

**HOUSE OF REPRESENTATIVES***Monday, October 01, 2018*

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 2019. [*The Minister of Finance (Hon. Colm Imbert)*]
2. Draft Estimates—Details of Estimates of Recurrent Expenditure for the financial year 2019. [*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 2019. [*Hon. C. Imbert*]
4. Draft Estimates of the Development Programme for the financial year 2019. [*Hon. C. Imbert*]
5. Draft Estimates of Revenue for the financial year 2019. [*Hon. C. Imbert*]
6. Social Sector Investment Programme 2019. [*Hon. C. Imbert*]
7. Public Sector Investment Programme - Trinidad 2019. [*Hon. C. Imbert*]
8. Public Sector Investment Programme - Tobago 2019. [*Hon. C. Imbert*]
9. State Enterprises Investment Programme 2019. [*Hon. C. Imbert*]
10. Review of the Economy 2018. [*Hon. C. Imbert*]
11. Vision 2030 - Reporting on Progress - 2015—2018. [*Hon. C. Imbert*]

**APPROPRIATION (FINANCIAL YEAR – 2019) BILL, 2018**

Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30<sup>th</sup> day of September, 2019 [*The Minister of Finance*]; read the first time.

**UNREVISED**

**The Minister of Finance (Hon. Colm Imbert):** Thank you, 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 30<sup>th</sup> day of September, 2019, be read a second time.

Madam Speaker, it is my honour and privilege to present the Budget for the financial year 2018/2019, the fourth budget of the present Government.

When this PNM administration under the leadership of our Prime Minister, Dr. the Hon. Keith Rowley, assumed office in September 2015, just three years ago, we promised the citizens of Trinidad and Tobago a transparent, honest and accountable Government.

This was necessary for establishing creditability and trust in the new Government after five years of mismanagement and overindulgence by the previous administration. [*Desk thumping*] We faced—[*Crosstalk*]

**Madam Speaker:** Order! Order!

**Hon. C. Imbert:** We faced very difficult and challenging circumstances. Our public finances had been eroded by the collapse of oil and gas prices in 2014, coupled with declining oil and gas production. Further, \$6 billion left in credit to the Government's bank account at the Central Bank, just prior to the May 2010 election, had been consumed by reckless spending and our overdraft maxed out, resulting in depletion of the Government's available cash advances by \$15 billion. A further \$14 billion had been siphoned out of the National Gas Company's bank account and used to award questionable construction and equipment supply contracts at inflated prices.

Yet in the face of a clearly imminent financial crisis, where revenues from

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petroleum plunged by \$10 billion between 2014 and 2015 and continued to spiral downwards as the 2015 election approached, with oil prices collapsing from US\$ 103 per barrel in June 2014, to as low as US \$43 per barrel in March 2015, the general election year, annual budgetary expenditure under the previous administration reached an unsustainable all-time high of \$63 billion, an increase of 37 per cent over the 2010 level.

In addition, we faced the almost impossible task of paying out \$5 billion in back pay, an election gift from the previous Government. Yet we persevered, Madam Speaker, and in so doing as a strategy, we preserved as many jobs as possible, to the extent that despite our huge financial challenges, the number of employed persons has only decreased marginally over the last three years.

By 2015, real economic activity had become volatile and weak. The new PNM Government had to move immediately to stabilize the economy, stop the downward spiral and create sustainable growth and true national development. In pursuing these objectives, we sought to ensure that the collective public good and the national interest was paramount in our policy implementation process.

Madam Speaker, the journey since then has been as difficult as it has been rewarding. Despite the drastic decline in government revenue, we have managed to keep the country afloat by taking decisive and sensible action without crashing the economy and without engaging in a massive devaluation of the Trinidad and Tobago dollar. I dare say, the people of Trinidad and Tobago understand and appreciate our approach to pulling the country out of the deep dark hole in which our predecessors left us. We were in a virtual financial abyss. [*Desk thumping*]

In a calm and collected manner, we are continuing to repair the damage to our fiscal accounts through a mix of revenue-raising measures and targeted and

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efficient cuts in transfers and subsidies and goods and services. We have reversed the decline in the economy and in so doing, we have ensured that the welfare and the standard of living of our citizens are not unduly impaired. Our reforms at modernizing the budget process, making tax administration more efficient, strengthening accountability for public expenditure and re-establishing medium-term fiscal planning have succeeded in containing expenditure at sustainable levels. This growth-inducing environment is facilitating the achievement of macroeconomic stability and confidence in the local economy, a key condition for ensuring that the recovery takes hold in the non-energy sector.

What is truly remarkable, however, is the fact that the country is now functioning with an annual budget of approximately \$50 billion, \$13 billion less than the amount spent by our predecessors in 2014. [*Desk thumping*]

By way of example, we now have over 95,000 senior citizens in receipt of a pension of \$3,500 per month, which is almost 9,000 more than the number of pensioners in the system when we assumed office in September 2015. [*Desk thumping*] In our first year we also increased the cap for persons in receipt of both the National Insurance System pension and the senior citizens' pension, from \$4,500 to \$5,000 per month. In fact, while reducing expenditure from \$63 billion to \$50 billion, we have actually increased the annual expenditure by \$700 million on senior citizens' pensions in the last three years. [*Desk thumping*] This is but one example of how we have managed to preserve and improve social benefits and cushion the effects of the recession, while stabilizing the economy and cutting out waste and unnecessary expenditure. But we must ask the questions: Where did that extra \$13 billion go? What did our predecessors do with it? What did they spend it on? Clearly, a lot of those billions in over-expenditure were wasted or

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misappropriated or simply given away.

I am pleased to say that our vision for this country, as articulated in our 2015 Manifesto, is being realized. In fact, with higher energy production, together with moderately higher energy prices, and sound and stable macroeconomic conditions, the economy has returned to positive growth in 2018, and is projected to remain so over the medium-term. [*Desk thumping*]

Madam Speaker, it is with great pleasure that I can announce that after several years of economic stagnation, the Trinidad and Tobago economy is projected to grow in real terms by 1.9 per cent in 2018. [*Desk thumping*] It is against this background that the theme for the 2019 Budget reflects the unfolding economic situation, a genuine economic “Turnaround”.

I wish to take this opportunity now to commend the business and labour organizations as well as those economists and public policy experts who willingly provided advice and well-thought-out recommendations for establishing a regime of sustainable socio-economic conditions. Many of their proposals have found their way into our plans and programmes. Moreover, my Cabinet colleagues have indeed been extremely supportive during our consultative sessions and I thank them.

Very importantly, the public officials at the various Ministries and Departments have worked beyond the call of duty. I wish to express my appreciation to them all. I cannot overemphasize the value of the work done by the public officials at the Ministry of Finance. We all owe them a huge debt of gratitude. They have become well-recognized for the technical rigour of their work, their dedication, and for the promptness with which they prepare and circulate the several documents which inform the parliamentary debate on the

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budget. To this end, I have laid today in Parliament, 11 supporting documents.

Madam Speaker, our transformation is now being anchored on the National Development Strategy, as outlined in our Vision 2030 document laid today, which was developed by my colleague, the Minister of Planning and Development. Progress was made today. [*Desk thumping*] This vision, built on the vast consultation process, which informed the preparation of the original Vision 2020, which was initiated in 2002 by no less a person than the current Prime Minister, as the then Minister of Planning and Development. I wish to remind hon. Members that the consultative process at that time involved over 80 national consultations and contributions of 27 sub-committees, comprising academia, the public and private sectors and civil society. In keeping with the times, we have modified Vision 2020, creating in the process Vision 2030.

Vision 2030 represents a compelling response to the extraordinary challenges now facing this country. It is now informing public economic policy in nine areas and we are actively pursuing policy reforms for:

1. expanding exports and increasing foreign exchange earnings and employment;
2. solving and preventing crime;
3. reversing non-progressive values, attitudes and behaviours such as low productivity and poor work ethos;
4. undertaking constitutional and institutional reform;
5. addressing the impact of shale gas, alternative energy sources and lower gas reserves and production;
6. discouraging the culture of dependency and sense of entitlement among the population;

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7. ensuring effective and efficient public service delivery and implementation of development interventions and measurement of results;
8. transforming the existing growth model into one which is environmentally friendly while addressing climate change, including reducing greenhouse gas emissions and building resilience to its adverse impacts; and finally,
9. protecting and sustainably using our environmental resources.

These challenges are comprehensive in scope and they cut across most areas of national policy. We are in no doubt that our current efforts to implement Vision 2030 are transforming our culture, values and attitudes and macroeconomic policy-making. We are laying the framework to a new era of prosperity.

Further, recent strategic confidence-inducing developments will make our transformation an assured reality. By way of example, I refer to six major game changers:

1. Strengthening our gas based economy. On August 08, 2018, the Prime Minister, Dr. the Hon. Keith Rowley, executed a terms of agreement with the Government of Venezuela to secure a competitively-priced steady supply of natural gas from the Dragon Field in Venezuela. [*Desk thumping*] The project will commence with 150 million standard cubic feet per day, with the possibility of that level rising to 300 million standard cubic feet per day. Importantly, this supply of gas will return our petrochemical sector to full production and in the process make the sector a much more attractive source of investment.
2. Buoyancy of the capital market: On August 09, 2018, we witnessed the

resounding success of the National Investment Fund, \$4 billion dollar asset-backed bond, [*Desk thumping*] the proceeds of which have contributed to our revenue stream and did not increase our national debt. [*Desk thumping*] The incredible response of the national community, with an over-subscription of 82 per cent, which included 7,436 individuals, represented a declaration of trust and confidence in our current policy-making and in the future of this country.

3. The Petroleum Company of Trinidad and Tobago: On August 28, 2018, the road to sustainability, we began the process of reforming the Petroleum Company of Trinidad and Tobago and ensuring that the company will curtail its losses and be put on a path of sustainable profitability, including becoming once more a contributor to national revenue in the not too distant future, through the payment of royalties and taxes. Petrotrin is exiting the unprofitable refining business and becoming a terminal business as an importer of motor gasoline, diesel, aviation fuel, liquefied petroleum gas and other petroleum-based products for the domestic and Caricom markets.

Petrotrin is also now concentrating on exploration and production activities and in the process will boost its current production level of 40,000 barrels per day, the foreign exchange earnings of which would redound to the benefit of the citizens of this country. We are taking steps to ensure that the workers are appropriately compensated, with due regard to their welfare and that of their families.

The fourth game changer, Madam Speaker, Sandals Golden Grove Tobago Project - a catalytic tourism event: The decision to establish a Sandals and Beaches Resort in Tobago with 1,000 high-quality rooms represents a radical stimulus for

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the tourism sector in Tobago—[*Desk thumping*]  
 which would now provide a platform for sustainable and economic and social development and place Tobago at the centre of a very competitive tourism market. In tandem with a new airport terminal, increased airlift will allow Tobago—[*Desk thumping*]  
 convenient access to all points of major market sources. Employment opportunities and the provision of local content will have a multiplier effect on the economy of Tobago.

The fifth game changer, new dry dock and shipbuilding, ship repair facility: [*Desk thumping*] Revitalization of the southwest peninsula is being driven by foreign direct investment from China Harbour Engineering Company Limited and funding from Chinese banks. Two major businesses will be established in La Brea, namely a dry dock with a shipbuilding and ship repair facility and a transshipment port. This project is expected to generate 2,700 direct jobs and 13,000 indirect jobs thereby re-energizing and modernizing the formerly oil-based communities of the southwest peninsula. [*Desk thumping*]

6. Two new state-of-the-art fast ferries: Revitalization of the Trinidad and Tobago Sea Bridge, with a return to reliability and the highest quality— [*Crosstalk*]

**Madam Speaker:** Minister of Finance. Hon. Members, I appreciate that budget speech creates a lot of anxiety and excitement and I think I have allowed sufficient leeway for Members to settle and abide by Standing Order 53. Minister of Finance.

**Hon. C. Imbert:** Thank you, Madam Speaker. [*Desk thumping*] The sixth game changer, two new state-of-the-art fast ferries: Revitalization of the Trinidad and Tobago sea bridge, with a return to reliability and the highest quality, is firmly and securely on its way, with orders placed for two brand new modern fast ferries from Austal and Incat, for delivery in mid-2020. Both ferries will carry over 900

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passengers and 250 cars at speeds in excess of 35 knots, making the journey to Tobago in less than three hours. [*Desk thumping*]

Madam Speaker, I wish to briefly turn my attention to the developments in the global economy, as they impact Trinidad and Tobago. Indeed, we are encouraged by the strengthening of the global economic recovery, as well as with the outlook for the next two years. Global growth is projected to reach 3.8 per cent in 2018 and 3.9 per cent in 2019. As the global upswing has taken root, oil prices have been rising and improving the growth outlook of commodity producers, including Trinidad and Tobago.

Largely reflecting supply shortfalls, global oil prices kept advancing upwards this year, despite the decision of OPEC and non-OPEC oil producers to raise oil production by about a million barrels per day from current levels, thereby correcting the undershooting of the November 2016 group oil production target. Oil prices are now projected by reputable international institutions to remain stable in the short-term and to average US \$68 per barrel in 2018 and 2019.

Indeed, the United States Energy Information Administration, or EIA, which is the statistical and analytical agency within the US Department of Energy, has estimated in its short-term energy outlook that West Texas Intermediate (WTI) oil will average US \$67.36 per barrel in 2019. Similarly, the World Bank is now forecasting a WTI oil price of US \$67.40 in 2019.

Added to this, we also recognize that declining capacity in Venezuela and US sanctions on Iran may pose difficulties for the OPEC group to deliver on agreed-upon production increases on a consistent basis, thereby leading to further increases in oil prices over the medium-term.

Madam Speaker, we are now witnessing a welcome upturn as the economy

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enters a growth and development phase. This is being facilitated by global growth, the recent recovery in world oil markets, and by increased natural gas production in Trinidad and Tobago. However, we are not out of the woods yet and our economy is still vulnerable to external shocks. For example, recent protectionist sentiments and import restrictions imposed by major trading nations represent a significant challenge to global growth prospects.

Our return to growth, driven initially by energy sector developments, is being reinforced in the non-energy sector through the spill-over effects from the energy sector and from significantly-improved macroeconomic conditions. We have taken the decisive action to achieve these conditions including adopting a mix of expenditure containment and revenue-raising measures. We are ensuring that the non-energy sector is able to grow and as far as possible to ensure the recovery becomes broad-based and secures enduring gains in the living standards of our citizens.

Through careful management of exchange rate and other strategies, we have contained inflation to historically low levels. [*Desk thumping*] Indeed, the inflation rate in Trinidad and Tobago was recorded at 1.0 per cent in August of 2018. However, it should be noted that the inflation rate in this country has averaged 7.2 per cent over the last 50 years, with a high of 24.5 per cent in 1974. Our current inflation rate is among the lowest in the world and significantly lower than the 2018 average of 4.5 per cent for all Caribbean countries. [*Desk thumping*]

I am also pleased to report that growth has resumed in the energy sector, with a 2.2 per cent growth rate in 2018, as a range of projects have materialized and boosted gas production levels from an average of 3.37 billion standard cubic feet per day in 2017, to an average of 3.80 billion standard cubic feet per day in

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Madam Speaker, our approach to the requirements of adjustment in the context of new realities and circumstances facing us is particularly significant. Adjusting a structurally-unsound economy represents a substantial challenge. We approached the policy choice utilizing an appropriately-sequenced suite of tax and expenditure measures to ensure that our labour-intensive non-energy sector was broadly protected.

As a result, Madam Speaker, believe it or not, the manufacturing subsector grew by an astonishing 7.3 per cent in 2018, [*Desk thumping*] contributing to a significant increase in non-oil revenue from \$32.9 billion in 2007, to \$35.2 billion in 2018. The unemployment rate is now in the vicinity of 5 per cent, not substantially different to those rates which existed in the 2011 to 2015 period, when conditions were much more buoyant and resilient.

Madam Speaker, since our assumption of office in September 2015, we have been adjusting the economy to cater for lower oil and gas prices, lower production volumes and reduced revenue from the decline in national incomes.

Members of this honourable House will recall the unsustainable levels of expenditure which prevailed in the five-year period 2011 to 2015, peaking at \$62.8 billion in 2014. At the same time, while expenditure increased exponentially, revenue only averaged \$53 billion, with a low of \$52.8 billion in 2013. In simple terms, the previous administration spent up to \$10 billion per year more than it earned. Financing this \$10 billion mismatch inevitably increased our debt burden.

Immediately upon assumption of office, we were faced with a reduced revenue flow of \$44.9 billion, creating a \$20 billion gap between revenue and expenditure, with the three-year revenue average for 2016 to 2018 being just \$41.3

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billion.

It should be noted that this average revenue figure of \$41.3 billion over the last three years is inclusive of significant revenue-raising measures and substantial inflows of capital revenue, or non-core revenue, as we call it. An example of the non-core revenue measures we have had to rely upon is the recent \$4 billion injection of funds from the National Investment Fund (NIF) Bond Issue. This has been accounted for in our books as profits from state enterprises, since we created a new state enterprise, the NIF Holding Company, to hold assets recovered from the Clico Group of Companies, including Republic Bank and Angostura shares.

Through prudence and careful financial management, we have been able, through a well-targeted expenditure screening and re-prioritization process, including an initial rationalization of transfers and subsidies, to bring expenditure to a realistic level, reaching a projected \$49 billion in 2018, 22 per cent below the peak level of expenditure generated in 2014 by the profligate administration which preceded us. The new expenditure base of approximately \$50 billion, as opposed to the \$60 billion-plus of the past, is being achieved in line with the actual revenue potential of the country, which is being addressed through our fiscal consolidation programme. This programme is achieving the objective of consolidating expenditure without unnecessary disruptions in the unemployment rate.

It was in the context of the overarching domestic economic and global conditions that we formulated the previous 2018 Budget, predicated on price assumptions of oil at US \$52 per barrel and gas at US \$2.75 per MMBtu. We established an expenditure profile of \$50.5 billion, including a capital expenditure programme of \$ 5.1 billion.

During the course of the 2018 fiscal year, we have continued the process of fiscal

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consolidation reducing the expenditure level to \$48.9 billion. Through various revenue raising measures, we have been able to achieve revenue of \$42.7 billion in 2018, with a fiscal deficit of \$6.2 billion or 3.9 per cent of GDP, well within the established norms for sustainability and moving the economy into long-term fiscal health. [*Desk thumping*]

**2.00 p.m.**

I turn now to the public debt. Madam Speaker, this approach to adjustment has kept our net public sector debt now at 60.9 per cent of GDP, including external public debt at 17 per cent of GDP, at a sustainable level and within internationally acceptable benchmarks. Importantly, our liquid assets held as external reserves in an amount of US \$7.7 billion, and in the Heritage and Stabilisation Fund in an amount of US \$6 billion as at September 25, 2018, more than cover the external debt of US \$3.7 billion of the of Central Government.

Balance of payments: Our external accounts are improving under the influence of our fiscal consolidations efforts and rising gas production and oil prices. The external current account is strengthening, primarily due to an uptick in energy exports and the net outflow in the financial account that has now turned into a net inflow. In 2018, our liquid external assets remain healthy with gross official reserves covering over eight months of imports of goods and services, with the Heritage and Stabilisation Fund close to US \$6 billion and over US \$400 million in external reserves in commercial banking institutions.

Further, the decline in external reserves, an inevitable outcome of our deliberate strategy of protecting our exchange rate, is slowing down. We are now finding that the Central Bank's bi-monthly foreign exchange intervention is becoming increasingly effective with reduced delays for import needs and for the

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settlement of bills for inputs into the private sector production processes. Availability of foreign exchange is improving and with a stable exchange rate, appropriate incentives are being provided for our producers to consolidate the emerging growth in the non-energy sector.

May I mention at this stage that several analysts warned us in 2015 that if we did not immediately devalue the dollar to TT \$10 to US \$1, our foreign reserves would have evaporated within a year.

However, this calamity did not materialize. [*Desk thumping*] We have kept the TT dollar at an appropriate rate, and carefully managed the supply of foreign exchange to the extent that we still have over eight months of import cover. Compare this to nearby Barbados which has less than two months of import cover.

Turn now to the National Investment Fund. Madam Speaker, I wish to take this opportunity to express the appreciation of this Government to all those who contributed to the success of the unique public offering of the \$4billion asset-backed National Investment Fund (NIF) bond. [*Desk thumping*]

It was the first of its kind in Trinidad and Tobago and the highest amount of resources ever mobilized through a public offering. [*Desk thumping*]

Its success has been no doubt due to the technical skills and competence of the public and private sector officials, including consultants who worked tirelessly and selflessly to conceptualize the form and shape of the instrument so as to secure the widest possible participation in the bond offering. This was effected through the issuance of an investor-friendly prospectus supported by a well-targeted marketing and advertising campaign.

It was no surprise to us that the regional rating agency, the Caribbean Information and Credit Ratings Services Limited or CariCRIS, assigned a “good”

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investment grade rating to the National Investment Fund bond, thereby improving its attractiveness. Within this framework the public response to this new instrument, the largest, single domestic bond offer in the history of our capital market, was as compelling as it was resounding.

Our citizens understood the attributes of the asset-backed corporate bond issued by the National Investment Fund Holding Company. The \$4 billion bond was backed by the assets of blue-chip companies with a record of sound financial performance. In the view of the public, and in truth and in fact, this bond did not in any way resemble the puerile description made by the Leader of the Opposition, of the National Investment Fund bond offer as a Ponzi scheme. Knowledgeable Members of this honourable House will be aware that a Ponzi scheme is a form of fraud which lures investors based on imaginary assets and fictitious returns. The National Investment Fund was the complete opposite of that, which is why so many of our citizens, including many persons who would normally support the other side, ignored the empty theatrics of the Opposition Leader and invested heavily in the National Investment Fund. [*Desk thumping*]

On September 04, 2018, the asset-backed National Investment Fund bonds began to trade on the Trinidad and Tobago Stock Exchange. I wish to point out that the incorporation of the National Investment Fund Holding Company and the issue of the NIF bonds enabled the Government to monetize certain assets previous held by Colonial Life Insurance Company and Clico Investment Bank in liquidation.

This became possible due to the repayment of the debt owed to the Government of the Republic of Trinidad and Tobago by Clico and CIB in liquidation, arising out of the bailout of Clico in 2009. Additionally, Government transferred to the National Investment Fund the total shareholding of Trinidad

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Generation Unlimited (TGU) which was held by the Union Estate Electricity Generation Company Limited, a fully-owned state enterprise.

The \$4 billion generated through the monetization of those assets has assisted in the non-debt funding of the fiscal accounts in 2018, but a more important public policy objective was achieved.

We witnessed the participation of a wide cross-section of the citizens of Trinidad and Tobago in the public offering. It was only right that our citizens benefit from the monetization of the debt repayment, bearing in mind that public resources were utilized for the Clico bailout. These 7,436 investors, including the 667 corporate and institutional investors, are now benefiting from the stream of income flowing from investment in these bonds consistent with their varying investment requirements, whether for five years, 12 years or 20 years. In this process, with an additional 3,500 investors being added to the existing pool of stock broking accounts, the capital market is being deepened and widened as a source for capital raising public and private activities.

Madam Speaker, in each year during the tenure of the National Investment Fund bonds, investors will be paid fixed interest rates. After that payment the excess cash earned by the NIF, net of operating expenses will be transferred to a redemption reserve fund for the purpose of redeeming the bonds at their maturities.

I wish to emphasize, Madam Speaker, that under the terms of the Trust Deed establishing the National Investment Fund, access to the Redemption Reserve Fund is limited only to the trustee, and only the trustee will have responsibility for meeting the bond redemption payments. There is no role for the Government with respect to the management of the Redemption Reserve Fund.

I wish to point out also, that at the end of the tenure of all bonds, that is, in

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20 years and with full redemption, the portfolio of assets will remain in the National Investment Fund. Government, as the 100 per cent shareholder of National Investment Fund, will have full control of the assets in the Fund and will be able to take whatever public policy decision it might wish, relative to the portfolio. In other words, after all of the bonds are redeemed, all of the NIF assets will still belong to the people of Trinidad and Tobago. [*Desk thumping*]

In summary, despite the negativity of the cynics, of which we as a country have quite a few, the NIF was a resounding success and exceeded its targets way beyond expectations. [*Desk thumping*]

Allow me to inform this honourable House that on February 09, 2019, thousands of our citizens will be receiving their first NIF interest payment. [*Desk thumping*] And in this context, I wish to announce to the national community that there will be another National Investment fund bond offered in 2019, similar to the 2018 offering. [*Desk thumping*]

I turn now to the Medium Term Outlook: Our fiscal and external balances are stabilizing consequent on the rise of energy prices in 2017, as well as our own ongoing fiscal consolidation efforts. However, we are ever mindful of the impact of the volatility in energy prices with the level and direction of change difficult to predict. We are now improving our capacity to strengthen our current fiscal planning framework, consistent with the Vision 2030 objective of making a more comprehensive framework for policy-making.

To this end, the medium-term macro-economic and fiscal scenarios now prepared by the Ministry of Finance, will initially inform the design of the upcoming Macro-economic and Fiscal Framework, which will become an integral part of our fiscal management system in the future. This type of careful fiscal

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planning was completely absent in the government that preceded us.

Madam Speaker, the new fiscal strategy will strengthen multi-year fiscal discipline and allow the Government to consider both the short and medium-term impact of policies. The setting of medium-term fiscal objectives will make expenditure and revenue much more predictable and sustainable. Importantly, it will provide early warning signals about fiscal sustainability and looming fiscal risks to ensure that timely policy action is taken when required. Technical collaboration with the International Monetary Fund is now underway with respect to the formulation of the Macro-economic and Fiscal Framework, including an approach to improving our macro-fiscal forecasting capability.

In the context of this emerging framework, we have determined that because of the macro-fiscal work we have already done, as energy products come on stream and the non-energy sector picks up, economic prospects are expected to improve over the medium term, 2018 to 2021:

- The economy is now projected to grow at better rates: 1.9 per cent in 2018, reaching 2.1 per cent in 2021. Increased levels of gas production will materialize in the context of the plans and activities of our gas producers. From 3.37 billion standard cubic feet per day in 2017, to an average of 4.14 billion standard cubic feet per day in 2021. This return to growth is taking place in the context of low and stable inflation rates, an average of 2 per cent in the period 2016 to 2018 and now down to 1 per cent.
- Recovery is taking hold in the entire non-energy sector. With a marginal decline in 2018, we are now projecting that growth in the non-energy

sector will reach 2 per cent in 2021.

- The medium-term fiscal adjustment is being stabilized at about 3.3 per cent of GDP by 2021, in the context of an average revenue to GDP of 28 per cent and expenditure of 32 per cent in the period 2018 to 2021.
- We are also strengthening our tax administration and through a comprehensive public expenditure review conducted by the World Bank, we are identifying cost savings in education, health, and social services among others. This continuing review of current expenditure would generate substantial savings which we will redirect to the most vulnerable segments in our society and to efficient growth and employment enhancing capital programmes.
- The public sector debt will remain sustainable over the projected period 2018—2021, and within the acceptable international benchmark of between 65 per cent to 70 per cent of GDP, an increasing use of non-debt creating financing options will ensure the public sector debt remains sustainable.
- The favourable external environment with stronger energy prices, the driving projected current accounts surpluses which as a percentage of GDP are expected to average 7 per cent of GDP, current accounts surplus in the period 2018—2021, gross international reserves will remain at a level considered to be robust and healthy by any international standard.

Madam Speaker, through this mix of macro-economic policy interventions implemented over our planning period, we are shaping the development path over the longer term to the benefit of all citizens in this country. [*Desk thumping*]

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Turn now to Global Ratings: The 2018 assessment of the Trinidad and Tobago economy by S&P Global Ratings, the international ratings agency, was consistent with our own technical appraisal. In fact, the agency envisaged a mild economic recovery over the medium term, driven by moderately high energy prices and higher gas production levels.

For this reason, S&P Global Ratings affirmed its BBB+ rating for Trinidad and Tobago, maintaining its investment grade quality, but revising its outlook to negative from stable, citing the importance of maintaining the current economic and financial trajectory. The present positive outlook should motivate Moody's Investors Service to reverse its 2017 assessment of Ba1.

I go now to institutions, start with Gambling (Gaming and Betting): Madam Speaker, the regulatory framework for Gambling (Gaming and Betting) is long overdue. As reported recently to the Parliament, we have made significant progress in the meetings of the parliamentary committee appointed to consider the Gambling (Gaming and Betting) Control Bill, 2016. The Bill has been carried over to the new parliamentary Session and with bipartisan support, I expect the legislation emerging from the deliberations of the Joint Select Committee, to be approved shortly. Accordingly, with the associated corporate infrastructure in place, the new Gambling Control Commission and best practice regulatory system can be established and up and running in 2019.

Procurement: Madam Speaker, the Procurement Regulator has been actively building capacity within the Office of the Procurement Regulation. I am advised that staff and training is in progress—staffing and training is in progress, and barring unforeseen circumstances, the new procurement regime utilizing best practice could be in place in the first quarter of calendar 2019. I wish to share with

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this honourable House, some of the provisions of the Public Procurement and Disposal of Public Property Act 2015, in anticipation of its full proclamation. Indeed, the Act applies to all public bodies and public/private partnership arrangements receiving public money, so they must become familiar with the provisions of this legislation.

Essentially, any procurement of goods, works, services, retention or disposal of public property, which is not done in accordance with the legislation, and any procurement contract or agreement which is also inconsistent with the legislation could be deemed void and illegal by the Regulator. All public procurement and the disposal of public property must be effected in a manner consistent with the provisions of the legislation. A great deal of emphasis will be placed on the delivery of local content in our new procurement arrangements. Procurement arrangements within our Ministries, Madam Speaker, Departments and public bodies, will now become known for their integrity, transparency and value for money [*Desk thumping*].

Tax administration: Hon. Members would recall that I shared with them the Tax Administration Diagnostic Assessment Tool (TADAT) Performance Report on Trinidad and Tobago. This specially designed tool, TADAT, has allowed us to gauge the performance of our tax administration with clear guidelines and priorities for reform. We had long recognized that our tax system was underperforming as far as domestic revenue mobilization was concerned. Although we had made substantial and significant progress in reforming the taxation system for improving domestic revenues, we did so as a country in the 1990s, with the introduction of the Value Added Tax and in the early 2000s, with the lowering of income tax rates and the simplification of the income tax system.

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Madam Speaker, despite the implementation of these best practice initiatives, our revenue administration continues to suffer from serious problems of governance, extensive non-compliance and weak organizational structures. The TADAT assessment was informed by 28 high-level indicators critical to tax administration performance. The Board of Inland Revenue received the lowest mark in the four-point scale for 17, or 61 per cent, of the 28 indicators. The recommendations from this report are guiding our tax reform and modernization agenda. With technical assistance from the International Monetary Fund, we are expanding training and other capacity initiatives for the staff of the revenue authorities.

Our aim is to ensure that the revenue base generates the collection of potential revenue as we improve the quality of service to the tax-paying community of these countries. These activities will be enhanced as the staff transitions to the proposed Trinidad and Tobago Revenue Authority which will provide fast and efficient quality service to taxpayers through simple, transparent and up-to-date procedures. With respect to the Revenue Authority, we have made substantial progress in bringing the Trinidad and Tobago Revenue Authority to fruition. This major institutional reform will underpin our efforts to stem the revenue collection leakages now inherent at the levels of the Inland Revenue and Customs and Excise Divisions.

Upon its establishment in 2019, best practice standards in domestic tax administration would be embraced with greater efficiency in domestic tax mobilization. We would witness the full benefits of this reform in 2020, in the context of the full operationalization of the Trinidad and Tobago Revenue Authority.

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Property Tax: Despite the many legal hurdles pursued by opponents to the property tax, we are making substantial progress in establishing the long-envisaged property tax regime. On June 08, 2018, the President assented to two pieces of legislation, the Property Tax (Amdt.) Act, 2018, and the Valuation of Land (Amdt.) Act, 2018. The anomalies which existed with these two pieces of legislation have been corrected. We have been building capacity in the Office of the Commissioner of Valuations with the recruitment and training of field assessors, supervisors and other technical personnel. Recruitment of additional staff is continuing to accelerate the pace of work, and assessment of residential properties in the first instance, has commenced with field visits to and inspections made of approximately 10,000 residential properties so far. The Valuation Division of the Ministry of Finance has been relocated to new premises in Barataria in the same location as our field assessors, thus providing the necessary supervisory oversight and guidance by senior public officers.

Further, accommodation for field assessors and other valuation offices throughout Trinidad and Tobago, in Arouca, San Fernando, Point Fortin, Sangre Grande, Chaguanas and Tobago, is being finalized. The current plan is for the Board of Inland Revenue to issue notices to property owners for the payment of property tax in 2019. Let me assure this honourable House and the national community that the property tax will not be required to be paid on a retroactive basis. The tax will only be implemented and collected in respect of calendar 2019.

Madam Speaker, we are also further strengthening our economic resilience through the provision of modern physical and social infrastructure such as highways, hospitals, ports, police stations, community centres, fire stations and so on. I will give some brief details.

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Highways: Madam Speaker, our national highway grid is at varying stages of implementation, providing the national community with easier connectivity between urban and rural spaces with potential opportunities for business and residential activity with job-creating opportunities.

The San Fernando to Point Fortin highway is advancing to completion in 2020 with road accessibility to Debe, Penal, Fyzabad, La Brea, Point Fortin and Siparia. On June 08, 2018, one segment of the 29-kilometre highway, Dumfries Roundabout to St. Mary's bridge, was open to vehicular traffic.

The Valencia-Toco highway is now moving to construction phase with a hybrid route alignment which will involve the upgrade of segments along the 23-kilometre existing roadway of Valencia Road and the Toco Main Road, and segments of a new road construction comprising 20 kilometres, starting from the new Ojoe Road Roundabout on the Churchill Roosevelt Highway Extension to Manzanilla. This alignment will open the Toco area through increased roadway capacity and ensure greater connectivity between Toco and the rest of Trinidad and Tobago.

Madam Speaker, after overcoming a legal challenge, the Churchill Roosevelt Highway Extension to Sangre Grande is being constructed in phases with the Cumuto to Toco Main Road segment as the first phase. Phase two involves the Toco Main Road to Manzanilla segment and phase three comprises the Cumuto Road link to the Churchill Roosevelt Highway segment.

The Moruga Main Road is being rehabilitated in three phases, from Petit Café in the north, to Marac Village in the south. It would facilitate safe and efficient movement of people, goods and services and serve the major communities in the region, such as Indian Walk, Fifth Company, St. Mary's, Cachipe, Rock

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River, Basse Terre, Bois Jean, Grand Chemin, La Lune, and Marac and would generate employment directly and indirectly during and after the completion of the project and it will provide safety and comfort to road users and pedestrians. [*Desk thumping*]

The Toco Port: The proposed ferry port in Toco is now in the design stage. The new ferry port will provide a faster alternative sea route to Tobago from east Trinidad, with a travel time of one hour, one-third of the current transit time from Port of Spain to Tobago. The new port facilities would open up the entire northeast region of Trinidad for new industrial, residential and commercial development with the surrounding communities benefiting from increased economic activity and the generation of good quality jobs.

The La Brea Dry Docking Facility: The growth and development of the economy is being further facilitated by the recent foreign investment decision by the China Harbour Engineering Company Limited or China Harbour, to establish a maritime business anchored on a dry docking facility at La Brea in southwest Trinidad. On September 07, 2018, the National Infrastructure Development Corporation (NIDCO) and China Harbour, executed a Co-operation Agreement for the development over a three-year period and at a cost of US \$500 million—over TT \$3 billion—of a range of businesses, including:

- construction of a large container and bulk transfer terminal for a transshipping business; and
- a large dry docking construction and an outfitting terminal for a shipbuilding, dry docking and repairing business.

Madam Speaker, significant construction activity will be undertaken to

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facilitate the establishment of these two business units through deep water channel excavation, basin dredging, offshore reclamation and terminal land construction.

Substantial business opportunities will be available to our citizens in the southwest peninsula with more than 3,500 direct and 5,700 indirect jobs being created. [*Desk thumping*] During the operational period the various business units will create 2,700 direct and 13,000 indirect jobs, including for fitters, fabricators, electricians, assemblers, welders and mechanics. We are particularly pleased that China Harbour would not only be the lead contractor for the project, but will also invest in the project as a 30 per cent equity partner and assist in accessing funding from Chinese banking institutions.

We are very much assured that the people of La Brea and its environs will now reinforce their record for excellence in performance in all business and industrial related activities which had previously existed in those areas, and join the global value chain which is central for making the project viable and profitable.

**The Moruga Fishing Port:** A new fishing port in Moruga and associated facilities is in the design stage and would include a network of facilities with an onshore component, including a modern fishing facility and an offshore component consisting of berthing and landing facilities. The rehabilitation of the Moruga Main Road will provide access to the fishing port and processing facilities.

**Maracas Beach:** The Maracas Beach Facility is a favourite site for visitors, both local and foreign. After the project was left virtually abandoned by the previous government, the main road alongside the beach has now been widened and upgraded and parking is now available in a brand new car park for approximately 350 passenger vehicles together with space for buses and maxi-taxis. Accommodation for 31 vendors is now being provided in new modern

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booths and the public now has access to an aesthetically pleasing, modern, safe and effectively managed attraction of international standard.

The San Fernando Waterfront: Madam Speaker, the San Fernando Waterfront development and regeneration project is modernizing King's Wharf Central and South Nodes and upon completion in 2020, at a cost of \$144 million, it will generate new economic activities in a safe and secure environment. The project will involve:

- Firstly, the reclamation of land at King's Wharf North at a cost of \$57 million with a target completion date of November 2020;
- Establishment of a small fishing facility and jetty along Hatter's beach;
- Construction of a mixed-use development inclusive of medium income housing at Lady Hailes Avenue, utilizing public/private partnership arrangements; and
- The development of an administrative complex at Chancery Lane, San Fernando, with 10 floors for office accommodation, three floors for commercial space and 300 car parking spaces. [*Desk thumping*]

**2.30 p.m.**

Skinner Park redevelopment: We are also restoring and upgrading Skinner Park, as a host for sporting, cultural and recreation activities in San Fernando and its environs. The redevelopment of Skinner Park will ensure that our national community will have access to the premier multipurpose complex which will be used by schools and communities to host numerous sporting and cultural activities. These two projects in San Fernando, among others, will create employment opportunities for nearby communities such as Pointe-a-Pierre. [*Desk thumping*]

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Pedestrian safety and traffic management: Madam Speaker, we are rolling out road and highway infrastructure to ensure the safe and efficient movement of pedestrians and vehicular traffic. The Sea Lots Walkover across the Beetham Highway and the Water Taxi Pedestrian Walkover to the Brian Lara Promenade over Wrightson Road would provide our pedestrians with ease of access to several centres of interest in a safe and secure manner.

The Curepe Interchange, which is slated for completion in 2019, is continuing the process for the removal of traffic lights along the Churchill Roosevelt Highway and, in the process, would facilitate the unimpeded flow of vehicular traffic along that important route in the highly populated eastern corridor, all the way up to UWI.

These initiatives, when combined with speed cameras and breathalysers would consolidate an already improving safety on our roads. Indeed, we are on track to have the lowest number of road fatalities in almost three decades, 30 years. The lowest number of road fatalities in 30 years. [*Desk thumping*]

Coastal protection: We are re-establishing our coastal communities as models for sustainable development through our stabilization work to contain the enduring process of coastal erosion. Benefiting from these works at a cost of \$370 million over a six-year period would be Mayaro, Guayaguayare, Granville, South Cocos Bay, Cap-de-Ville, Matelot-Grand Riviere, San Souci, Quinam, Manzanilla and Little Rockly Bay in Tobago.

Hospitals: Madam Speaker, we have been screening our expenditure on the health sector in pursuit of our public policy objective to deliver quality public health care services to our citizens, consistent with global standards. Based on an integrated hospital sector delivery model, basic primary and secondary health care

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services will be brought within the reach of our citizens wherever they reside. Health care services are being provided by our public health institutions which are increasingly skilfully managed and are becoming fully accountable to our citizens.

*[Desk thumping]*

We are in the midst of an extensive construction programme to expand, upgrade and modernize our primary and secondary health institutions. The Point Fortin Hospital is scheduled to be operationalized in September 2019. With financing of just under \$1 billion, provided by the Government of the Republic of Austria, the new hospital will have 100 beds for in-patients and 16 additional beds for day-care patients. We expect that upon commissioning, this hospital with state-of-the-art equipment, would generate between 800 to 1,000 jobs in all disciplines, including security, administration, bio-medical, nurses, interns, house officers, cleaners and consultants. Our citizens in the south-west peninsula, including Point Fortin, La Brea, Cedros, Icacos and others, would benefit from the range of services offered at this institution, including maternity and obstetrics, haemodialysis, diagnostic and accident and emergency and many others. *[Desk thumping]*

Madam Speaker, the Arima Hospital is scheduled for completion in July 2019 at a cost of \$1.2 billion, and with 150 beds, will serve the surrounding communities of Arima, including D'Abadie, La Horquetta, Malabar and Arouca. Delivery of services would not be substantially different from those provided at the Point Fortin Hospital.

The Port of Spain General Hospital Central Block: It is being developed at a cost of \$1.7 billion. Upon completion, it will provide 540 beds and substantial clinical services for the citizens who live in Port of Spain and in the surrounding

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communities. This project is being expedited in light of our decision to relocate the patients from the Central Block to other facilities consequent to the 6.9 magnitude earthquake which occurred on August 21, 2018. While the Central Block was not severely impacted, Madam Speaker, I wish to assure this honourable House that this Government is taking all the necessary action to deal with the situation in the best interest of our citizens. [*Desk thumping*] The safety of our patients and health care staff is our primary concern.

The Couva Medical and Multi-Training Facility is now being operationalized under the remit of a new company: the Couva Medical and Multi-Training Facility Limited. The facility will be jointly owned by the Government of Trinidad and Tobago and the University of the West Indies. The board of directors is now seeking an operator for this state-of-the-art facility which will be the new model of health care and will consolidate our entry into the area of health and health tourism. The board is also securing an offshore medical facility at this location. We are establishing a fee-paying structure for access to the services as well as a mechanism for meeting the expenditure associated with easy access by vulnerable and low-income groups. The University of the West Indies will now have access to another teaching and training hospital, catering for an additional 300 students.

And yet another hospital, Madam Speaker, a new Sangre Grande Hospital [*Desk thumping*] is scheduled to begin construction in 2019, on an expedited basis, utilizing the model for the Point Fortin Hospital, in particular, the design and financing arrangements with the Government of Austria. This hospital will be built at an estimated cost of \$850 million and would be a 100-bed facility with a capacity for an additional 16 same-day patients, and will provide broadly similar

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services to the Point Fortin Hospital.

**Police Stations:** The Trinidad and Tobago Police Service is being equipped with the relevant resources and the building facilities to meet their essential operating needs. We are constructing modern police stations. Three new police stations have already been completed and commissioned at Besson Street, St. Joseph and at Maracas, St. Joseph. Five police stations are moving to construction phase—Old Grange and Roxborough in Tobago and Manzanilla, Matura and Matelot in Trinidad. The Carenage and St. Clair Police Stations are also now in construction mode.

Madam Speaker, our policy agenda is aimed at achieving high and sustainable economic growth. The Government is playing an important role in establishing the necessary infrastructure and regulatory framework for businesses to foster and grow. **The Eximbank Facility:** The Eximbank foreign exchange facility, which we established in 2018, is now fully operational. Consistent with its mandate to promote non-energy exports, the Eximbank is now able to fund its foreign exchange account with US \$100 million in the first instance to meet the foreign exchange requirements of certain qualifying non-oil domestic manufacturers. Applications which are now being processed are aligned with the export-driven plans of our domestic manufactures, thereby consolidating investor confidence in our economy, and at the same time, contributing to the expansion and competitiveness of our non-energy base.

**Agriculture Financial Support Programme:** The Agriculture Financial Support Programme announced in the last budget is being launched—will be launched by the hon. Minister of Agriculture, Land and Fisheries on Wednesday of this week, two days from now, in the farming community of Paramin, Maraval.

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[*Laughter*] The programme would provide one-off grants of up to \$100,000 for successful and approved agricultural producers with investment opportunities in a range of activities including modern farming technology, research and product development, brand building, food safety compliance requirements, value-added initiatives and energy-saving and labour-saving technology. An agro-incentive assessment committee will review proposals and select the agricultural producers. The committee will comprise officials from the Ministry of Agriculture, Land and Fisheries, Finance, the Agricultural Development Bank and the National Agricultural Marketing and Development Corporation.

The Housing Construction Incentive Programme: Through the recently introduced Housing Construction Incentive Programme, we are encouraging private developers to construct homes with a view to expediting the supply of affordable housing for our low-income applicants. Participation in this programme is available to any person, developer or contractor who wishes to and has demonstrated an ability to finance, build and sell housing units in accordance with the specifications and guidelines laid out for the Housing Construction Incentive Programme and who is prepared to construct housing units in accordance with the design specifications and prices fixed by the HDC. Under this policy, private developers can provide the lands or the State could make the lands available with or without infrastructure. We have so far engaged 15 investors who wish to participate in the programme with an undertaking to construct 1,845 housing units by the end of 2021 when the programme expires. [*Desk thumping*]

Manufacturing: The manufacturing sector rebounded in 2018 with amazing growth of 7.3 per cent, with growth in all manufacturing subsectors. [*Desk thumping*] I repeat that. The manufacturing sector rebounded in 2018 with amazing

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growth of 7.3 per cent, with growth in all manufacturing subsectors. [*Desk thumping*] We are thus at a critical turning point in our growth and developmental phase. The recovery in gas production, the recent buoyancy in oil prices are driving the recovery in growth in other sectors. We are capitalizing on this window of opportunity. We are ensuring that the emerging macroeconomic conditions remain conducive to growth.

We are reforming the environment to facilitate the ease of doing business; we are rolling out infrastructure and ensuring that the local manufacturing sector has access to foreign exchange for its operation and import requirements, in particular in export-oriented businesses. We are taking steps to facilitate the establishment of new business clusters as part of a wider economic transformation programme. We have identified seven key national economic areas: financial services, maritime services, aviation services, fishing and fish processing, agriculture and agro-processing, software design and application and the creative industries, and we are making progress, Madam Speaker.

In the maritime sector, trans-shipment and cold-stacking activities in the Gulf of Paria are attracting an upsurge of interest from both local and foreign entities. These activities in the maritime sector do not require infrastructure, but generate significant employment.

The yachting sector: Madam Speaker, our yachting policy is already paying dividends. Yacht arrivals have been on the increase, from 545 in the January/June 2017 period to 683 by June 2018; this represents an increase of 25 per cent in arrivals, bringing much-needed business in yacht repairs and maintenance to Trinidad. We are ramping up our marketing and promotional planning, our international sensitization campaign, as well as training and certification with a

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view to maintaining the momentum of the current expansion.

Yachting is an important tourism niche in Tobago and, to that end, we are expediting the development of a marina facility in Tobago, the proposals for which were closed in July 2018. We have also begun the process for identifying suitably qualified entities to submit proposals to establish and develop a National Marina Ferry Terminal at Invader's Bay.

Creative industries: We have been facilitating the development of our creative industry sector. During the period March to June 2018, the Live Music District Programme which provides a platform for live music performances became alive. Financial opportunities for those 160 artistes who were selected for the Artiste Portfolio Development Programme were presented at 31 venues which showcased 340 performances. We envisage that with this experience as a revenue-generating model, these artistes will now have the opportunity to perform before larger audiences and undertake appropriate tours. In light of its success, this pilot programme in Port of Spain will now be extended throughout Trinidad and Tobago with live music performances year-round, providing in the process collaboration among hotels and venues, in particular for tourism programmes. [*Desk thumping*]

Industrial estates: Many new business and industries are being promoted by the various industrial estates which are now being established. We are improving and expanding the supply of service industrial property. Existing industrial estates under the remit of e TecK are being packaged for ownership by the public. For this reason, we are moving rapidly to establish new projects as modern high-performing engines of growth on a number of new estates and others like the Tamana InTech Park and the Phoenix Park Industrial Estate. We have determined a phase 1 plan to divest six properties owned by e TecK, five undeveloped land sites

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and one commercial building. We are introducing the private sector into the ownership of these estates through a competitive tendering process. We are entering into negotiations with three investors for three undeveloped land sites for which competitive bids relevant to their values have been submitted. We will re-advertise the other three properties to secure improved bids.

But, Madam Speaker, in collaboration with the Beijing Construction Engineering Group, we are developing a new modern industrial park in Phoenix Park, Couva, at a construction cost of US \$104.3 million, almost TT \$700 million, Madam Speaker, and financed by the Exim Bank of China. Under its Belt and Road Initiative, Trinidad and Tobago has been identified by the Government of the People's Republic of China as the gateway for China to increase market integration and economic corporation in the strategic region of South and Central America.  
[Desk thumping]

Expanding our export-oriented and manufacturing base is integral to this process, in particular access to modern port facilities. Beijing Construction has already obtained interest in participation in the Industrial Estate from 10 Chinese companies involved in high value and light manufacturing and emerging industries, for example, electronic technology, informational technology, energy-saving ecological building material and bio-technology.

In June 2018, e TecK executed a memorandum of understanding with Beijing Construction to advance the project which will have a construction period of 33 months, will generate 1,000 jobs during the construction period and another 1,000 jobs during the operational phrase. Once fully operational, the new park in Couva will provide space for 60 to 80 factory shells and directly employ 4,000 to 5,000 persons and in the process contribute to the expansion of our gross domestic

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product. [*Desk thumping*]

Agriculture: Madam Speaker, the diversification of the agricultural sector remains a high priority for this administration. We are creating and sustaining competitive advantages in areas where our capabilities can be utilized to exploit national and global opportunities. We are utilizing state lands and/or quality infrastructure as equity contributions to capitalize both domestic and international opportunities.

The Government-driven Moruga Agro-Processing and Light Industrial Park, now in the construction phase, represents quality infrastructure to support high-quality products capable of competing with international brands. The facility, at a cost of \$77 million, will accommodate private businesses. There will also be facilities for canning, bottling and freezing of finished products. Our already-initiated interaction with farmers and other producers is setting the stage for production to start immediately upon completion of the project in March 2019.

Madam Speaker, the recent sod-turning for the Next Generation Hatchery at Brechin Castle, Couva, is a public/private partnership driven under which the Government has provided state lands to facilitate the construction and development by the private sector of a modern hatchery. This project would ensure that the firm remains relevant and competitive in the market and will consolidate the poultry sector which is already contributing over 50 per cent of the gross domestic product of the agricultural sector.

We are also taking steps to ensure that our import-permitting system utilizing Caricom regional standards for poultry products will put our local processors on an even playing field and allow them to defend their market share against competition from importers who import chicken from North America

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which can be as much as three years old.

Madam Speaker, we are building on our competitive advantages within selected niche markets; we are continuing to rehabilitate our coconut, cocoa and citrus industries. Under the Coconut Rehabilitation and Re-planting Programme, 2,000 coconut seedlings were distributed to our farmers, 15 of whom in the east coast were provided with technical support. The Cocoa Rehabilitation Programme is focusing on improvement in varieties. The citrus industry was provided with 2,300 disease-free citrus plants and 3,000 kilograms of seeds. [*Desk thumping*]

Tourism: We have been reforming the tourism framework with the aim of catalysing the economic impact of a striving tourism sector. The sustainability and success of the sector will now rest on two pillars. The Tobago Tourism Agency is already developing and marketing the Tobago tourism product as a leisure-based location while the Tourism Trinidad Company is marketing Trinidad as a location for meetings, conferences and exhibitions.

Sandals Tobago: Within this framework, the Sandals Golden Grove Tobago Project represents a major turning point for the economy of Tobago. The Sandals and Beaches product will be built at Buccoo/Golden Grove, and will be owned by the people of Trinidad and Tobago and equity partners [*Desk thumping*] but the hotel will be managed and operated by Sandals Resorts International. The resort will have approximately 1,000 rooms—[*Crosstalk*]

**Madam Speaker:** Order.

**Hon. C. Imbert:**—and up to 2,000 permanent employees with significant linkages to the local economy. The economic impact of Sandals would be substantial, including estimated income to the Government of US \$80 million or TT \$480 million per year in taxes and other payments. The project will add significant value

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to the tourism industry as we continue our drive towards sustainable economic development and diversification away from oil and gas.

The Magdalena Grand Beach and Golf Resort: We are at an advanced stage of securing an internationally recognized brand operator for the 198- room Magdalena Grand Beach and Golf Resort, in the context of the December 31, 2018 expiry of the lease to the existing operation. We are targeting operations and brands which would manage the hotel under a model which would deliver a combination of a European plan with the guests having the freedom to explore local restaurants, shops and excursions and an all-inclusive plan. We are being assisted by a Canadian-based company, CBRE Hotels, to secure an operator and during the period September 10—14, 2018, three investors conducted site visits in Tobago and submitted proposals on September 22, 2018. With the contract expiry date of December 31, 2018 for the existing operator, we are making tremendous efforts to have in place on January 01, 2019 an internationally recognized brand manager for the Magdalena Grand Beach and Golf Resort. [*Desk thumping*]

International Airport, Tobago: The induced demand from the Magdalena Grand Beach and Golf Resort and the Sandals and Beaches Resort will attract a higher level of airlift. The construction of a new terminal at the ANR Robinson International Airport is being undertaken utilizing a build-own-lease-transfer model and would involve all airside infrastructure works, inclusive of apron taxi way and aircraft parking, a new car park, a new access road and modernization and upgrade of the existing terminal. The new terminal building will support much higher levels of airlift and international demand and bring tremendous benefits for the Tobago economy. The project is expected to be completed by the end of 2020.

Air and sea bridge: We are well aware that the Tobago hotel industry is very

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dependent on the market based in Trinidad. Caribbean Airlines Limited has been strengthening the air bridge. The fast ferry: the *TT Spirit* is now being joined by the *Galleons Passage* to improve the sea bridge, which the Minister of Works and Transport has advised will make its first official commercial journey to Tobago within the next seven days. [*Desk thumping*]

The current fleet will be further strengthened with the securing of two brand-new state-of-the-art fast ferries scheduled to arrive in mid-2020. The ferries are being procured from two world-class Australian-based companies, Austal and Incat. One fast ferry will have a capacity of 926 passengers and 250 cars and trucks and is designed to sail at a speed of 37.5 knots per hour. The second ferry will have a capacity for 1,000 passengers and 357 cars and trucks with a speed of 39.5 knots per hour. Both ferries will make the trip to and from Tobago in two and a half to three hours.

Madam Speaker, we are already realizing gains from some of the measures which we have put in place to strengthen the tourism sector:

- We have been collaborating with cruise lines resulting in an increase in cruise passenger arrivals to 126,392 in the current fiscal year from 48,878 in fiscal 2017. [*Desk thumping*] That is a 200 per cent increase, Madam Speaker.
- We have been upgrading the facilities at our beaches, including drainage, car park facilities, installation of solar lighting, CCTV cameras and new vendor booths; and
- We have approved applications for eight operators under the Trinidad and Tobago Tourism Accommodation Upgrade Project.

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I now turn to energy. Recent developments within the energy sector, including the gas agreement with Venezuela, expanded exploration and production activities by our upstream—

**Mrs. Robinson-Regis:** Madam Speaker, may I invite you look at Standing Order 53(e), please? We can hardly hear the Minister.

**Madam Speaker:** Hon. Members, I again encourage you all to please pay attention to the Standing Orders in terms of silence while the Minister is making his presentation, limiting yourself from excessive crosstalk. I will not want to rise again. Minister of Finance. [*Desk thumping*]

**Hon. C. Imbert:** Thank you, Madam Speaker. Recent developments within the energy sector, including the gas agreement with Venezuela, expanded exploration and production activities by our upstream producers and the reform of the Petroleum Company of Trinidad and Tobago are bringing greater clarity to the future of the sector and are ensuring that the sector operates at full potential and without leakages will provide the national economy with the resources required for transforming the economy, putting the economy on a trajectory of sustained growth and development and contributing to our sovereign wealth fund.

Gas production has been increasing with an annual average of 3.80 billion standard cubic feet per day in 2018 and with projected increases to:

- 3.94 billion standard cubic feet per day in 2019;
- 4.05 billion standard cubic feet per day in 2020; and
- 4.14 billion standard cubic feet per day in 2021.

These average production data are being driven by enhanced activities among our major oil and gas upstream producers who continue to view Trinidad and Tobago

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as an attractive environment for investment and to continue to find and recover energy resources more safely and efficiently. Let me share with this honourable House some of the projects which are in the pipeline.

BP Trinidad and Tobago announced an investment programme of US \$8 billion over the next 10 years and has in place nine projects including:

- Juniper, now fully operational;
- Angelin, to come on production in first quarter 2019;
- the Cassia gas compression project to begin operation in 2020;
- the Trinidad Regional Offshore Compression project to come to an end in 2021;
- exploration drilling will be taking place in the period 2019—2021; and
- future field developments will be taking place from 2023 and beyond.

EOG resources will begin in 2019 a major exploration and development drilling programme.

Shell Trinidad and Tobago is focusing on three major projects:

- drilling and production in Starfish;
- development drilling and production in Dolphin field; and
- development drilling in Block 5c (Bounty and Endeavour).

The first two have already commenced.

BHP Billiton (BHP) has in place a development programme with:

- gas supply to be maintained to the National Gas Company at 340 million standard cubic feet per day for the next two years; and
- development of Block 3a is expected to begin production in 2023.

DE NOVO will commence production before the end of 2018.

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Madam Speaker, in addition to the turnaround in domestic gas production, we have concluded the commercial negotiations for the sale of gas from the Dragon Field in Venezuela. A pipeline, to be built at a cost of \$1 billion, will be owned in a joint venture company between the National Gas Company and Shell Trinidad. The pipeline will transport the natural gas from eastern Venezuela to the Hibiscus platform off the North Coast which is owned by Shell Trinidad. The revival of the sector will be sustained as we move to conclude arrangements for cross-border gas in the Loran/Manatee fields which straddle the maritime borders of both our countries. These fields have an estimated 10.25 trillion cubic feet of gas, of which 26 per cent belongs to Trinidad and Tobago, and the residual 74 per cent to Venezuela. Our upstream producers have reversed the decline in our gas production and are returning the gas supply to peak levels of approximately 4.1 billion standard cubic feet per day, thereby keeping the petrochemical plants and LNG trains at full operational and efficient levels. [*Desk thumping*]

The methanol to dimethyl ether (DME) complex, being established by Caribbean Gas Chemical Limited, with majority ownership by Mitsubishi Chemical Holdings Corporation, is at an advanced stage of completion with commercial operations slated for the first quarter of 2019. The complex has the capacity of one million metric tonnes of methanol per annum and 20,000 metric tonnes of DME per annum, and exports will generate substantial foreign exchange and economic activity in the area. There are approximately 1,700 workers currently on the job site with approximately 500 from the fence-line communities, in particular from La Brea, Point Fortin, Fyzabad, Palo Seco, Penal, Siparia, Gasparillo and Marabella. Two additional downstream gas projects in aluminium

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production are programmed for the south-west peninsula with production of a number of finished products for use in the automotive sector and as inputs for electrical infrastructure, and in the construction phase, 1,000 direct jobs and 3,000 indirect jobs will be created.

With increased upstream activity, backed by expanded energy-related investments, crude oil and associate condensate have been trending upwards. Increased drilling has been taking place, as well as the issuing of licences for new acreage, and a competitive bid round for six shallow water blocks is being offered. Over the period 2019 to 2021, production of crude is expected to rise to 77,500 barrels per day, contributing significantly to increased economic activity, exports, revenue and foreign exchange. The production trend could be consolidated by the renewed focus of Petrotrin on exploration and production activities and by BHP Billiton's Ruby Delaware project. This could push our annual combined production of oil to about 100,000 barrels per day, [*Desk thumping*] and generate increasing levels of foreign exchange and enhanced revenues from petroleum.

Madam Speaker, we have become extremely concerned with transfer pricing malpractices and revenue leakages stemming from the commercial and contractual structure of the LNG Trains. In order to ensure that the people of Trinidad and Tobago benefit from global energy prices, especially when these prices are at high levels, we have entered into negotiations with major upstream companies aimed at redressing the situation. The negotiations are centred on the existing contractual and commercial arrangements, the extension of the licensing of Train 1 and the production sharing contracts. The Government has appointed an empowered negotiating team to conduct these negotiations with the upstream companies, and

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the team is assisted by expert international energy consultants and world-class oil and gas lawyers.

**Renewable Energy:** Madam Speaker, our commitment to the Paris Agreement on climate change dealing with greenhouse gas emissions mitigation and the competing uses for our limited natural gas supply is driving the establishment of an enabling environment to facilitate the use of renewable energy for power generation. We have committed ourselves to increase energy supply by using renewables up to 10 per cent by 2021. We have embarked on two projects to allow small producers of renewable energy to feed electricity into the National Grid, and we will do so by amending the Trinidad and Tobago Electricity Commission, T&TEC Act, and the Regulated Industries Commission for utility-scale renewable energy development. Expressions of interests have been received from independent power producers for the development of utility-scale renewable energy power generation and three megawatts and greater. The request for proposals would be issued shortly to qualified independent power producers through build-own-operate schemes for grid-tied power generation.

**Waste-to-Energy:** Expressions of interests have been received from developers for the establishment of a waste-to-energy plant to be located at the Beetham landfill. Our commitment, Madam Speaker, to a 30 per cent conversion rate to CNG for all Government vehicles by 2020 has not been as successful as we had envisaged. As a result, we have decided to mandate all Government agencies to adhere to that objective by introducing into existing tendering arrangements for motor vehicles, whether being purchased or leased, a provision that a minimum of 30 per cent of all such vehicles should be provided either through original equipment manufacturer (OEM), or CNG converted. [*Desk thumping*]

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I turn now to Petrotrin. Madam Speaker, after a comprehensive assessment and analytical review of its operations, we have decided to close the refining and marketing business unit at the Petroleum Company of Trinidad and Tobago. We are repurposing Petrotrin which would now focus on the full exploitation of its exploration and production activities, and on a new terminalling business through which imports will now meet the demand of Trinidad and Tobago and the Caricom region for the refined products previously produced by the refinery: motor gasoline, diesel, aviation fuel, liquefied petroleum gas, and other derived and refined products.

Madam Speaker, in 1985, to save jobs, the then PNM administration took the decision to purchase the failing refinery assets from the international private sector. Since that time the refinery economics have further deteriorated as the refinery has failed to adapt to the changing fuel environment which demanded cleaner standards for fuel technologies in local and foreign markets.

The continuing efforts over time by the managerial, technical and governance personnel to improve the efficiency of the refinery to meet the standards for the internationally marketable products fell short of requirements. All the major plant upgrades failed, from the gas optimization plant to the ultra-low sulphur diesel complex and the gas-to-liquids plant; all experiencing substantial cost overruns in the process. The cost of these upgrades has loaded the company with an unsustainable debt burden, approximately \$12 billion, of which \$5.780 billion is due in August 2019. While the company continued to incur persistent losses, the gasoline optimization programme saw its cost rise from \$2.45 billion in 2005 to \$12.6 billion when it was completed in 2013. The cost of the unfinished gas-to-liquids plant rose from \$1.55 billion to \$3.15 billion. The cost of the ultra-

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low sulphur diesel complex rose from \$791 million to \$2.89 billion, and while this project is 98 per cent mechanically completed, it cannot be operated because the structural specifications were not followed, meaning that the foundation is faulty and cannot be used. It would take \$2.5 billion to remedy the defects.

Madam Speaker, in the context of these managerial failures, the size of the employee base at Petrotrin remained in the vicinity of 5,000, divided between the refining and marketing business unit and the exploration and production business unit. In addition, the monthly wage bill amounted to \$183 million per month or \$2.2 billion on an annual basis. Coupled with this wage bill—*[Interruption]* Madam Speaker.

**Madam Speaker:** Hon. Member for Pointe-a-Pierre, I assure you, you will have the opportunity to respond in the debate. I assure you of that.

**Hon. C. Imbert:** Thank you, Madam Speaker. In addition, the monthly wage bill amounted to \$183 million or \$2.2 billion on an annual basis. Coupled with this wage bill, the medical plan was running at an annual cost to Petrotrin of approximately \$245 million per year, but with very low contribution rates by the employees ranging from \$50 to \$80 per month. What is interesting about this medical plan, this \$245 million medical plan, is that it currently covers 21,000 present and past employees and their unmarried family members under the age of 21, or under the age of 23 if still in school. It effectively covered a Petrotrin employee and spouse until death. This has to be one of the most generous medical plans in Trinidad and Tobago, if not in the entire Caribbean region.

Madam Speaker, survival of the company was only possible through the non-payment of \$3.5 billion in taxes and royalties, in breach of the law, and the procuring of Government guarantees in the amount of \$1.5 billion for loans from

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financial institutions which have significantly increased the public debt. This has placed a severe burden on the Treasury and on taxpayers, especially in view of the fact that Petrotrin extracts 40,000 barrels per day of taxpayers' oil at a value of \$6 billion per year, for which taxpayers receive no benefit. Notwithstanding self-serving and uniformed commentary, the truth is that Petrotrin is tottering on the brink. Action must be taken now. As recently as last month, Petrotrin approached the Ministry of Finance for financial support by way of another Government guarantee in the amount of US \$56 million, or TT \$380 million, to purchase a cargo of crude oil, since the shipper refused to discharge the cargo without a guaranteed letter of credit. And just last week, Petrotrin approached the Ministry of Finance for more financial support to refinance debt instruments totalling a further US \$180 million, or TT \$1.2 billion, as they become due for payment.

In its present form, Madam Speaker, Petrotrin remains unprofitable, and whatever scenario is analysed, it cannot generate a profit without drastic restructuring. The financials generated by independent consultants, both local and foreign, provide a grim outlook of a deteriorating financial situation which cannot be improved even if billions of dollars in capital are injected into the company, which capital is simply not available. The latest financials for the company are illustrative of a looming crisis, which if left unresolved would have a serious impact on the national economy. Here are some financial statistics, Madam Speaker, for just part of the current financial year, which would alarm any rational person:

- deficient working capital of \$6.57 billion;
- 9-month financial loss of \$1.04 billion in the refinery and marketing business units;

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- unpaid taxes, levies and royalties of \$3.5 billion owed to the Government;
- short-term loans of \$5 billion with the company seeking a Government guarantee for further short-term working capital credit support for which it had already provided guarantees of \$1.6 billion;
- upgrade and maintenance work required in the amount of \$7 billion for the ageing plant and equipment at La Brea, if not, major oil spills will continue unabated;
- declining land and marine production was taking place as investment resources were being transferred from the exploration and production division to the refinery operations, including for the purchase of approximately 100,000 barrels of crude oil per day, at a cost of \$47 million a day, the refining of which resulted in a loss of US \$3 for each barrel of oil refined, or \$3 million per day; and
- escalating manpower costs accounting for almost 50 per cent of recurrent expenditure.

There was no doubt at both the level of the company and the representative trade union, the Oilfield Workers' Trade Union, that the business model in place at Petrotrin had become obsolete and uncompetitive, and its operating practices inefficient. The basic benchmarks for the company were inconsistent with global industry standards and best practice. To continue in its present state, Petrotrin will require an immediate cash injection of \$25 billion, but the company will continue accumulating losses at approximately \$2 billion per year. That capital is unavailable from the taxpayers of Trinidad and Tobago. The status quo is not sustainable. Even if it was decided to maintain the refinery and marketing business unit at a break-even level, the cost would be substantial, at approximately \$7

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billion to finance a reduction in personnel, vastly improved efficiencies, a new ultra-low sulphur diesel facility, and other infrastructure upgrades. This \$7 billion in financing is also unavailable from the Government. To put things into perspective, it must be underscored that the Petrotrin refinery has been consistently losing over \$2 billion a year for the last several years, a fact hidden from the public by the previous Government. Indeed, the huge and unsustainable losses in the refinery were being camouflaged by the income from oil production and concealed through creative accounting and non-payment of taxes, a fact well known for years by all senior personnel at Petrotrin.

Madam Speaker, it was these considerations which led us to a new business model for Petrotrin. The vision is for Petrotrin to be profitable and internationally competitive. It will be a leader in the local energy sector, and it will be an employer of choice and a source of national pride. To achieve this vision, we took a number of decisions:

- closing the refinery is the only commercially sound and viable option, with the 40,000 barrels of local crude now exported and earning the country substantial foreign exchange;
- the exploration and production activity will be aggressively pursued to increase production from the current low level of 40,000 barrels per day to a minimum of 60,000 barrels per day, and in the process generating foreign exchange; and
- the petroleum-based products produced by the refinery will now be imported through the establishment of a terminalling business unit, and those products distributed to local and regional markets at profitable levels: motor gasoline,

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diesel, aviation fuel, liquefied petroleum gas, and other derived and refined products.

Madam Speaker, the refining assets will now be put in a separate company, and we would entertain any viable offer from any investor who might wish to utilize the assets. The Oilfield Workers' Trade Union still has the first option to own and operate the refinery on the most favourable terms. This notwithstanding, we are acutely aware of the traumatic effect of this development on all the workers, their families, and on the wider fence-line communities, such as Marabella, Pointe-a-Pierre and surrounding environments.

In order to minimize the overall negative effects of this inevitable decision to get out of refining the board of Petrotrin and the Oilfield Workers' Trade Union has begun the process for ensuring that the employees of Petrotrin are provided with transitional finance for their reintegration into the national economy. The terminated permanent, temporary and casual employees of Petrotrin will be provided with attractive termination packages. Early estimates put this termination payment at approximately \$2.6 billion, consisting of \$1.8 billion for all employees under the separation packages in nine collective agreements, \$555 million in back pay for all employees, \$203 million in vacation pay for all employees, and \$30 million in ex gratia payments for contingent employees. Further, Madam Speaker, Petrotrin has two pension plans which are both fully funded with a combined asset value of \$10.7 billion. Let me repeat that, Petrotrin has two pension plans which are both fully funded with a combined asset value of \$10.7 billion, and which, according to the latest actuarial valuation, will meet all obligations and liabilities relating to these plans. Both monthly- and weekly-paid employees contribute to the pension plans. Employees contribute 7 per cent of base salary, plus cost-of-living

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allowance on a monthly or weekly basis, while the company contributes 14 per cent.

Madam Speaker, in the transition, 1,400 employees would be eligible for early retirement, 800 employees will be recruited for the Exploration and Production Unit, and 200 for the terminalling business unit. I wish to reiterate on behalf of the Government that we will do all that we can to assist displaced workers at Petrotrin to transition to their new circumstances. We will provide all available support at our disposal, and we will work with the company to ensure that adequate funds are available to pay termination benefits on time and in full. Madam Speaker, the Government is ramping up its expenditure in the surrounding communities through social support and infrastructure activity. The China Harbour and NIDCO maritime project in La Brea and the increased drilling and production works being undertaken by Petrotrin will bring additional opportunities for the former employees for jobs as fitters, electricians, assemblers, welders and mechanics, craftsmen, and for contractors and many other service companies in the emerging industries in the south-west peninsula. We are confident that the reinvented Petrotrin will resume its rightful place as a leader in the oil and gas sector of Trinidad and Tobago and will become a profitable and efficient entity that makes a positive contribution to the Treasury. May I also point out that the company has advised that it will continue to be a significant earner of foreign exchange in the vicinity of US \$200 million-plus per year after it completes the transition to its new business model.

Human Capital: Madam Speaker, our human resource capability is an essential requirement for undertaking and implementing successfully key actions and initiatives for achieving of our long-term development goals. Before I proceed,

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as was the case last year, Madam Speaker, I wish to emphasize that it is not humanly possible to deal with every area of Government activity in this Budget Statement, and accordingly, I will confine myself to brief remarks on a number of sectors and leave the details of the policies and programmes for my colleagues.

Education: Madam Speaker, the People's National Movement has a proud track record and a legacy of investing in our citizens through education and training [*Desk thumping*] to ensure that all citizens have equal opportunities. Successive PNM governments have long provided free universal education to our citizens at both the primary and secondary school levels, and we also brought GATE, free tertiary education to Trinidad and Tobago. [*Desk thumping*] In 2004, we increased access to undergraduate studies. The Government Assistance for Tuition Expenses Programme (GATE) and the Higher Education Loan Programme (HELP) have been key instruments in this process. Madam Speaker, the University of Trinidad and Tobago has been discharging its role as a catalyst for economic transformation through the advancement and application of research and dissemination of knowledge to produce work-ready graduates and critical thinkers for the country.

The university is consolidating relevant programmes and services to the UTT Tamana Campus which would now become the main research and innovation hub of UTT. This would allow the university to rationalize facilities, reduce costs currently spent on aging infrastructure and redirect capital funds to the Tamana Campus. We are incorporating information and communication technology into the teaching and learning process in the nation's schools. In addition to the provision of laptop computers to secondary schools, we are also putting in place a governance structure of the management and coordination of ICT initiatives.

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Importantly, the use of laptops by students and teachers would facilitate the integration of ICT into the curriculum delivery in all subject areas, thereby laying the platform for the full integration of our citizens into the new digital economy.

Housing: Madam Speaker, the People's National Movement has had a proud legacy of ensuring that our citizens have access to adequate, affordable and decent housing. Throughout the length and breadth of the country we have long established a network of communities anchored on affordable and good quality housing which our low to middle-income recipients could not have afforded otherwise. On assuming office, we found a housing demand by low- and middle-income groups in an amount approximating 176,000 applicants, an application level which is now subject to a due diligence exercise with a view to establishing a reliable and credible database. We undertook an immediate assessment of our capability to improve the delivery of housing units to close the gap between demand and supply, bearing in mind that the financial constraints and the high cost of construction of the then existing projects were limiting delivery to approximately 800 units per annum. Accordingly, raising this housing supply would require innovative solutions, including a supporting and increasing role for the private sector.

We have been reducing through competitive tendering, Madam Speaker, the cost of construction from \$1,200 per square foot, which prevailed in the period 2011 to 2015, under the last Government, to approximately \$600 per square foot for the projects under our current Accelerated Housing Programme. Let me repeat that, we have been reducing through competitive tendering, the cost of construction from \$1,200 per square foot—[*Interruption*] Madam Speaker.

**Madam Speaker:** Order.

**Hon. C. Imbert:** I will have to say this again. We have been reducing through competitive tendering, the cost of construction from \$1,200 per square foot, which prevailed in the period 2011 to 2015, under the last Government, to approximately \$600 per square foot for the projects under our current Accelerated Housing Programme, which is targeting low-income families having access to decent and comfortable dwellings. [*Desk thumping*] A 50 per cent reduction in cost, Madam Speaker. That is how we took that \$13 billion out. This programme will now generate 6,000 units by 2020 across 24 communities throughout Trinidad and Tobago. [*Desk thumping*]

Madam Speaker, our recently established Aided Self-Help Housing Programme is empowering homeowners to manage the construction of their own homes with the State providing financial and technical support. In the three-month period, November 2017 to January 2018, 5,000 applications were received, from which a computerized random draw chose 700 applicants for whom new homes would be constructed in 2019. [*Desk thumping*] Our Housing and Village Improvement Programme is targeting residents of villages located in rural and semi-urban settings to provide them with the assistance for home improvement. The first area selected is Samuel Cooper Road in Moruga where emergency construction has commenced on 17 homes, reconstruction work on 30 homes, and improvement works on 10 homes. Under the programme structure we would select another area in financial year 2019. [*Desk thumping*]

**3.30 p.m.**

Madam Speaker, through public/private partnerships we have actively engaged the private sector in the construction of homes. The programme is rolling out 437 housing units in three communities, addressing the needs of our middle

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income applicants: Chin Chin, Cunupia, with 205 units; Fyzabad with 72 units and Mount Hope with 160 units. We envisage that these housing units will be delivered during the course of the next two years. However, we have to overcome the financial constraints to ensure that we can improve the supply of housing to meet the extraordinary demand by our low income and vulnerable citizens. Capacity building would deliver 6,000 units by 2020, and thereafter 3,000 housing units per annum.

The recent oversubscription of the public offering of our \$4 billion asset-backed bond provides a window of opportunity for capital raising. Within the limits of our self-imposed and prudent debt benchmark, we intend to tap the domestic capital market to overcome the financial constraints which are impacting and impeding the HDC from expanding its housing construction programme. We have established a framework of cooperation and financing among the HDC, the Home Mortgage Bank, and the Trinidad and Tobago Mortgage Finance Company to ramp up the financing for the housing construction programme to deliver the existing portfolio of 6,000 units by the year 2020 and thereafter to deliver an annual amount of 3,000 units.

New interest-bearing housing bonds in an initial amount of \$1.5 billion would be offered by the Government to the national community to fund the accelerated housing construction and to finance the subsidy arising from the 2 per cent interest rate for low-income mortgages. [*Desk thumping*] Allow me to share some brief details and, Madam Speaker, I will share with the national community the detailed features of this housing bond upon its final conceptualization. However, simply put, the intention is that citizens who invest in housing bonds will be given preference in the allocation of new HDC housing, and will be able to

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assign the full value of their bonds to the Government in order to reduce the purchase price of their housing units. This will serve the dual purpose of encouraging national savings and giving first-time homeowners much needed access to affordable housing. [*Desk thumping*]

Madam Speaker, the quality of our public health care services remains high on our policy agenda. We are moving towards a health care system which is sustainable and modern and delivers higher standards of health care. We are improving continually our patient-centred model based on a foundation of modern infrastructure, some of which I referred to previously, and scientific evidence-driven strategies. We are insisting that the health care system is well-managed and delivers health care services consistent with global standards. In this framework, our goal of achieving universal health coverage is quickly becoming within our reach with every citizen having access to first-class health care, with specialist health services being provided in an environment of modern, primary and secondary health institutions.

As I outlined earlier, we are expanding, upgrading and modernizing health facilities across the country. [*Desk thumping*] In addition to those already mentioned, a new health centre is being built in Diego Martin, and renovations and upgrades are taking place on the St. James Medical Complex, the St. Ann's Hospital, the Port of Spain and San Fernando General Hospitals, as well as the Caura and Sangre Grande hospitals.

We have achieved the maternal and child health sustainable development goal for the region of the Americas well ahead of the target here of 2030 set by the World Bank. [*Desk thumping*] This achievement is due to our own emphasis on improving health and building human capital as fundamental to economic

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development and growth. Madam Speaker, this milestone achievement of achieving maternal and child health goals has been recognized by the President of the World Bank, who has asked the Government of Trinidad and Tobago to present the model being pioneered—[*Interruption*]

**Madam Speaker:** Member for Naparima, even though you are sitting back, your disturbance is not escaping me.

**Hon. C. Imbert:** Madam Speaker, it is difficult with Naparima disturbing me in this childish manner.

This milestone achievement has been recognized by the President of the World Bank, who has asked the Government of Trinidad and Tobago to present the model being pioneered by Trinidad and Tobago at the next annual meeting of the International Monetary Fund and the World Bank in mid-October, this month, in Bali, Indonesia. [*Desk thumping*] Well done, Minister of Health. At that meeting, the World Bank will launch a new Human Capital Index with an accompanying human capital project, and this forum would serve as a platform for countries to share experiences in advancing human capital. Well done.

Social Agenda: We have been reviewing the expenditure on our social services, and the World Bank has conducted a public expenditure review aimed at improving efficiency in expenditure and delivery, and ultimately the generation of budgetary savings. The “Food Card” programme has been subject to extensive verification and evaluation to remove cheaters. Through a programme of direct engagement and advertising, we were able to remove 18,000 ineligible individuals from the programme, and in the process established a new database of 24,330 households who receive food support at an annual expenditure of \$139.7 million, generating \$150 million in budgetary savings. We have saved \$150 million just by

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removing cheaters from the “Food Card” programme. [*Desk thumping*]

We are now ensured that food support is reaching individuals and families who are in need and who are in vulnerable situations, and experiencing difficulty in meeting their nutritional needs through limited or no income. This notwithstanding, the programme is of short-term assistance. We are undertaking reviews every six months to determine whether beneficiaries have moved from the state where they were on entry to the programme and whether they can now stand on their own. To improve access, we have established a new debit card system for the beneficiaries with the newly established, recertified base being transitioned to the new debit card to access food support.

Public assistance grants are being delivered to 22,861 persons at a cost of \$340.8 million per year. Senior citizens’ pensions are being provided to close to 95,300 senior citizens at an annual cost of \$3.5 billion. Disability grants are being provided to 23,245 persons at an annual cost of \$502 million. Grant funding in an amount of \$42 billion is being provided to 24 non-governmental organizations, including three statutory boards for social services to the poor.

Madam Speaker, we are improving the delivery of these social services. Very shortly all recipients of grants will receive funds in their own personal bank accounts. For pensioners, a life certificate pension system is being put in place to avoid them having to visit the offices of the Ministry of Social Development to prove that they are alive. A debit card system for the food support programme will serve to reassess current cardholders. A Social Transformation and Empowerment Programme will reduce repeat clients, and an Integrated Social Enterprise Management System will shorten the grant processing time frames.

I now turn to sports. Our sports policy has been delivering substantial

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dividends. We have witnessed an outpouring of patriotism from our national community in response to the outstanding performances of our athletes, both individuals and teams, in recent international games and tournaments. They are making our country proud with a sense of pride not seen for many years. Many of our athletes have been parading on the victory podiums before international audiences, especially at, for example, the 2018 Commonwealth Games in the Gold Coast, Queensland, Australia, during the period April 04 to 15, 2018, and the 2018 Central American and Caribbean Games, which were held in Barranquilla, Colombia, during the period July 19 to August 03, 2018.

Many of our teams have qualified for the highest level of tournaments. I assure this honourable House, and by extension the national community, that all of our national teams will be fully funded. [*Desk thumping*] Our netball team will participate in the 2019 International Netball Federation World Cup, which will be held in Liverpool, England, during the period July 12 to July 29, 2019, after qualification and winning the Americas World Netball Cup 2018 qualifier recently held in Barbados. Our Women's football team will participate in the 2018 CONCACAF World Cup qualifying tournament, during the period October 04 to October 17, 2018, this month, with the top three teams directly qualifying to the 2019 FIFA Women's World Cup which will take place in the USA in 2019. The tournament provides an opportunity for a fourth team qualifier.

Our women's volleyball team is now participating in the Fédération Internationale de Volleyball World Championship which is taking place in Japan. Trinidad and Tobago is the first English-speaking country in the Caribbean, and the first member of the Caribbean Zonal Volleyball Association, to participate in that prestigious competition. [*Desk thumping*] I wish to salute our elite athletes

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who participated in these Games, or who received medals at these international events. They have been, and will be, well-rewarded under our Reward and Incentive Programme, and our own expectation is for a significant medal haul at the 2020 Olympics in Japan.

**Safety and Security:** Madam Speaker, the recent appointment of a Commissioner of Police is setting in train a framework for transforming and modernizing the Trinidad and Tobago Police Service. We are well aware that the image of the Trinidad and Tobago Police Service has been severely criticized over the last few years. To combat and reverse this lack of confidence, there is an urgent need for the police service to be transformed into an efficient, well-oiled unit, which utilizes not only modern crime-fighting technology, but also effective interaction between police service officers and the public. We are working with the Commissioner of Police on a number of initiatives to improve the capability and effectiveness of the police service.

Firstly, we are restructuring the police service. There are several arms of the police service established in the 1960s which are no longer critical or as relevant to today's crime environment. Greater emphasis is now being placed on electronic and cybercrime. Our new-look police service would reflect a more computerized and technology-savvy work force, with improvements involving a capability analysis of the resources of the police service. This will involve human physical and technological resources, identification of internationally accepted standards and benchmarks, and solutions for identified resource gaps either by redeployment or by acquisition.

Madam Speaker, we are in the process of establishing the Trinidad and Tobago Police Service Operational Command Centre, which will ensure daily

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command and control of all operations, design patrol methods and ensure proper management and accountability of every patrol and every action taken by the police service. This will involve the establishment of a real-time monitoring mechanism for all police vehicles. The Operational Command Centre will be manned 24/7 by command centre staff. Emergency Call Centre 999/911 calls will be received, prioritized and managed from the proposed Operational Command Centre. The Operational Command Centre will monitor and manage all major national events.

Madam Speaker, we are also restructuring the Emergency Call Centre, 999/911 system. This system has not been providing the citizens of Trinidad and Tobago with the service which is expected from an emergency call centre. There have been numerous reports of persons waiting inordinate lengths of time for responses, or receiving busy signals when attempting to seek help in situations of distress. The current operational structure is being reviewed, and where necessary it will be adjusted to ensure that the system is aligned with international best practice. We will relaunch the system shortly, with the primary objectives being the reduction in waiting times for our citizens and visitors.

The Minister of National Security has already begun working on ensuring the maximum utilization of the National Operation Fusion Centre, which will ensure that the police service keeps in contact and liaises with all other protective agencies, such as Customs and Excise, Immigration, the Strategic Services Agency, the Defence Force, Prisons, Fire, ODPM, et cetera. We are revamping, rebranding and expanding the Canine Unit. There will be greater use of dogs in the police service interdiction and management strategy as it relates to drug enforcement. It is our desire and intention to have the Canine Unit very prominent

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during the course of next year and beyond, ensuring better results during both scheduled and non-scheduled operations. The police service will make more use of drone technology. These assets will be capable of providing real-time video feed for both the National CCTV Centre and the Fusion Centre.

The second area of reform involves the increasing use of technology in police operations. To that end, increasing use will be made of global positioning systems (GPS) for vehicle tracking, dashboard cameras in all police vehicles; body cameras on all policemen patrolling and responding to calls from the public for service; [*Desk thumping*] laptops and tablets for all police vehicles; computerization of all police stations, an enhanced national fingerprint data system and modernization of the firearm users licence system. In addition, all police officers will be held fully accountable for damages to all assets assigned to them.

We are also increasing the use of non-lethal weapons by police officers. We will make appropriate legal arrangements to allow the use of non-lethal weapons: pepper spray, Tasers, mace, rubber bullets, and so on. This will assist the police service in protecting both police officers and citizens from unnecessary damage as a result of a confrontation. Police officers will now have options available to exert force consistent with the severity of the incident.

Madam Speaker, we are also rebranding the police service. We are considering replacing current police uniforms with a softer, more climate appropriate and more difficult to counterfeit uniform. Discussions with the Police Social and Welfare Association have already commenced, and there is unanimity in the need to change police uniforms, and the agreement or acceptance of the design proposed. Madam Speaker, further particulars on the area of national security will be provided in the budget contribution of my colleague, the Minister

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of National Security. [*Desk thumping*]

I now turn my attention to Tobago. The budgetary proposals of the Tobago House of Assembly for 2019 were submitted to the Ministry of Finance in June 2018, consistent with the statutory requirements of the THA Act 40 of 1996. Since then, our teams from the Ministry of Finance and the Ministry of Planning and Development have been in discussion on the budgetary proposals of the Assembly with officials from the Tobago House of Assembly. I wish to extend sincere gratitude to both the Chief Secretary and the Secretary of Finance and the Economy for the spirit of patriotism and understanding, as well the insight shared during these important discussions. [*Desk thumping*]

Development of the tourism sector in Tobago continues to be critical to our overall strategy of diversification of the national economy, even as we put in place strategies for the resuscitation of the energy sector. The budgetary allocation to the THA provides for the implementation of a three-year road map for growth developed by the Tobago Tourism Agency, in collaboration with key stakeholders in Tobago. This plan focuses on enhancing the Tobago tourism product and associated marketing efforts, improves airlift arrangements and is expected to impact international visitor arrivals to Tobago significantly over the next three years. The Hotel Upgrade Programme is also being resourced to improve and upgrade the hotel stock in Tobago.

Madam Speaker, we are collaborating with the Tobago House of Assembly on the Sandals and Beaches Resort Projects to advance construction on this potential tourism game changer in Tobago. This project will expand the stock of high quality rooms, increase airlift and boost the image of Tobago as a preferred destination.

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As we develop the tourism industry in Tobago, we recognize the well-known vulnerability of tourism and other service industries to the vagaries of the international economic environment. For this reason, we agree with the Tobago House of Assembly that there is still a need for Tobago to develop new economic drivers. Consequently, we are continuing to support enterprise development in Tobago through the establishment of a business incubator centre and a tier-three data centre at the Cove Eco-Industrial and Business Park, as well as support the development of ICT infrastructure throughout Tobago. The entrepreneurial grant and loan programmes and its various initiatives to simulate entrepreneurial activity would be continued across Tobago.

Madam Speaker, for fiscal 2019, the budgetary allocation to the Tobago House of Assembly is \$2.229 billion of which \$1.979 billion would be for recurrent expenditure, \$231.63 million for capital expenditure and \$18 million for the Unemployment Relief Programme. This allocation to the Assembly represents 4.3 per cent of the national budget. As we monitor the fiscal out-turn in the coming year, further consideration will be given to additional allocations for Tobago at the time of the mid-year review in or around April 2019, as we did in 2018.

In addition and very importantly, the Ministry of Finance has continued to hold discussions with the Tobago House of Assembly with a view to permitting the Assembly to source alternative financing to fund some of their development projects. I am pleased to announce that in fiscal 2019 this undertaking will be realized, and the Ministry of Finance has agreed to approve loan financing by the THA for its development projects in an amount of up to an additional \$300 million in 2019. [*Desk thumping*]

Madam Speaker, beyond the direct allocation to the Tobago House of

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Assembly, another \$1.055 billion is allocated for expenditure in Tobago by various Government Ministries and statutory authorities in keeping with their legal obligations under the Sixth Schedule of the THA Act 40 of 1996. The Central Government and the Tobago House of Assembly continue to collaborate on several development projects for Tobago.

We will continue to work with the Tobago House of Assembly on the construction of the new terminal at the ANR Robinson International Airport. We are also collaborating with the Tobago House of Assembly on a number of other initiatives. The Water and Sewerage Authority and the Tobago House of Assembly are progressing ongoing critical works with respect to the southwest wastewater treatment plant, the commissioning of which will also mitigate problems of coastal pollution. The construction of a marina in southwest Tobago, a contract for which will be shortly awarded. In addition, to improve the security architecture in Tobago, work continues on the construction of the much anticipated Old Grange and Roxborough Police Stations. They are both expected to be completed in 2019.  
[Desk thumping]

Madam Speaker, I am also pleased to announce that the legislation to grant self-government to the Assembly has been through a joint select committee process, and is expected to be brought to Parliament soon for debate. This Bill promises greater financial flexibility to the Tobago House of Assembly in the management of its fiscal affairs, and gives it greater predictability in developmental planning for Tobago. We also intend, in consultation with the THA, to make it simpler and faster for foreign investors to acquire property in Tobago through suitable amendments to the governing legislation, regulations and guidelines.

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I now come to the Estimates of Revenue and Expenditure for fiscal 2019. We have adopted an approach to economic management anchored on a framework of sequenced and gradual adjustment, yet entailing prudent macroeconomic policies and a stable exchange rate. The main transformations which we are continuing in this budget are to rationalize expenditure by bringing it to a sustainable level, including capital spending, and in the process develop a system of transparent and responsible expenditure.

For fiscal 2019 therefore, total revenue has been budgeted at \$47.724 billion, up from \$42.618 billion or \$5.106 billion from the estimated out-turn in 2018. In this context, it must be noted that core revenue from taxation, both in the oil and non-oil sectors in 2018 was \$5 billion more than in 2017. [*Desk thumping*] This \$5 billion increase in revenue was no easy task. Total expenditure for fiscal 2019 has continued to be contained, and is budgeted at \$51.776 billion, a small increase of \$2.897 billion over the fiscal 2018 out-turn of \$48.879 billion, but significantly lower than the peak expenditure of \$62.839 billion achieved in 2014. This is a substantial reduction in expenditure from the 2014 peak level of \$62.839 billion, a reduction of \$11.063 billion, or 21.4 per cent.

Madam Speaker, the fiscal deficit for 2019 is expected to narrow to \$4.052 billion, or 2.5 per cent of gross domestic product, as compared to the fiscal deficit of \$6.26 billion or 3.9 per cent of GDP in fiscal 2018. The budgeted revenue for 2019 is predicated on an oil price of US \$65 and a gas price of US \$2.75 per MMBtu. Our assumed gas/oil price is below the International Monetary Fund oil price forecast of US \$70 per barrel, and also lower than the current oil price forecasts made by the World Bank, by the United States Energy Information Administration and by the International Energy Agency. We are being very

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careful. Based on these assumptions we are projecting total revenue at \$47.724 billion; oil revenue at \$9.518 billion; non-oil revenue at \$35.197 billion and capital revenue at \$3.009 billion. The total expenditure, net of capital repayments and Sinking Fund contributions, \$51.776 billion for 2019.

As we continue to build an inclusive society, major allocations of expenditure for 2019 will be as follows:

Education and training, \$7.392 billion;

National Security, \$6.120 billion;

Health, \$5.695 billion;

Works and Transport, \$3.546 billion;

Public Utilities, \$3.182 billion;

Rural Development and Local Government, \$1.76 billion;

Housing, \$1.033 billion; and

Agriculture, \$.78 billion or \$780 million.

We are continuing to review all available financing options for financing the fiscal deficit, preferring in the process to adopt such non-debt creating financing as might be available. We will seek to raise domestic financing on the capital market in a net amount equivalent to \$3.826 billion, and external financing in a net amount of \$0.226 billion.

Madam Speaker, I shall now present the budget proposals for fiscal 2019. Fuel subsidy: In the context of the new market-based arrangement for the import of refined petroleum products, we are taking steps to liberalize the domestic fuel market with the aim of improving the efficiency of energy use in the country through an improved allocation of resources in the domestic fuel market. The deregulated market will bring to an end the system of fuel subsidies which were

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introduced in 1974 with the enactment of the Petroleum Production Levy and Subsidy Act, when the price of gasoline, including the price of diesel fuel, became subject to administrative control through relevant sections in the Petroleum Act, Chap. 62.01.

**4.00 p.m.**

Madam Speaker, the stated objective in 1974 was clear. Consumers, in particular low income groups, were to be protected from volatile and high fuel prices with consistent access to affordable fuel. The petroleum production levy and subsidy arrangements financed this subsidy through a 4 per cent cap on the income of oil companies.

However, Madam Speaker, as oil prices rose, the Government complemented the financing of the oil companies by subsidizing the price of gasoline and diesel among other things. And in just the last 16 years this subsidy has been provided at great financial cost of over \$29 billion over the period 2002 to 2018; let me repeat that. The fuel subsidy has been provided at a cost of over \$29 billion over the period 2002 to 2018.

Importantly, as ample evidence has underlined, not only did fuel subsidies benefit disproportionately the higher income group, but their usage was inefficient from a national economy-wide perspective. At current oil prices, WTI oil was US \$73.43 per barrel this morning, and with current fuel prices, the fuel subsidy in 2019 is estimated to cost the Treasury \$1.5 billion, Madam Speaker, money which we simply do not have.

Painful as it is, we must reduce this cost otherwise it will threaten our ability to provide medicine and health care in our hospitals, pensions, subsidize public transport, subsidize housing, social services, subsidize water and electricity rates

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and free education among many other public goods and services.

Madam Speaker, it should also be noted that if oil prices remain above \$70 in the coming year, the fuel subsidy will exceed \$1.5 billion in 2019, if there is no adjustment to the retail prices of fuel at the pump. It must also be emphasized that rising oil prices do not benefit us in the way that they should because Petrotrin, which produces almost 60 per cent of the country's oil, simply does not pay its taxes or royalties and thus makes no positive contribution to the Treasury at this time.

In my 2018 Budget Statement, I advised the national community of the intention of the Government to completely eliminate the fuel subsidy in 2018, with the Ministry of Energy and Energy Industries being required to publish on a monthly basis the wholesale and retail product prices for all categories of fuel. I did indicate at that time, that in the future, fuel prices will fluctuate with the prices of oil and the prices of refined products at world market prices. However, we have decided to slow down the complete deregulation of fuel prices in order to ease the burden on taxpayers.

At this stage therefore, I propose to increase only the cost of super gasoline, from \$3.97 cents per litre, to \$4.97 cents per litre, while keeping the cost of diesel fuel at the current price of \$3.41 per litre. [*Desk thumping*] In this way, Madam Speaker, the cost of public transportation—

**Madam Speaker:** Member for Couva South, please, abide by Standing Order 53.

**Hon. C. Imbert:** Thank you, Madam Speaker—while keeping the cost of diesel at the current price of \$3.41 per litre. In this way the cost of public transportation and the cost of transport of consumer items, food, goods and materials, will not be unduly affected since the vast majority of public transportation vehicles and goods

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vehicles use diesel fuel; this measure will take place immediately.

It should be noted, Madam Speaker, that this phased move to the deregulation of fuel prices by keeping the price of diesel unchanged will cost the Treasury over \$700 million in 2019.

Motorists should note, that on an oil price of US \$73 per barrel, the actual unsubsidized price of super gasoline should really be \$5.47 per litre, and the actual unsubsidized price of diesel should really be \$4.96 per litre. It will be difficult to find that extra \$700 million in 2019, to keep the price of diesel fuel at its present level of \$3.41 per litre, and to subsidize super gasoline by 50 cents per litre, but the Government is of the view, that any adjustment to market prices for fuel must be gradual. We will also, Madam Speaker, continue to subsidize the price of LPG, cooking gas, in order to assist the poor and vulnerable groups. [*Desk thumping*]

It is also noteworthy that when the importation of fuel begins within the next few months, the diesel fuel sold in Trinidad and Tobago at heavily subsidized prices will be of a much higher quality than the diesel produced by the Petrotrin refinery with a substantially low sulphur content. Indeed, ultra-low sulphur diesel fuel enables the use of cleaner technology diesel engines and vehicles, resulting in significantly improved air quality, better engine performance and improved fuel consumption.

I also wish to repeat the recent assurance given by Petrotrin that everything is in place to supply fuel after the refinery closes. There is absolutely no need for concern since Petrotrin's storage capacity for fuel at Pointe-a-Pierre is more than adequate to satisfy our local needs. Further, the refinery is being closed on a phased basis with the termination of fuel production on October 15, 2018, but with significant quantities of fuel in storage. In due course, Petrotrin will import all of

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the required types and grades of fuel and supply the National Petroleum Marketing Company (NP) and United Independent Petroleum Marketing Company Limited (UNIPET) and by extension the petroleum dealers, in the same way that they are supplied now. The Government will fix the price at the pump, and pay the subsidy as determined as it does now. There is no mystery in any of this, Madam Speaker.

**Public Service Pension:** Madam Speaker, we have been concerned with the delay and extended delivery of pensions to our public servants who retire after years of meritorious and dedicated service. We are at an advanced stage of improving the administrative arrangements to enable a much more efficient delivery of pensionable services to our retirees. Our goal is for citizens to retire today and to receive their pensions tomorrow.

In the interim and until their final pensions and gratuities are determined, I propose to pay the minimum public service pension of \$3,500 per month immediately upon retirement of the public servant. [*Desk thumping*] This coupled with the \$3,000 NIS pension per month will provide significant and early financial relief for 1,500 public servants who took compulsory retirement, were entitled to pensions and had a minimum of 10 years' service.

This group of public servants include the civil service, the teaching service, the protective service and the Legislature. This measure will take effect on the 1<sup>st</sup> of January, 2019, and will cost \$63 million. This amount will also address outstanding pension payments.

It is to be noted, Madam Speaker, that this measure is not intended to be permanent, and we intend to move aggressively in 2019 to improve the efficiency and completeness of the pension and leave record system across the public service to ensure prompt payment of pensions to public servants upon retirement. [*Desk*

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*thumping*]

Reward and allocation for Crime Stoppers: Madam Speaker, the Ministry of National Security receives on average approximately \$7 billion per annum which supports crime prevention and detection. At present, Crime Stoppers offer up to \$10,000 in rewards or higher depending on the nature of the crime.

To further incentivize persons to offer information, we are proposing that rewards of up to \$100,000 be offered for information on the 25 most wanted criminals as identified by the Trinidad and Tobago Police Service which will lead to the successful conviction of these persons. The focal point of this strategic intervention will be crimes relating to murder and kidnapping.

I therefore propose that the budgetary allocation for Crime Stoppers be increased by an additional \$2.5 million to support its operations in the identification and reporting of criminal activities. This measure will take place on January 01, 2019.

Twenty-four/seven opening hours for remote health centres: Madam Speaker, we acknowledge the significant health challenges which are faced daily by remote communities. The Government is proposing to have those health centres located in remote areas opened on a 24 hour/seven-day basis in an effort to deal with community members who have to traverse long distances to a public health facility in an emergency situation.

As an initial step, I propose that three health centres located in Grande Riviere, Blanchisseuse and Cedros would remain open on a 24 hour/seven days basis. [*Desk thumping*] During the course of this fiscal year, I will give due consideration to have other rural health centres operate on a similar basis. [*Crosstalk*]

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Madam Speaker, I do not know what the problem is with opening health centres 24/7? As an initial step, I propose that three health centres located in Grande Riviere, Blanchisseuse and Cedros will remain open on a 24 hour/seven day basis. During the course of this fiscal year, I will give due consideration to have other rural health centres operate on a similar basis. This measure will take effect on the 1<sup>st</sup> of January, 2019.

Penalties under the Children Act: Madam Speaker, one of our medium-term goals embodied in our Vision 2030 statement is the establishment of a foundation in Trinidad and Tobago of strong families and safe and sustainable communities. Embedded in this philosophy is the protection of our nation's children, our greatest asset. However, during the period May 2015 to April 2018, 14,581 cases of child abuse were reported to the Children's Authority. Of that amount, 14,581 cases of child abuse reported to the Children's Authority over the three-year period May 2015 to April 30, 2018; of that amount, 415 reports were made in Tobago.

This significant number highlights the plight which is endured by the most vulnerable in our society, a condition with which this Government is deeply concerned. I therefore propose to increase by 100 per cent, all fines in connection with the prevention of cruelty to children as detailed in the Children Act. [*Desk thumping*] This measure will take effect on January 01, 2019.

Stamp duty: The Government acknowledges the adverse effects which rising real estate prices have on the securing of homes especially for our nation's young families. In order to provide for adequate and affordable housing for our population and to help young families to own their first home, I propose to amend the stamp duty threshold for residential property by increasing the threshold for residential properties from the current \$850,000 on which no stamp is liable, to

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\$1.5 million for first-time homeowners. [*Desk thumping*] This measure, the waiver of stamp duty on the acquisition of a first home, will save first-time homeowners up to \$37,000 in stamp duty, and can benefit up to 1,000 families per year. It will cost the Government \$12.5 million per year in revenue foregone, and take effect on the 1<sup>st</sup> of January, 2019. [*Desk thumping*]

Penalties under the Litter Act: Madam Speaker, the Litter Act of 1973 was conceived to protect the environment from the harmful effects of citizens and corporations from the disposal of waste and effluent. Given the ongoing challenges with flooding, the Government will pursue a zero-tolerance approach to littering. I propose a 100 per cent increase in all penalties [*Desk thumping*] under the Litter Act. These measures will require amendments to the Litter Act which will take effect on January 01, 2019.

Similarly, Madam Speaker, our dry season is well known for generating bush and forest fires which impact negatively on vegetation, soil, water, air and the ecosystem in general. They also compound the effects of flooding as the surface run-off is intensified by the stripping of hillside vegetation leading to a rapid accumulation of water in our water ways.

According to the fire authorities, in the past five years, over 9,000 bush fires occurred with the major contributors being individuals. Together with increased enforcement and in an effort to mitigate the acts of these individuals, I propose to increase the fine from \$1,000 to \$5,000 under the Agricultural Fires Act for committing such an offence. This measure will take effect on January 01, 2019.

Compliance with the Board of Inland Revenue: Madam Speaker, in keeping with the modernization of business and business practices, and in the circumstances where the existing fines and penalties are not sufficiently adequate

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to be considered a deterrent, I propose the following amendments will take effect on January 01, 2019.

Under section 98(2)(b), Collection and Recovery of Tax, to increase the penalty fines from \$3,000 to \$10,000 for submission of incorrect information in TD1s regarding fraudulent documents to support claims.

Under section 5A(2)(c), Income Tax Act Chap. 75:01, Business Levy, to provide equity in taxation, the threshold for a self-employed individual subject to business levy to be increased from \$200,000 to \$360,000.

Under section 119, Income Tax Act, Chap. 75:01, to increase the penalty for the offences in respect of fraud from \$50,000 to \$250,000 as the current sanctions are inadequate.

And under the Registration of Clubs Act, Chap. 21:01, the rate of interest for the late payment of taxes is being increased from 15 per cent to 20 per cent per annum in order to harmonize the late payment interest rates under legislation administered by the Board of Inland Revenue.

Enhancing revenue collection: Madam Speaker, in the recent past tax amnesties were granted in an effort to build compliance with the Board of Inland Revenue. Amnesties provide additional revenue in the short term, but in the longer term they encourage taxpayers to avoid compliance.

While we continue to focus on the establishment of the Trinidad and Tobago Revenue Authority, in our efforts to broaden the tax base and mitigate tax avoidance, we are building capacity at the Inland Revenue Department by expanding the staffing in the audit and taxpayer departments by employing 150 additional staff members to support the members of the public in filing their taxes.

These new offices will support the existing staff by visiting all areas in

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Trinidad and Tobago with a targeted focus on the self-employed including, doctors, lawyers, accountants and other professionals, as well as small and medium-sized organizations with a view to making good on the revenues due on receivables to the State. We are also building capability in the Customs and Excise Division to ensure that tax collection reaches optimal levels. [*Desk thumping*]

Madam Speaker, as we move to redistribute the money that would have been spent on the fuel subsidy, the \$700 million, we intend to increase the value in the food card. I propose to increase the value of the food card to support the most vulnerable in our society. For households with one to three persons, from \$410 per month to \$510 per month; [*Desk thumping*] for households with four to five persons, from \$550 per month to \$650 per month; [*Desk thumping*] for households with six or more persons, from \$700 a month to \$800 per month. [*Desk thumping*] Madam Speaker, the increase in the value of the food card will cost an additional \$29.2 million annually and will impact 24,330 deserving households. [*Desk thumping*] This measure will take effect on January 01, 2019.

Disability grant: Again, redistributing income, again, to support those least able to support themselves, we propose to remove the age eligibility for the disability grant under the Public Assistance Act, to allow children under the age of 18 to access the grant. [*Desk thumping*] Currently, 1,024 disabled and special needs children receive grants of \$800 under the special child grant, \$1,150 under the public assistance grant. I propose to cease payments under these two outdated grants, and to bring these recipients under the disability grant with an increased monthly grant of \$1,500. [*Desk thumping*] This measure aimed at helping disabled children will cost an additional \$23.1 million and will take effect on January 01, 2019.

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Madam Speaker, again, to help our disabled community, differently-abled community, I propose also to increase the disability grant for recipients 18 years and older, from the current \$1,800 to \$2,000 a month. [*Desk thumping*] This measure will cost an additional \$56 million annually and will impact 23,245 recipients. [*Desk thumping*] This measure will take effect on the 1<sup>st</sup> of January, 2019.

Public Assistance Grant, Madam Speaker, again, targeting the poor and vulnerable. I propose to increase the Public Assistance Grant by \$150 as follows: for one person, from \$1,150 per month to \$1,300 a month; [*Desk thumping*] for two persons, from \$1,400 a month to \$1,550 a month; [*Desk thumping*] for three persons, from \$1,600 a month to \$1,750 a month; for four more persons, from \$1,750 to \$1,900 a month. [*Desk thumping*] This measure will cost an additional \$41.4 million per year and will impact 22,861 persons. [*Desk thumping*] This measure will take effect on January 01, 2019.

Cap on senior citizens pensions: Madam Speaker, we are continuing to improve the wellbeing of our elderly by increasing the cap on joint incomes received by retirees in respect of national insurance and old-age pensions. The new cap will now be \$6,000 [*Desk thumping*] that is allowing a person in receipt of both an NIS pension and a senior citizen's pension to receive \$3,000 a month from the NIS and up to a further \$3,000 a month in the senior citizens pension. [*Desk thumping*]

Madam Speaker, this measure will not only benefit 27,263 elderly individuals from the existing senior citizens grant base of 95,300 individuals, but will add over 2,000 persons to the senior citizens' net bringing it to over 97,000 elderly individuals [*Desk thumping*] in receipt of a pension from this PNM

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administration, more than 10,000 more than when we came in. The cost of this adjustment is \$194 million, but we think it is money well spent [*Desk thumping*] and the measure will take effect on the 1<sup>st</sup> of January, 2019.

Tax allowance for tertiary education— And again, Madam Speaker, we have not removed the entire fuel subsidy, we are absorbing \$700 million and have redistributed the other \$700 million to the poor and vulnerable and the middle class.

Tax allowance for tertiary education: Madam Speaker, in order to build a prosperous and successful future we need a population based on an educated and productive workforce therefore, the Government will increase the allowance for tertiary education expenses from \$60,000 a year to \$72,000 a year [*Desk thumping*] to take into account the prohibitive cost of overseas education. This measure will benefit approximately 4,000 persons and will involve an additional cost of \$15 million, and will take effect on January 01, 2019.

Madam Speaker, these fiscal measures are designed to improve the welfare and livelihood of our working and vulnerable families. The cost has been estimated at \$423 million per year [*Desk thumping*] and these measures will help 156,350 members of our national community [*Desk thumping*] including our senior citizens, our retirees, our working families and major vulnerable groups.

I turn now to the manufacturing sector, foreign exchange earnings tax credit: As we are seeking to expand the non-energy sector in our objective to diversify the economy, we have recently established a number of facilities to promote non-oil exports including the Eximbank facility, the Business Development Incentive Programme and the Agricultural Financial Support Programme.

I propose to strengthen the framework for boosting non-energy exports and

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for generating foreign exchange by introducing an incremental foreign exchange earning tax credit for the manufacturing sector, in particular for agriculture and agro-processing, food and beverages, non-energy and non-petrochemical products, and any other businesses approved by the Minister with the responsibility for trade and industry. The appropriate legislation to give effect to this measure will be introduced in the Parliament during this fiscal year. [*Desk thumping*]

Madam Speaker, the demanding and challenging economic and financial circumstances which we inherited in September 2015, required a conscientious and comprehensive response by the national community. Restoring confidence and rebuilding trust in public economic policy were essential for implementing the dynamic macro-economic framework we have put in place to reverse the economic decline and to repair our public finances. We were in crisis when we took over, Madam Speaker, our budget theme for that year said it all, “Restoring Confidence and Rebuilding Trust – Let’s do it Together”. [*Desk thumping*]

Madam Speaker, we had to mould and shape the future of our national economy. We wish now to salute our citizens for their patience and for their patriotism in their support for the serious economic transformations which have now placed our economy on a trajectory of solid growth and development. [*Desk thumping*]

These transformations are ensuring a return to the prosperity levels for which we have been accustomed. Indeed, while our budget themes in the past represented our national priorities in terms of the broad strategic areas of focus, our current theme “Turnaround” sums up our thrust to make the journey into the future sustainable, stable and equitable. [*Desk thumping*]

Madam Speaker, while the country will remain for some time highly

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dependent on the oil and natural gas sector, we are building the non-energy economy with the production of goods and services for the domestic and foreign markets. We are ensuring that these goods and services are sufficiently competitive for accessing export markets with the associated generation of foreign exchange. We are securing investors for our new industrial estates in our drive to secure foreign direct investment for diversifying our economic base, for enhancing foreign exchange earnings, and for creating increasing levels of employment opportunities. We are focusing on high value and light manufacturing and emerging industries.

Madam Speaker, we are facilitating inflows of direct foreign investment for our development process by establishing the infrastructure on which industrial and commercial businesses could thrive; our network of roads and highways, our new airport terminal in Tobago, our domestic and external telecommunications, our water and electricity supply, our modern and relevant education system, higher standards of health care, access to affordable and adequate housing, and a sound financial system, well capitalized, highly profitable and very liquid. [*Desk thumping*]

Madam Speaker, an essential condition for creating the potential for higher output growth and an improved standard of living has been anchored on our stabilizing economy within an appropriately-sequenced fiscal policy which is aimed at achieving an approximate fiscal balance over the medium term.

We have achieved this objective by improving the buoyancy of tax revenues through stronger collection and tax administration efforts and tight control over public expenditure which is framed over the medium term.

Madam Speaker, our main task now is to satisfy the rising aspirations of the

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needs of our society through this self-imposed recovery, growth and transformation programme. [*Desk thumping*]

Preserving the tolerance of our society and the stability of the economy which has always been in the best interest of this multi-cultural society where we represent the fundamental requirement for meeting this challenge and for securing the interest of all our citizens.

In our first three years, Madam Speaker, in our first three years, we have achieved the Herculean task, Herculean feat of stabilizing our vulnerable economy in the face of a \$20 billion drop [*Desk thumping*] in annual revenue.

We have turned the economy around, from contraction and stagnation, to real economic growth and the prospects for the future are bright.

**4.30 p.m.**

In so doing, Madam Speaker, we did not continue the reckless, unsustainable and profligate spending of the past. And thus, we avoided the IMF trap that so many other Caribbean countries have succumbed to. [*Desk thumping*] We also did not rashly devalue the dollar, and we thus preserved value and minimized increases in the cost of living for all our citizens. [*Desk thumping*] Indeed, in the words of the well-known song written by Paul Anchor and sung by Frank Sinatra, “We did it our way”.

Madam Speaker, I beg to move. [*Desk thumping*]

**Madam Speaker:** Minister of Finance.

**Hon. C. Imbert:** Madam Speaker, I beg to move. [*Laughter*] And in accordance with Standing Order 81(4), I wish to advise that the debate on the budget will resume on Friday the 5<sup>th</sup> of October, 2018. I thank you, Madam Speaker.

**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 5<sup>th</sup> day of October at 10.00 a.m.

**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.

*Question put and agreed to.*

*House adjourned accordingly.*

*Adjourned at 4.31 p.m.*