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Domestic

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## Highlights of the FY 2015/16 Budget Statement

### The Economy in FY 2014/15

- In the fiscal year 2015, government revenues from petroleum fell by \$8.0 billion while government expenditures were reduced by \$3.0 billion. The fiscal deficit increased to \$7.0 billion, or roughly 4.2% of GDP (budgeted deficit of \$4.3 billion or 2.7% of GDP)
- Revenue collections from oil companies in FY 2014/15 amounted to \$13.0 billion, \$8.0 billion less than the budgeted estimate.
- There was a shortfall of \$1.0 billion in income taxes and VAT collections (combined)
- Current expenditure was \$3.1 billion lower than projected in the budget (attributed to lower oil prices which lowered the fuel subsidy expenditure) while capital expenditure for the year as a whole is estimated to have exceeded the budget allocation by over \$225.0 million.
- The net public sector debt to GDP ratio increased from 32.2% of GDP in 2010, to 46.3 % of GDP in September 2015
- External public sector debt increased from 8.0% of GDP in 2010 to 9.2% of GDP in 2015.
- Over the next six months, the government plans to hold a series of consultations with all main stakeholders and make appropriate required budgetary adjustments at the mid-year Review, which is carded for the end of March 2016.

## **ECONOMIC ACTIVITY**

- Under current oil and gas prices and output, real GDP growth is projected to around 1.0% and 1.4% percent per year

### **Energy**

- The energy sector's contribution to the economy reached a low of 37.2% in 2014, down from a high of 50.8% in 2008.
- Oil and condensate production has fallen from 100,000 barrels a day in 2010 to 80,000 barrels a day in 2015, a decrease of 20.0%.
- As such, the government will introduce incentives that targeted the development of small and marginal gas fields and the wider energy sector, including modifications to the methodology for natural gas and product pricing, the adoption of transfer pricing principles and application of fair and transparent taxation regimes.
- By the year 2021, at least 10.0% of the energy generated in this country should be from the renewable sources.

### **Manufacturing**

- Policies will be introduced to take advantage of the emerging opportunities in the Caribbean Single Market and Economy, South and Central America as well as in our diaspora in Canada, the United States of America and the United Kingdom.
- The government will complete and fully operationalize the Tamana Intech Park and the Piarco Aero Park.

### **Agriculture**

- Enhance public sector investment and encouraging private investment in agriculture, in particular agro-technology and the creation and modernization of agri-business infrastructure.
- Security of land tenure is now being accorded high priority and such lands will now be delivered with access roads, drainage and irrigation systems.
- The Agricultural Development Bank will be adequately resourced to allow farmers readily-accessible credit.
- Reintroduction of the Prime Minister's award for the best kitchen garden in schools and other competitions/ awards.

### **Tourism**

- Formulation of a Tourism Growth Strategy which will inform the direction of the industry, tackling major issues impacting upon tourism

development, such as airlift, marketing, product development and destination management

- Reconvening the Trinidad Tourism Standing Committee

### **Sport**

- Establish a *Sports Institute of Trinidad and Tobago*, mandated to modernize the sports industry with the ultimate objective of developing and promoting sports tourism.

### **Small and Medium-sized Business**

- National Enterprise Development Company Limited (NEDCO) will be resourced adequately to promote an entrepreneurial culture among the youth of our nation who have been traditionally denied access to funding.

### **Diversification**

- The Government plans to initiate early discussions with the relevant stakeholders with a view to reaching early consensus and beginning the implementation of an International Financial Centre strategy.

### **Maritime**

- Creation of a *New Maritime Economy including a Maritime Maintenance Facility* to meet the maintenance requirements for the existing fleet of government-owned naval and maritime assets.
- Utilize a Public-Private Partnership to make the necessary investments to create a ship-building and ship-repair industry with the potential to generate high-skilled quality jobs

### **Information and Communication Technology**

- Implementation of a nationwide broadband network. Ensure that all students have free and easy access in all schools to fast broadband internet

### **National Security**

- Establish an optimal security apparatus and a review of the systems, equipment and processes in place is now underway.
- Establish a *Joint Border Patrol Agency* to manage the security and integrity of our open and vulnerable borders.
- Establish a *Police Management Agency* with a mandate to develop the necessary leadership expertise, skills and professionalism.
- Introduce early legislation to amend the present procedures for the appointment of a Police Commissioner and his deputies.
- Regional Corporations will develop partnerships with the Police Service through an inter-agency approach to combat crime and Local Constabularies will be introduced in each local government region.
- Establish a *Police Service Inspectorate* to treat with potential abuse of state power and any overreach by the Police Service in the discharge of their duties.
- Quality assurance and oversight of police operations will be subject to annual reporting by the Inspectorate to the Parliament.
- Provide an efficient and legitimate foundation for crime prevention, law enforcement and the reduction of repeat offenders.
- Prison management will be strengthened with focus on prison officer security, security management, health services and the rehabilitation of offenders.

### **Education**

- Government Assistance for Tuition Expenses Programme (GATE) and the Higher Education Loan Programme (HELP) will be maintained and expanded where necessary

- Develop a broader culture of collective and personal responsibility as well as volunteerism in our society.

### **Health and Healthcare**

- Review the existing hospital strategy through a scientific evidence-driven *Hospital Construction and Refurbishment Plan*.
- Provide training opportunities in all areas of health care.
- Establish universal health coverage for the national community.
- Expedite surgeries and expand and improve the *Chronic Disease Assistance Programme (CDAP)*.

### **Housing**

- Reintroduce the Rent-to-Own programme to assist low-income households.
- Review and strengthen the administration of the Home Improvement Grant and the Home Improvement Subsidy programmes to assist families experiencing financial difficulties.
- Revitalisation of major cities and towns

### **Arts and Culture**

- Leveraging of our rich cultural, historical, religious and natural heritage for developing tourism with associated job creation activity.

### **Institutional Development**

- Revenue Authority and Property Taxes: Establishment of a Revenue Authority with the merging of Customs and Excise and the Inland Revenue.

- Statistical Institute: Legislation to establish an independent Statistical Institute comprised of persons drawn from the public sector, the Central Bank, the universities, and private sector organizations.
- General Accounting Office: Institute a *General Accounting Office* which will be an independent office of Parliament and will maintain a continuous real-time assessment of actual budget performance identifying in the process, divergences which require public attention.
- Procurement: Conduct a review of the existing legislation to implement a modern, transparent and fair public procurement system in 2016

### **Economic and Financial Management**

Re-task the *Economic Development Board* with key mandates:

- to develop and maintain dialogue with Government, the private sector and the labour movement with a view to establishing long-term economic and social goals for the economy;
- to develop and maintain an *economic and financial plan* with alternative financial and investment scenarios in a long-term framework.

### **Public Sector Investment Programme**

- The capital investment programme for fiscal 2016 has been reduced to \$7.0 billion or by 14.2% from fiscal 2015.
- Prioritize ongoing projects which are expected to be completed or significantly advanced in 2015 and loan-funded projects and projects with contractual obligations

### **Transportation**

- Introduction of a Mass Transit System
- To remove all traffic lights from Port-of-Spain to Sangre Grande by constructing overpasses and interchanges at strategic locations along the East-West corridor.
- Completion of the San Fernando to Point Fortin Highway;

- Construct ring roads and implement other traffic solutions in built-up areas such as Chaguanas, and Sangre Grande in Trinidad and Scarborough in Tobago.
- Construction of the San Fernando to Mayaro freeway;
- Construction of the Wallerfield to Manzanilla Highway; and
- Construction of the Port-of-Spain to Chaguaramas Highway/Causeway
- Construction of a new road between Valencia and Toco
- Construction of a new ferry port in Toco, providing a faster alternative sea route from East Trinidad to Tobago
- Construction of a new road from Princes Town to Moruga
- The construction a new modern Airport Terminal at Crown Point in Tobago
- Construction of a new container Port in Port of Spain.
- Introduce a modern Motor Vehicle Authority will facilitate effective and safe usage of the nation's roadways and highways;

#### **Rural Development and Local Government**

- Regional and municipal corporations will gain the appropriate autonomy through the amendment of the Municipal Corporation Act to develop and implement their own regional plans (similar manner as the Tobago House of Assembly). Intent to complete this process by October 2016.

#### **Environment**

- Partner with various stakeholders to promote environmental awareness throughout the nation, particularly among our young people, especially in rural communities.
- Introduce legislation relating to the preservation and the enhancement of the environment
- Introduce initiatives which will reduce the carbon footprint in Trinidad and Tobago.

#### **Labour**

- Conduct a comprehensive review of all labour legislation, including the Industrial Relations Act and the Retrenchment and Separation Benefits Act. This review will be coordinated with the trade union movement and the business community.
- Establish a line of communication with the labour movement with a view to regular dialogue, consultation and interaction on all areas of policy, plans, projects and programmes affecting the rights of workers and labour in general.

### **Foreign Exchange Market**

- CBTT requested to re-establish the foreign exchange distribution system which existed prior to 2014.
- CBTT requested to clear the backlog of arrears of foreign exchange demand and ensure that legitimate demands for foreign exchange are met, as well as ensure the stability of the exchange rate

### **CLICO**

- With the final settlement to several policyholders still largely undetermined, the administration will attempt to bring this matter to an amicable conclusion, in the interest of all concerned and the country at large.

### **Tobago**

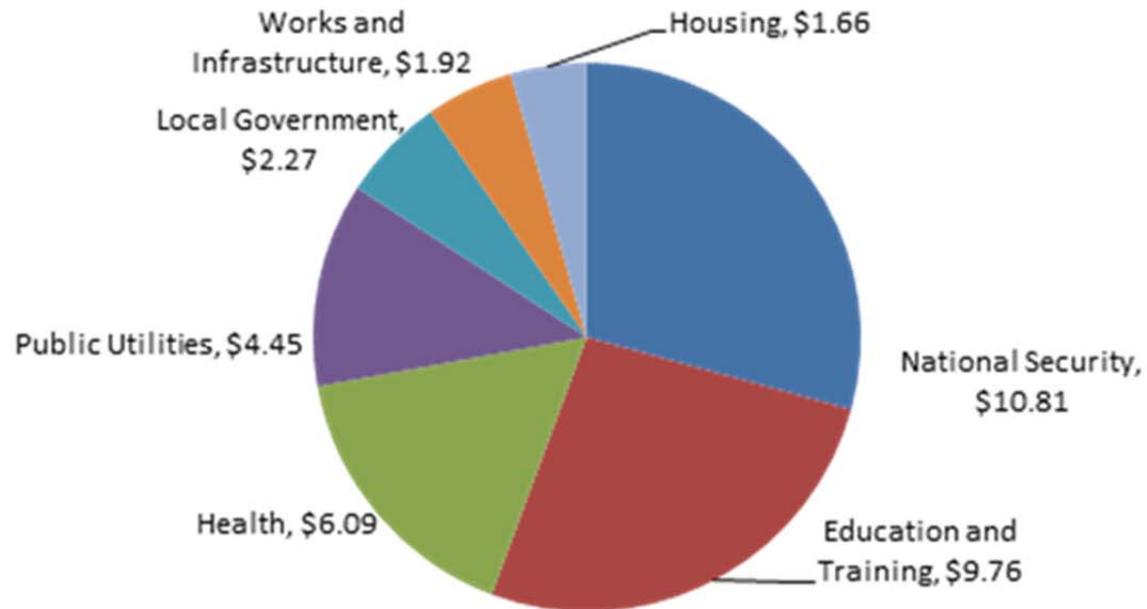
- The development needs of Tobago will be guided by the *Tobago Comprehensive Development Plan*, developed by the THA.
- Expanding the stock of hotel rooms in Tobago;
- The A.N.R. Robinson International Airport will be modernized with the construction of a new terminal.
- The air and sea transport system will be upgraded and rationalized to facilitate greater alignment between demand and supply and to ensure that congestion, delays and inadequate space and capacity at our air and sea ports
- Securing of additional anchor tenants at the Cove Eco-Industrial and Business Park
- A new cargo port

- An accelerated and adequately funded housing programme
- Land titles in Tobago are to be regularized
- An integrated water security and solid waste management programme is developed and implemented
- Educational infrastructure is to be upgraded at all levels
- Construction of new police stations at: Old Grange and Roxborough, a new fire station headquarters in Roxborough and new a fire station in Courlan.
- The budgetary allocation for the Tobago House of Assembly is \$2.772 billion (is equivalent to 4.4% of the National Budget), of which \$2.345 billion will be for the recurrent expenditure, \$404.0 million for capital expenditure and \$23.0 million for the Unemployment Relief Programme.
- In addition, Tobago will receive a further \$1.13 billion in direct expenditure through the Central Government.

**Estimates of Revenue and Expenditure 2015-2016**

Total revenue	\$ 60.287 billion
Oil revenue	\$ 5.449 billion
Non-oil revenue	\$ 54.838 billion
Total expenditure net of capita repayments and sinking fund contributions	\$ 63.048 billion
Budgeted Deficit	\$ 2.8 billion (Approximately 1.7% of GDP)

## Major Sectors Allocation (\$ billion)



### Major government and fiscal policies planned to be implemented:

- Reform of the Value Added Tax system- Reduce the Value Added Tax rate from 15% to 12.5%
- Further enhancement of the tax collection and compliance
- Increases of the personal income tax exemption limit from \$60,000 to \$72,000.
- Commence the process for reforming the fuel subsidy
- Increase the Business Levy- Proposed Increased from 0.2% per Quarter to 0.6% per Quarter

- Increase the Green Fund Levy- Proposed Increased from 0.1% per Quarter to 0.3% per Quarter
- Phase in a Property Tax regime
- Introduce a tax regime for the gaming industry- setting up a suitable regulatory system with appropriate controls to address chronic gamblers and other negative issues
- Reestablishment of Trinidad and Tobago Revenue Authority
- Increase the price of super gasoline by 15% from \$2.70 per litre to \$3.11 per litre and similarly, to increase the price of diesel by approximately 15% from \$1.50 per litre to \$1.72 per litre
- Increase by 20% of the stipends now paid under the On the Job Training (OJT) Programme
- The construction of facilities necessary for national development such as affordable housing, recreational, sporting and community facilities and multi-storey car parks
- Exempt from all duties and taxes, inputs into the agricultural sector, including approved chemicals, pest control, approved vehicles, approved fishing vessels and equipment.
- Provision of \$20 million to support the growth and development of the technical and operational aspects of PPP arrangements

#### **Disclaimers**

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