

THE GOVERNMENT OF THE REPUBLIC OF
TRINIDAD AND TOBAGO

MINISTRY OF FINANCE & THE ECONOMY

Speech by the Honourable Minister of Finance and the
Economy

at the Employers' Consultative Association of
Trinidad and Tobago Pre Budget Breakfast Meeting

'Insights on the National Budget 2014-2015'

The Courtyard by Marriott

Tuesday July 8th, 2014

Mr Chairman;

Dr. Roger Hosein;

Mr Keston Nancoo;

Other distinguished and specially invited guests;

Ladies and Gentlemen;

Good Morning!

Let me start by thanking the Employers' Consultative Association of Trinidad and Tobago for organizing this forum and inviting me to speak at this very relevant and timely Pre Budget Panel Discussion. Discussions with key stakeholders during the budget-making process provide a valuable forum for input on the future direction of fiscal policy. The recent launch of the National Conversation initiative strengthens our commitment to ensuring inclusion and continuous discussions with citizens for the meaningful improvement and development of Trinidad and Tobago. As Government advances its preparation for the 2015 National Budget, I wish to continue and

encourage forums, such as these, to ensure equity, transparency, accountability and participation in our public policies.

After several years of subpar performance Trinidad and Tobago is on a growth path once again. Our economy grew by 1.5 percent last year and is projected to grow by more than 2.0 percent in 2014. Moody's Investors Service confirms that our economy will maintain positive momentum in 2014; they forecast growth of 2.9 per cent in 2014. Moody's also projects growth of 3.2 per cent in 2015; driven by

increased exploration activity and foreign investment in the energy sector, as well as, public infrastructure projects.

Mr Chairman, all the key macro-economic indicators suggest that our economy is sound. Unemployment and inflation are low and well contained, foreign exchange reserves are strong, the balance of payments is positive and our Heritage and Stabilization Fund stands at a substantial US\$ 5.4 billion; buttressing our foreign reserves of US\$ 10.3 billion, or 12 months of import cover.

In the next fiscal year we will build on the momentum of the last three years and focus on ensuring a resilient and sustainable economy. The 2015 Budget, which is guided by the National Performance Framework, will focus on 6 Priority areas:

1. **Crime Law and Order**– We will continue our efforts to alleviate the crime situation by strengthening law enforcement operations to more effectively combat crime– a key initiative here is the enhancement of policing methods through the use of crime–fighting technology and intelligence led policing. Policies to transform and modernize the

criminal justice system will commence in the next fiscal year and issues such as electronic monitoring and the establishment of a National Offenders database will be initiated. Protection of our country's territorial waters and borders is a critical element in successfully reducing levels of crime. In recognition of this, Government will focus its attention and resources on building its maritime capability, accordingly, we are currently in negotiations for the design and finance of relevant military vessels to aid in the protection of our borders. These include 4 coastal patrol vessels, 6 onboard interceptor and 2 utility vessels.

2. **Food Security**– Mr Chairman, we are dedicated to ensuring that this country becomes a food secure nation, with the highest quality agricultural produce available to the people of Trinidad and Tobago. Fiscal measures to address this priority will consolidate previous initiatives to ensure that agriculture becomes a viable sector of the economy, providing adequate and affordable food to our citizens.

Government will continue to display its commitment to the agricultural sector and the farmers of Trinidad and Tobago through our Agricultural Incentive

Programme and overarching agricultural policy– the National Food Production Action Plan. The Caroni GREEN Initiative will continue to assist in the implementation of this Action Plan. This initiative will reduce our food import bill and increase our country’s food security. The success of Caroni GREEN has been exceptional to date and in September 2014 planting will commence on an additional 4,000 acres of land.

3. **Healthcare Services and Hospitals**– Mr Chairman, there is a symbiotic relationship between the health of a country’s people and its level of development. We are working to transform our health sector,

positioning it to deliver first-class health care to the people of Trinidad and Tobago. In the next fiscal year we will continue construction and upgrade of health facilities to meet the demands of previously underserved populations, and in some instances, expand existing health facilities, to facilitate service delivery improvement and access to a wider range of health services.

Ladies and gentlemen, you would be aware that construction of the Couva Children's Hospital has commenced; this first class health facility will focus not only on the needs of children but will also contain a 150-bed adult patient wing as well as a Burns Unit. Partial handover of this hospital is scheduled for

early 2015. Additionally, construction has begun on the long awaited National Oncology Centre. This Centre will offer an equitable and sustainable state-of-the art cancer control to people of Trinidad and Tobago. The National Oncology Centre will be commissioned and completed by January 2016.

Mr Chairman, we will also continue to action our commitment to the holistic development of all aspects of public health, inclusive of health promotion, disease prevention and public health surveillance.

4. Economic Growth, Job Creation, Competitiveness and Innovation– Policies to ensure economic diversification and encourage innovation, entrepreneurship and partnership will be continued in the next fiscal year.

We will ensure that our energy sector, which accounts for more than 40 percent of our GDP, remains buoyant and dynamic. Fiscal policies to boost energy exploration and production levels, as well as encourage investment in downstream activities, particularly in ammonia, will be strengthened and expanded. Construction of the Mitsubishi Methanol to DME Plant is expected to

start next fiscal year. This project is part of Government's plan to develop the South West Peninsula and will diversify our energy sector. This project will inject approximately US\$850 million into our economy and create over 3,000 jobs in the first phase.

Mr Chairman, strengthening the non-energy sector is an important aspect of our public policy. Our 'Enabling Competitive Business Strategy' provides a supportive environment for the growth and development of small and medium enterprises sector. Policies to further diversify the economic base of

Trinidad and Tobago will focus on activities in tourism; agriculture; information communication technologies (ICT); culture; maritime; and financial services.

5. **Poverty Reduction**– Mr Chairman, a society free from poverty is our goal. With this in mind we will continue our efforts to ensure that lower income households have access to adequate and affordable housing and communities are empowered to be self-reliant and sustainable. We will focus on constructing new housing units while refurbishing and retrofitting high rise apartments throughout the national

community in the next fiscal year. The development and distribution of land for housing development will also be actively pursued in 2015. Most importantly we will continue to place particular emphasis on programmes and services that protect and assist vulnerable and marginalized groups in society. A National Poverty Reduction Strategy to guide the formulation and implementation of poverty reduction programmes in Trinidad and Tobago will commence next year. This would increase social sector efficiency and ensure a transparent mechanism for monitoring and evaluating our social welfare programmes.

Human Capital Development– Mr Chairman, providing a high-quality education for all children is critical to our economic future. Our nation's economic competitiveness and the path to a *better life for all* depend on providing every child with an education that will enable them to succeed in the global economy. Ensuring a quality Pre- Primary to Secondary Education System that caters to the diverse needs of 21st century learners as well as ensuring a knowledge driven and skilled population remains a top priority. The increased provision of quality early childhood and primary learning will be achieved through the construction of 10 early

childhood centres and 10 primary schools in the next fiscal year– this will be done through our public–private partnership programme. We will continue to ensure that investments in tertiary education are directed towards implementing programmes that will nurture and promote a culture of science, technology and innovation. These initiatives are geared towards impacting the social and economic transformation of the country and increasing the country’s competitiveness within the global environment.

Mr Chairman, revenue and expenditure measures to support these priority areas will be adopted in a

prudent and sustainable manner. In the next fiscal year we will continue our efforts to improve our revenue base, key initiatives in this regard include strengthening broad based taxes, improving tax compliance and revamping our VAT system. The composition and efficiency of our expenditures will also receive attention with some major initiatives being identification of spending overlaps and ensuring value for money in the delivery of public services.

Ladies and gentlemen I am pleased to inform you that we are on course to meet our 2016 fiscal deficit objective of less than 1 per cent of GDP. We are

committed to returning our economy to fiscal surpluses by 2017- we will do this through effective and efficient revenue and expenditure reforms, as well as structural reforms to preserve fiscal sustainability and promote business competitiveness locally, regionally and internationally.

As preparations for the 2015 National Budget continue, I would like to invite you to submit policy proposals for the priority areas mentioned above to the Ministry of Finance and Economy. As a highly respected and nationally recognized Association I would welcome your feedback and policy recommendations on issues regarding the business

environment as it relates to job creation and sustainability.

I thank you.