, 2009. This liquidity support agreement has been extended by various governments since then from time to time. The Government also provided financial support directly to CL Financial subsidiaries to support the Central Bank's emergency intervention and to ensure that the Government's policy objectives could be achieved. Following further discussions, the Government, CL Financial, the directors of CL Financial, and a majority of the CL Financial shareholders entered into a shareholder's agreement on the 12th of June, 2009, which was extended on 17 occasions.

However, in 2017, when the Government sent the eighteenth extension of the shareholders agreement to the relevant parties, it was not signed by the non-government shareholders. Madam Speaker, the international accounting firm, Ernst & Young, established the full amount in Trinidad and Tobago dollars expended by successive Governments in connection with the memorandum of understanding and the shareholders' agreement as $23.1 billion. So $23.1 billion of taxpayers' money was put into a private company, CL Financial. This figure of $23.1 billion does not include other costs incurred by the Government in giving effect to its obligations. Further, there are prospective liabilities owed by CLF to the Government.

Madam Speaker, to date, the only member of the group that has repaid the money lent by the Government is Clico in the sum of about $8 billion, and that is only because Clico is under the control of the Central Bank, and, thus, free from interference by vested interests. If Clico was not being managed by the Central Bank it is quite possible that the Government would have received nothing. However, CL Financial has since the date of the first shareholders agreement sold a number of assets and has paid no part of the proceeds from these sales to the Government. In other words, this private company, after receiving over $23 billion of taxpayers' funds, sold assets and kept the proceeds for itself. Let me repeat that. After receiving over $23 billion of taxpayer's funds, the private CL Financial sold assets and kept the proceeds for itself. As such, after the $8 billion repaid by Clico, the net debt of CL Financial to the Government, by extension, the people of Trinidad and Tobago, is now $15.6 billion, exclusive of the amounts stated earlier.

Madam Speaker, it is a matter of public record that by letter dated June 02, 2017, a group called the United Shareholders Limited, through its attorneys, wrote to the Minister of Finance stating that the United Shareholders Limited represents the shareholders of CL Financial and the rights and interests of individual shareholders of CL Financial, and that it is seeking to take back the company without providing any firm assurance that taxpayers' funds would be repaid. However, after eight years of intervention into the affairs of CL Financial, this Government formed the reasonable view that this was untenable, and, further, that CL Financial could not recover to a position of solvency. As a consequence, to protect the interests of the taxpayers of this country who put $23 billion into this private company, the Government applied to the court to wind up CL Financial so that its assets could be liquidated for the repayment of the billions of dollars of taxpayers' funds lent to this private company.

Madam Speaker, it is important to underscore in all of this that the Government is keenly aware of the emotional attachment that the citizens of Trinidad and Tobago have to the Clico Group of Companies. Because of its history as a major indigenous conglomerate that prospered and flourished, and affected and influenced many areas of national life before bad decisions and greed led to its undoing. The Government is also aware of the fear and perception that the assets of CL Financial and Clico will be sold to wealthy private concerns which may not be in the best interest of the national population. Accordingly, the Government has decided that major strategic assets of the group, as they become available from the liquidators, will be divested either by public offerings on the stock exchange or through placement in a new national mutual fund.

Through these means, the assets will be available for purchase by the general public, and institutional investors, such as pension funds, the National Insurance Board, and the Unit Trust in the form of units, which will now pay dividends. In this way, all of the CL Financial Group of Companies will not be sold to the highest bidder, but instead the various companies, as considered appropriate, will be continued as going concerns with proper management and oversight.

I wish to advise, Madam Speaker, that the preparation for the creation of the new national mutual fund has already begun with the transfer by Clico to the Corporation Sole of 29.9 per cent of the shares of Angostura and 16 per cent of the shares of Home Construction. These two shareholdings are together worth $1.4 billion, and the transfer will go towards the reduction of the debt owed by CL Financial, Clico, to the Government.

I move now to the Heritage and Stabilisation Fund. Madam Speaker, the Heritage and Stabilisation Fund formalized through legislation in March 2007, was specifically designed to support fiscal policy at times of adverse swings in international oil and gas prices, the stabilization objective, and to accumulate savings from the country's exhaustible assets of oil and gas for future generations, the heritage element. Over the 10-year period, the value of the fund has increased by close to US $4 billion, from US $1.77 billion to US $5.73 billion as at August 31, 2017. Over the period, net contributions, that is transfers to the fund net of withdrawals, amounted to US $1.9 billion, while returns in capital gains yielded US $2.1 billion. There have been two withdrawals from the fund, in 2016 and 2017, amounting to US $628 million. However, the withdrawals were less—this is very important, Madam Speaker—the withdrawals from the fund were less than the returns accumulated over the two-year period, and, as a result, there was a net increase in the fund between September 2015, and August 2017.

Madam Speaker, we have held discussions with relevant local stakeholders and with the International Monetary Fund on possible amendments to the Heritage and Stabilisation Fund Act. And in a seminar held in September, 2016, attended by representatives of labour, business, and civil society, there was general agreement on the principles that should underpin the reform of the Heritage and Stabilisation Fund. There was broad agreement that the Heritage and Stabilisation Fund should be segregated into two separate funds, one for stabilization and one for heritage, and that in this separation the bulk of funds should go to heritage. However, Madam Speaker, it is both paradoxical and counter-intuitive that over the last nine years, deposits have been made to the Heritage and Stabilisation Fund while the country was running budget deficits, finance by borrowings. In other words we have borrowed to save, which makes no sense.

It is our intention, therefore, to change the manner in which withdrawals can be made from the fund, to assist in financing Government's expenditure so that in the face of persistent budget deficits in periods of economic recession there can be planned and orderly withdrawals from the stabilization component of the fund, while preserving and protecting the heritage component of the fund. This will also provide a guaranteed source of much needed foreign exchanging to bolster our foreign reserves. Appropriate amendments to the Heritage and Stabilisation Fund Act will therefore be laid in Parliament in early 2018.

I now turn my attention to Tobago. Madam Speaker, the budgetary proposals of the Tobago House of Assembly for fiscal, 2018, was submitted to the Ministry of Finance towards the end of June this year in conformity with the requirements of the THA Act. Over the last few weeks, the Ministry of Finance has been in extensive discussions with the THA regarding the Assembly's budgetary proposals. I wish to extend my sincere gratitude to the Chief Secretary and his team for their invaluable input in these discussions. Madam Speaker, Tobago has the potential to contribute significantly to the diversification of the national economy and to earn much needed foreign exchange. The development of the tourism sector in Tobago remains a critical priority for this administration.

Tobago's budgetary allocation will enhance its tourism product, boosts its marketing thrust, and finance the upgrading and expansion of its room stock. We will continue to work with the Tobago House of Assembly towards the development of a Sandals Resort in Tobago. The construction of this resort will simultaneously address three critical problems which have stymied the expansion of the tourism sector, namely marketing, airlift and room stock. In addition, we will encourage the tourism stakeholders in Tobago to access the Tourism Business Development Fund.

Madam Speaker, the development and revitalization of the agricultural sector in Tobago is of critical importance. The THA will expand its agricultural access road programme, thereby creating further linkages between the agricultural sector and other sectors in Tobago, inclusive of tourism and health, adopt modern agricultural practices and technologies, and enhance its focus on ago-processing to increase the value added from this sub-sector.

The THA will also accelerate its housing programme to address the existing mismatch between demand and supply for public housing. The Assembly will develop several estates, inclusive of Shirvan and Friendship, and expand several grant programmes and initiatives to improve the existing quality of the housing stock. To support land ownership in Tobago legislation will be brought to Parliament in the new fiscal year to address the longstanding issue of land titles affecting residents in Tobago.

Madam Speaker, as Central Government, we recognize that many of our developmental initiatives for Tobago could be seriously comprised if existing efficiencies in the air and sea bridge are not addressed in a sustainable manner. We remain committed to working with the Tobago House of Assembly and stakeholders in Tobago to find permanent solutions to the persistent problems experienced in inter-island travel. Our ultimate objective is to develop an efficient service which guarantees travel between the two islands in a safe, predictable and dignified manner. As it relates to the sea bridge, the Port Authority of Trinidad and Tobago has been mandated to find a resolution to the existing problems in the quickest possible time. Madam Speaker, I am delighted to report to the honourable House that the draft legislation to grant self-government and a greater devolution of powers to Tobago is before Cabinet, and in the upcoming fiscal year we will table the legislation before Parliament. [*Desk thumping*]

Madam Speaker, the budgetary allocation to the Tobago House of Assembly for fiscal 2018 is $2.1936 billion, of which $1.86 billion will be for recurrent expenditure, $315.6 million for capital expenditure, and $18 million for the Unemployment Relief Programme. This allocation represents 4.34 per cent of the national budget. But, Madam Speaker, that is not all, further, the Tobago House of Assembly has, of its own accord, obtained an international credit rating. Therefore, to supplement the 2018 allocation, we are presently in discussions with the Tobago House of Assembly with respect to giving approval to the Assembly to borrow money in 2018 to accelerate its development, [*Desk thumping*] and we shall assist them with the debt service. In addition to the direct allocation to the Assembly, a further $1.09 billion is allocated to facilitate work in Tobago by Government Ministries in keeping with their responsibilities under the Sixth Schedule of the THA Act.

Madam Speaker, this will cater for ongoing construction works on the Old Grange and Roxborough Police Stations, the construction of a desalination plant and the expansion of the power generating capacity at the Cove power plant. [*Desk thumping*]

4.15 p.m.

I go now to the Estimates of Revenue and Expenditure 2017—2018. Responsible fiscal management is central to our public policy agenda for achieving prosperity and improving the lives of our citizens. The fiscal consolidation process continues in this budget as we bring expenditures into better alignment with available revenues, yet at the same time ensuring that the capital expenditure programme is maintained to underpin the process for stimulating economic activity.

For fiscal 2018 therefore total revenue has been budgeted at $45.74 billion, up from $37.84 billion or $7.9 billion from the estimated outturn in 2017. Total expenditure for fiscal 2018 has been budgeted at $50.5 billion, or roughly the same as in the fiscal 2017 outturn, but significantly lower than the peak expenditure of $62.8 billion in 2014. This is a substantial reduction in expenditure from the 2014 level—that unsustainable level—of $12.3 billion or 24.3 per cent. The fiscal deficit for 2018 is estimated at $4.76 billion or 3.1 per cent of GDP, compared to the fiscal deficit of $12.6 billion or 8.4 per cent of GDP in fiscal 2017.

The budgeted revenue for 2018 is predicated on an oil price of US $52 and a gas price of $2.75 per MMBtu. It should be noted that our assumed oil price is below the International Monetary Fund forecast of $56 per barrel for 2018 and lower than the current oil price forecast made by the World Bank and the United States Energy Information Administration and the International Energy Agency. Based on these assumptions we are projecting total revenue at $45.741 billion, of which oil revenue will be $6.412 billion. Non-oil revenue will be $32.91 billion, capital revenue will be $6.419 billion. The total expenditure net of capital repayments and sinking fund contributions, $50.501 billion.

Madam Speaker, allow me to give you a breakdown of some of the higher Heads of expenditure. As we continue to build an inclusive society, major allocations of expenditure for 2018 on security, education and health—education and training will be allocated $7.29 billion for 2018; National Security, $6.24 billion; Health, $6.03 billion; Public Utilities, $3.55 billion; Works and Transport, $3.09 billion; Rural Development and Local Government, $1.85 billion; Housing, $1.0 billion, and Agriculture, $0.54 billion.

Madam Speaker, as we move towards rebalancing our fiscal accounts and ensuring that our expenditure is brought in broad alignment with our revenue, while at the same time creating the necessary conditions for putting the economy on a path of sustainable growth and development, we are utilizing all available financing options for transitioning the economy. We are able to tap into the domestic capital market for an amount equivalent to $4.5 billion or 3 per cent of GDP, yet there would remain a fiscal gap between planned expenditure and our core revenue of $37.3 billion which is generated from taxation, royalties and customs duties.

Madam Speaker, with domestic financing of $4.5 billion, an additional fiscal shortage is therefore required to be financed. We will continue with our sale of assets programme including debt recovery, repayments relating to the CL Financial/Clico rescue plan and withdrawals from the restructured HSF to generate an amount of approximately $7.5 billion or 4.4 per cent of GDP. Accordingly, the following fiscal measures are proposed for 2018.

Vehicles using clean or alternative fuels—we have provided a range of incentives for increasing usage of alternative fuel vehicles. We have provided exemptions in respect of duty, motor vehicle tax and VAT for electric vehicles with engine sizes less than 179 kilowatts and for hybrid vehicles with engine sizes less than 1999 cc. These incentives have encouraged a significant amount of these types of vehicles to enter the country. However, whereas the incentives have had the desired effect of increasing the supply of fuel efficient and clean energy vehicles, there has been an unintended consequence whereby individuals have taken advantage of the tax waivers on hybrids to import luxury vehicles. This has caused a significant leakage of tax revenue. In fact there are some vehicles well-known to all of us. The BMW X5 was brought into this country as a hybrid in 2017; that was never the intention.

Further, notwithstanding our current financial challenge as a country, the importation of motor vehicles has remained unabated, with 35,000 vehicles, as I said before, imported in 2017. That was the same amount, more or less, as 2016. It should be noted—and this is very important, Madam Speaker—that the importation of these 35,000 vehicles has cost the country US $500 million in foreign exchange in 2017 alone—US $500 million leaked out of this country for the purchase of motor vehicles in 2017. In this context I propose to rationalize these incentives by maintaining the removal of all taxes and duties on hybrid passenger vehicles and extending these concessions to CNG passenger vehicles, but now on engine sizes under 1599 cc. So that the CNG and hybrid vehicles that come in now will not be luxury vehicles.

I propose to remove all incentives currently available to passenger vehicles with engine sizes exceeding 1599 cc. This means the incentives for CNG vehicles and hybrid vehicles will only now apply to vehicles with engine size of 1599 cc and below; 1600. To encourage the use of smaller more fuel efficient vehicles and to reduce the loss of foreign exchange for motor vehicle imports, I propose to increase by 25 per cent the motor vehicle tax and customs duty on private passenger vehicles with engine sizes exceeding 1599 cc and not exceeding 1999 cc. The increase in taxes imposed last year on vehicles with engine sizes exceeding 1999 cc will remain. These measures will take effect from October 20, 2017. However, as we did before, there will be a moratorium up to December 31, 2017 for private passenger vehicles already in transit, already landed in Trinidad and Tobago.

Madam Speaker, motorcycles are a popular mode of transport internationally, and in many cities they are a preferred option. They are fuel efficient and do not create congestion. Accordingly, in order to encourage greater use of this type of transportation I propose to exempt all motorcycles with engine sizes under 300 cc from all duties and taxes. This measure will take effect from October 20, 2017. [*Laughter*]

Motor vehicle inspection: Madam Speaker, we believe that the proprietors of the vehicle inspection stations have been providing services to our motoring public at very low fees. These fees established in 2003, 14 years ago, have not kept pace with the cost of administering the service. In light of this, I propose to increase the inspection fee for motor vehicles from $165 to $300 and to enforce the law. This measure will take effect from December 01, 2017.

Tyres: We have noticed irregularities between the duties charged on the importation of new and foreign used tyres. Currently new tyres utilized on motor cars attract a customs duty of 30 per cent, while used pneumatic tyres do not incur customs duties. This has led to mislabelling and tax evasion, where new tyres are sometimes wrongly described as used tyres, thus avoiding the payment of customs duties. In order to correct this discrepancy I propose to harmonize the customs duty on all tyres at 30 per cent whether new or used. However, the customs duty on the importation of new tyres utilized on buses and lorries will remain at 15 per cent. This measure will be implemented on October 20, 2017. Madam Speaker, I further propose to implement an environmental tax of $20 per tyre on all tyres imported into Trinidad and Tobago. This tax will cover the cost of proper disposal of used tyres which is a major headache. This measure will be implemented on December 01, 2017.

I turn now to the fuel subsidy. As stated in my last two budget statements it is necessary to eliminate the fuel subsidy since it is not a good or efficient use of taxpayers' funds. The wealthy man who drives a diesel BMW X5 receives the same subsidy or more as the working man who drives a Nissan pickup. It should also be noted that as recently as 2014 the fuel subsidy was as high as $7 billion which could have been used to create jobs, pay for health care and assist the poor and underprivileged. I therefore propose to adjust the fuel subsidy as indicated earlier in this budget statement, in order to ensure a degree of stability in fuel prices within the national economy. In due course, later in 2018, the Ministry of Energy and Energy Industries will be required to publish on a monthly basis the wholesale and retail product prices for the five categories of fuel. In this way fuel prices will in future fluctuate with the prices of oil and the prices of refined products.

Madam Speaker, in this new framework I also propose to address the present difficulties faced by both wholesalers and retailers. I am dealing with retail margins for fuel. The liquid petroleum fuel industry currently remains the only industry within the private sector operating under a system of controlled prices. Over the last decade and in the wake of inflation and rising operational costs, unadjusted gross margins have placed a severe burden on the profitability of the wholesaling, retailing and peddling sectors of the industry. These margins, last reviewed in 2009, are insufficient to keep the industry in operation, simultaneously hindering competition and dissuading new entrants into the market. An increase in these existing margins will improve cash flow and profitability for those within the liquid petroleum fuel industry, and promote competition among service stations and create enhanced and sustainable jobs.

Within the existing price structure, wholesale margins for premium, super and regular gasoline are set at 14.5 cents and since 2009 have remained constant at 9.5 cents for both diesel and kerosene. I propose to increase all wholesale margins for premium, super and regular, from 14.5 cents to 19.5 cents, and for diesel and kerosene from 9.5 cents to 14.5 cents. The adjustment to the subsidy plus the increase in the gross margins will increase the price of super from $3.58 per litre to $3.97 cents per litre, and the price of diesel from $2.30 per litre to $3.41 cents per litre. These measures will be implemented with immediate effect.

I now turn to the fiscal regime for the energy sector. [*Interruption*]

Madam Speaker: Order! Order!

Hon. C. Imbert: Madam Speaker, with the decline in oil and gas production, it is imperative that the oil and gas producing industry be incentivized to maintain exploration activity in key petroleum provinces, including shallow water and new fields in deep water areas. Such an activity would require significant capital investment by international oil companies. In pursuing foreign direct investment, Trinidad and Tobago must compete with investment opportunities in other countries to attract a share of the limited exploration and development funds available.

4.30 p.m.

With the existence of unsanctioned projects and untapped resources it has become imperative to increase investments in the oil and gas sector to address supply concerns. We are simplifying and modernizing the existing oil and gas fiscal regime and to that end we are guided by a number of principles. The oil and gas fiscal regimes must incorporate a balance among the objectives of providing terms attractive for investment while securing for the country a substantial share of the value of the petroleum resources.

While the Government seeks to promote investment by reducing fiscal obstacles to low profit activities that nonetheless increase supply, it will also seek to assure the public that extraction of the country's natural resources always results in some appropriate payment to the Government, usually a royalty, and minimum production share or amount of tax, unless a some strong policy reason requires exceptions.

Where oil and gas production generates a surplus over the total cost of production, including profit necessary for initial and continuing investment, the Government should share substantially in that surplus. Government also attaches priority to a degree of stability in petroleum revenue flows. Petroleum companies attach high values to stability and predictability in terms of the fiscal regime they face.

Madam Speaker, substantial amendments to the basic set of laws governing the oil and gas sector will be affected. In order to ensure that the competing demands of maximizing revenue and encouraging investment are achieved, a gradual move to the new oil and gas fiscal regime would be required through a transitional period in which both the existing and the new regimes would operate.

However, Madam Speaker, at this time the Government and by extension the people of Trinidad and Tobago receive very little by way of taxes from the oil and gas industry. Indeed, Madam Speaker, while our natural gas is being extracted at a rate of over three billion standard cubic feet per day to be converted into LNG and/or petrochemicals and our oil is extracted at a rate of over 70,000 barrels a day to be converted into petroleum products and exported, the tax collected from the oil and gas companies has dropped by over 90 per cent. Madam Speaker, let me repeat that. The Government and, by extension, the people receive very little by way of taxes from the oil and gas industry.

Indeed, while our natural gas is being extracted at a rate of over three billion standard cubic feet per day to be converted into LNG or petrochemicals and exported, and our oil is extracted at a rate of over 70,000 barrels per day to be converted into petroleum products and exported, the tax collected from the oil and gas companies has dropped by over 90 per cent.

In fact, at this time because of changes to oil and gas fiscal regime that were introduced in 2013 and 2014, the energy companies are not paying any corporation tax at all, also known as petroleum profits tax, only some royalties and supplementary petroleum tax whenever the oil exceeds $50, which is not often. We have been told by the companies that this situation is occurring because of the high level of investment in exploration and production that is taking place in the energy sector which has led to huge capital allowance write-offs. However, this cannot continue since, while the grass is growing, the horse is starving.

With the present arrangements the companies tell us, the oil companies have told us, we are unlikely to get corporation tax from them for the next seven years because of the capital expenditure write-offs; because of the changes in the oil and gas fiscal regime that took place in 2013 and 2014, we are unlikely to get corporation tax from the oil and gas companies for the next seven years, Madam Speaker. [*Crosstalk*]

Madam Speaker: Order. Order.

Hon. C. Imbert: We consider it untenable, Madam Speaker, we consider it untenable—[*Interruption*]

Madam Speaker: Minister.

Hon. C. Imbert: Sorry. We consider it untenable that our hydrocarbon resources are being extracted to this extent with little or any benefit to the country. Three billion cubic feet of gas extracted every day by the multinational companies and not one cent coming to the citizens of Trinidad and Tobago. This is untenable. In the present very difficult financial circumstances all must share in the burden of adjustment, all. [*Desk thumping*]

Accordingly, to ensure that taxpayers get some benefit—[*Crosstalk*]—accordingly, to ensure that taxpayers get some benefit from the extraction of our country's hydrocarbon resources, I propose to rationalize the royalty regime applicable to the extraction of oil and gas. Accordingly, a 12.5 per cent royalty rate would now be applicable across the board on the extraction of all gas, condensate and oil. [*Desk thumping*]

Further, Madam Speaker, to avoid revenue leakage and to avoid cheating, the fair market values for our oil and grass for the computation of royalty—

Hon. Member: Grass?

Hon. C. Imbert:—oil and gas—to avoid revenue leakage, the fair market values for our oil and gas for the computation of royalty will be fixed by the Petroleum Pricing Committee which is a feature of statute, Madam Speaker, which has not been used for many, many years. So the Petroleum Pricing Committee, which is identified in the Petroleum Act, will now fix the fair market values for our oil and gas for the computation of royalty. This measure, which will yield substantial benefits to the people of Trinidad and Tobago for their hydrocarbon resources, will take affect from the December 01, 2017.

I move now to corporation tax. Madam Speaker, among the fiscal measures which became applicable in 2017 was the introduction of a new tax bracket of 30 per cent on companies with chargeable profits in excess of $1 million per year. The base tax bracket for companies remained at 25 per cent. To spread the burden of adjustment, I now propose to increase the base tax rate bracket for companies, which were previously subjected to a tax rate of 25 per cent, to 30. I am harmonizing the corporation tax at 30 per cent. This measure will take effect for January 01, 2018.

Madam Speaker, previously, persons earning $1 million in chargeable profits and companies earning $1 million in chargeable profits were subject to a tax rate, a special tax rate of corporation tax of 30 per cent. We are now harmonizing it so that all corporations will now be required to pay a 30 per cent tax rate to share in the burden of adjustment.

And now, Madam Speaker, I come to the commercial banks. Consistent with the need to spread the burden of adjustment across all sectors because, Madam Speaker, I spoke about imposing a royalty on the oil companies so that they will share in the burden of adjustment, I spoke about harmonizing the corporation tax so that corporations will share in the burden of adjustment, I now come to the commercial banks who must also share in the burden of adjustment. We have a need to spread the burden of adjustment across all sectors including wealthy corporations. I therefore propose to introduce a new tax bracket of 35 per cent for commercial banks. [*Desk thumping*] This will take effect on January 01, 2018.

Madam Speaker, I turn now to the gambling industry. In respect of the gambling industry, in view of the extremely low level of compliance and the endemic tax evasion in the sector, in the interim as we move to finalize and enact new gambling legislation I propose the following: the existing rate of duty on all mechanical games of chance for gambling of 20 per cent will be increased to 40 per cent. This measure will take effect from October 20, 2017.

I also propose to introduce on all cash winnings by the National Lotteries Control Board a tax of 10 per cent. This measure will take effect from December 01, 2017. I propose to introduce a flat tax of $120,000 annually on electronic roulette devices operating in bars throughout the country. The gaming tax which shall be payable annually under the Liquor Licences Act will be increased from $3,000 to $6,000 with respect to each amusement device. The taxes on gaming tables and other devices by private members' clubs will be increased as follows:

- for every baccarat table $100,000 per annum;
- for every blackjack table, $120,000 per annum;
- for every Caribbean stud poker table, $150,000 per annum;
- for every dice table, $70,000 per annum;
- for every poker table, $60,000 per annum;
- for every roulette table, $120,000 per annum;
- for every electronic roulette device, $120,000 per annum;
- for every rhum 32 table, $150,000 per annum;
- for every sip sam table, $150,000 per annum;
- for every slot Machine, $24,000 per annum; and
- for every other table or device not mentioned, $60,000 per annum.

These measures will take effect on January 01, 2018 and will be strictly enforced in 2018.

Madam Speaker, this has become necessary, Madam Speaker, because the present tax payment compliance rate of just 10 per cent by industry participants in the gambling industry can no longer be tolerated. [*Desk thumping*]

I move now to private hospitals. Madam Speaker, private hospitals are governed under the Private Hospitals Act. This Act mandates that a written application for a licence to operate a private hospital be made to the Minister of Health and be accompanied by the appropriate licence fee based on the classification of the private institution.

Belief it or not, Madam Speaker, all private hospitals including those owned by persons that we know, pay a standard flat fee of $150 per year. That is the licence fee for a private hospital, $150 per year. We are of the view that the licensing fees to operate a private hospital and the penalties for offences under the Private Hospitals Act are far too low. You will agree that $150 is a bit low given the high cost of private health care in Trinidad and Tobago.

In light of this I propose to increase the licence fees for different categories for private hospitals as follows: for institutions classified as medical or surgical hospital, medical, surgical and maternity hospital or maternity hospital, less than 30 beds the fee will move from the current $150 to $25,000; for a hospital with 30 beds, but less than 60 beds, the fee will move to $50,000; and for hospitals with 60 beds or over, the fee will move to $100,000 per year.

Madam Speaker, this measure will not be applicable to institutions classified as hospitals for the convalescent or chronically ill, homes for the elderly or hospitals for any designated disease or specified disease or disorder or illness. These institutions will continue to pay the existing fee of $150 a year.

4.45 p.m.

I also propose to increase the penalty for persons found guilty of an offence under the Private Hospitals Act from the current very low $10,000 to $100,000; and the increase in the penalty for a continuing offence from $200 a day to $1,500 a day. These measures will require amendments to the Private Hospitals Act and will take effect from January 01, 2018.

I now move to the tourism sector. Madam Speaker, to stimulate and re-energize the tourism sector, the Cabinet has approved a number of new fiscal incentives for the tourism sector. Accordingly, I propose to continue the Trinidad and Tobago Hotel and Guest Room Stock Upgrade Programme and increase the reimbursement of the expenditure on the cost of work from 25 per cent to 50 per cent. Let me repeat that. I propose to continue the Trinidad and Tobago Hotel and Guest Room Stock Upgrade Programme and increase the reimbursement of the expenditure on the cost of work from 25 per cent to 50 per cent, and increase the maximum reimbursement limit for hotels and guest rooms that upgrade their plant and equipment and stock from $750,000 to $1.5 million dollars.

I also propose to continue the Small Approved Tourism Properties Programme by increasing the reimbursement of the expenditure on the cost of work, from 20 per cent to 40 per cent, as well as by increasing the maximum reimbursement limit for small approved tourism properties from $75,000 to $150,000. I also propose to encourage greater and better usage, by clients in Tobago in particular, of the loan guarantee programme administered by the Trinidad and Tobago Tourism Business Development Company.

This would be effected by increasing the subsidy by the Government of the interest charged by financial institutions for new and restructured loans for tourism operators, from 2½ per cent to 5 per cent. The commercial banks have also been requested to extend the maturity periods for new loans and refinancing for the tourism sector under this Government guaranteed programme from seven years to 15 years. Let me repeat, Madam Speaker: The Government would subsidize loans for new tourist facilities and refinancing arrangements for existing tourist facilities, the Government would subsidize the interest by 5 per cent. [*Desk thumping*] And the period of repayment will now be extended to 15 years. [*Desk thumping*] These measures would take effect from the 1st of December, 2017.

I have already spoken, Madam Speaker, about the new foreign exchange facility for eligible exporters to access foreign exchange, and in the first instance the facility at the Eximbank would be capitalized at US $100 million. This measure would take effect from January the 1st, 2018. With respect to the export allowance for the manufacturing sector, I propose to re-establish export allowances to manufacturers. We would establish a framework that would allow a reduction on tax for revenues generated from incremental exports to existing markets. Further details would be provided in the Finance Act, 2018 which I expect to debate in November. This measure would take place from January the 1st, 2018.

With respect to food production: As we indicated before, I propose to establish an Agricultural Financial Support Programme with grants for new and existing farmers of up to $100,000. This measure would take effect from December the 1st, 2017. And further, Madam Speaker, we have discovered an anomaly which we are dealing with to encourage the establishment of larger farms, I propose to amend section 14 of the Income Tax Act to remove the current restriction of 100 acres of land to receive exemptions from tax on income from approved agricultural holdings. So anybody with a farm, small farm, big farm, will now be able to access fiscal incentives for agriculture. This measure would take effect on January 01, 2018.

I have spoken about our housing programme, and I propose to introduce a Housing Construction Incentive Programme to encourage private developers to construct houses to satisfy the current demand for affordable houses. This programme will provide a cash incentive, a cash payment of $100,000 per house to all approved developers who construct housing units in accordance with designs, specifications and prices fixed by the Government. This measure would take effect from January the 1st, 2018.

Madam Speaker, this budget statement represents a major step in our call for the collective support and commitment of our citizens, to effect a behavioural and cultural shift to put our economy on a renewed path of sustainable growth. As a Government, we cannot pursue this transformation on our own. [*Interruption*]

Madam Speaker: Order! Order!

Hon. C. Imbert: We are open to new ideas and solutions, and collectively we are fully capable of overcoming the present difficult economic circumstances and to navigate the country back the socio-economic prosperity to which we have been long accustomed.

Madam Speaker, the Budget Statement continues our prudent development agenda which is anchored in Vision 2030. This principal strategic planning document is guiding our orderly long-term development process for achieving development country status by 2030. We have established our priorities and programmes within that framework. All Ministries and Departments now have responsibility and will be held accountable for the delivery of the strategy which falls within their mandates.

Madam Speaker, we now have a window of opportunity for restructuring our economy and making it more resilient to internal and external shocks. We are leveraging our oil and gas sectors. We are improving their efficiency, and they are becoming the foundation on which we are redirecting resources to the strengthening of our existing non-oil sector and creating other sectors of growth. We are now moving Vision 2030 implementation to centre stage. It is essential that we work together through the building of partnerships. In particular, among

Government, business organizations, and the labour movement. We must reinforce our commitment to cooperation and consensus building. This is the only way that we can maximize the benefits from the emerging growth process and create opportunities for our citizens.

This administration is committed to this effort. We must ensure that the present turnaround in economic activity is sustained, becomes stronger and generates benefits for the entire population, in particular the low-income groups, the vulnerable and the defenceless. As I said earlier, we are changing the paradigm and putting the economy on a sustainable path. To succeed as a nation, we must diversify our economy, and focus on the sectors where we are competitive or have a real chance of success, such as export manufacturing, financial services, tourism, ship repair, and the creative arts, among others. We must restart the engine of our economy as we plan to do with our new housing construction incentive package and the incentives for small businesses and farmers. We must move away from overdependence on oil and gas. We must, all together, create the conditions for investment and growth, and put our shoulders to the wheel to meet the challenge of balancing the national budget.

Madam Speaker, we must all adjust. We must cut our cloth to suit or coat, as the proverb says. Curb wasteful expenditure, demand value for money, seek to improve national productivity and accountability, and make the required sacrifices, since we cannot continue to live on borrowed money or continue to run large budget deficits as has been practised for the last eight years. Madam Speaker, I am certain that if everyone plays their part, we would emerge from our current difficult financial situation, more productive and efficient as a people, and as a country, more resilient and better able to withstand external economic shocks as the economic powerhouse of the Caribbean; ready to meet any challenge that the outside world throws at us.

I thank you, Madam Speaker, and I beg to move. [*Continuous desk thumping*]

Madam Speaker: Minister of Finance.

Hon. C. Imbert: Madam Speaker, I beg to move. And, Madam Speaker, I beg to move that a Bill entitled an Act to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2018, be now read a second time.

Madam Speaker: Minister of Finance.

Hon. C. Imbert: In accordance with Standing Order 81(4), I wish to advise that the debate on the budget will resume on Friday, October 06, 2017.

Madam Speaker: Leader of the House.

ADJOURNMENT

The Minister of Planning and Development (Hon. Camille Robinson-Regis): Thank you very kindly, Madam Speaker. I beg to move that this House do now adjourn to Friday, the 6th of October at 10.00 a.m., at which time we will continue debate on this Bill, and at which time we will hear the Leader of the Opposition to start.

Budget Packages
(Location of)

Madam Speaker: Hon. Members, before putting the question on the adjournment, I am to advise that your budget packages are available for collection at the J. Hamilton Maurice Room, located adjacent to this Chamber. Senators who are also present are invited to collect their packages.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 4.55 p.m.