



BUDGET STATEMENT FOR THE FINANCIAL YEAR 2017



Maximizing Opportunities in a Challenging Economic Environment



Enterprise Development is essential to economic diversification. The Assembly continues to invest in small businesses through technical and financial assistance to ensure the expansion of the sector and an increase in the number of Tobago owned industries. The Multi Producer Units (above) constructed at the Cove Eco Industrial and Business Park provide a space for agro processors and light manufacturing, and support both economic diversification and strengthening of the the agriculture and manufacturing sectors.



BUDGET STATEMENT FOR THE FISCAL YEAR 2017

Maximizing Opportunities in a Challenging Economic Environment

- Economic Expansion and Job Creation
- Support for Critical Economic Sectors – Tourism and Agriculture
- Social Sector Development – Education, Health and Housing
- Human Capital Development with a focus on Youth Development
- Environmental Sustainability
- Community Empowerment
- Strategic Investment in Physical Infrastructure

**Presented By:
Assemblyman Joel Jack
Secretary of Finance and Enterprise Development
Tuesday 21st June 2016**

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MAXIMIZING OPPORTUNITIES IN A CHALLENGING ECONOMIC ENVIRONMENT

1 Introductory Remarks

Madam Presiding Officer,
Honourable Chief Secretary,
Deputy Chief Secretary,
Secretaries,
Assistant Secretaries,
Chief Administrator and other Administrators,
Senior Staff of the Tobago House of Assembly,
Distinguished Ladies and Gentlemen in the Public Gallery,
Local and International Audiences following this presentation on radio; on television, and on the worldwide web,
Members of the Media.

- 1.1 This morning, it is with great pride and honour that I stand before this Honourable House, to present the Draft Estimates of the Tobago House of Assembly for fiscal 2017. Today's submission to this Honourable House represents the combined efforts of many individuals and groups within the Tobago House of Assembly and the wider Tobago community. For this, I wish to express my sincerest gratitude and profound appreciation to the Chief Secretary, all Secretaries and Assistant Secretaries, and staff of the various Divisions who tirelessly and selflessly contributed to the development of this presentation. Special commendation is also extended to the employees of the Division of Finance and Enterprise Development and the Planning Department in the Office of the Chief Secretary. My appreciation extends as well to the non-governmental and community-based organizations, individuals, and participants in the third THA Budget Survey, whose numerous suggestions have helped us to identify some of the budgetary priorities. I would also like to thank my wife and family for their special support at all times. Above all, I thank Almighty God for his continued

guidance and the tremendous generosity of all who have worked with me as a team to help craft today's submission.

Madam Presiding Officer,

- 1.2 Oh how time has flown! It seems like only yesterday, that I stood before this Honourable House to present my inaugural budget speech. Today, I am pleased and indeed humbled to deliver the final budget of this Administration's present term. I do so, proud of what we have been able to achieve over the past few years despite considerable odds. Indeed, for the most part, we were faced with a challenging global, regional, and national economic environment. To compound matters, for most of that period, we had to contend with a central government which was insensitive to the needs of Tobago and at every turn undermined the work and the authority of the Assembly. The havoc they created reverberates throughout the national economy today when much of our planning and projections must take into account the poor decisions and wanton expenditure of those now in opposition. These challenges notwithstanding, this Administration has performed exceedingly well to improve the quality of life of Tobagonians and to advance the island's development. During our tenure, we managed the economy prudently as evidenced by an improved quality of life and the visible signs of improvement across the island. We have invested considerably in our road networks, our educational infrastructure and health facilities. Our community infrastructure and recreational facilities compare favourably with those of other Caribbean countries. In addition, we continue to provide adequate social safety-net support to all vulnerable groups in society through a wide array of programmes.

Madam Presiding Officer,

- 1.3 Our achievements did not come by chance but through the sheer determination, prudence and commitment of the Tobago House of Assembly in response to the overwhelming mandate of the people of Tobago. We must remain steadfast and committed to ensure our developmental momentum continues. And while the economic challenges remain at the global, regional, and national level, fortunately for us we now have a central government that is more responsive to the needs of Tobago. This makes for a more harmonious relationship between Tobago and Trinidad - a relationship that is built on collaboration and mutual respect. We are

confident that with the new political environment much more will be achieved for the people of Tobago.

Madam Presiding Officer,

- 1.4 Today's budget is being presented at a particularly interesting point in the island's development. We now have a real chance to bring closure to the long standing and critical issue of self-government for Tobago. The positive signals we have seen from the central government thus far suggest that this issue will be finalized in the near future. The resolution of the long outstanding issue of self-government for Tobago has the potential to expand the developmental possibilities of the island. Therefore, despite the challenges facing Tobago, the future of the island looks very bright. It is a future made possible by the work of several PNM administrations on the island since 2001 and that is why today's budget is aptly themed, "Maximizing Opportunities in a Challenging Economic Environment".

2 International, Regional and National Economic Outlook

Madam Presiding Officer,

- 2.1 I now turn my attention to a review of the international, regional and national economic environment to set the context for the 2017 budget estimates.

International Economy

Madam Presiding Officer,

- 2.2 Let me now turn to developments in the global economy which continue to impact economic activity at the national level both directly and indirectly and which also have implications for us here in Tobago. The diagnosis on the health of the global economy delivered by the International Monetary Fund (IMF) at its recently concluded Spring Meeting in April this year is somewhat sobering and recent statistics released by the Fund indicated that the global economic recovery is still proceeding at a disappointingly slow pace. In 2015, the global economy grew at

around 3.1 percent and global growth is forecasted to be not much higher, at around 3.2 percent in 2016.

- 2.3 Developments in the global economy continue to impact both directly and indirectly economic activity at the national level and have direct implications for us here in Tobago. This relatively subdued pace of growth is a reflection of the rebalancing in China, continued stress in many advanced economies in Europe and the slowdown in economic activity in some key emerging market countries, such as Brazil. To compound matters, the constrained pace of global economic recovery is occurring against a background of weaker global demand; significantly lower commodity prices which are putting additional strains on commodity exporting countries; a large scale refugee inflow into Europe from the Middle East which is straining social and economic resources; and the possibility of a “Brexit” which could severely disrupt established trading relationships in Europe. All of these issues have generated greater uncertainty about the prospects for any significant recovery in the pace of global growth.
- 2.4 In the United States, real GDP grew moderately at 2.4 percent in 2015 and has since levelled off in 2016. The IMF is projecting a slight uptick in US growth to 2.5 percent in 2017.
- 2.5 In Europe, economic activity remained quite restrained at 1.5 percent in 2015 with a slight uptick to 1.6 percent expected for 2016. Concerns with respect to the impact of the possible exit of Britain from the EU are high. Growth in emerging markets and developing economies (EMDEs) slowed to 4.0 percent in 2015 (from 4.6 percent in 2014) and is projected to remain relatively stagnant at 4.1 percent in 2016 owing to the faster-than-expected slowdown in manufacturing output in China, reduced capital flows to emerging market countries and the severe macroeconomic challenges in Brazil and in commodity-exporting countries such as Russia and Nigeria.
- 2.6 On a more positive note, the IMF is projecting firmer growth in 2017 and beyond (to just around 4 percent by 2021) but this will depend significantly on some strengthening in growth in emerging market and developing economies.
- 2.7 The outlook for energy-producing economies is grim in the face of the sharp collapse of oil and gas prices since 2014. The possibility for even further weakening in energy prices remains quite real, given the existing supply glut

created by increased exports from Iran related to the lifting of sanctions and higher domestic production in the United States.

Madam Presiding Officer,

- 2.8 This raises once again the importance of diversifying the national economy, a theme that I have raised several times in previous budget presentations. We believe that increased investment in the Tobago economy especially in the tourism sector could go a long way in helping to stem the decline in national output and to serve as a viable platform for the restoration of a more robust growth momentum in the future.

Regional Economy

- 2.9 Madam Presiding Officer, at the wider regional level, economic activity in Latin America and the Caribbean as a whole has been particularly hard hit by subdued global demand conditions, but there have been differential impacts for commodity exporting countries as opposed to service exporting countries. Real GDP for the Latin America and the Caribbean sub-region fell in 2015 by 0.1 percent and is projected to fall even further by 0.5 percent in 2016, weighed down by weak economic performances in Brazil and Venezuela. On the brighter side, tourism dependent economies fared slightly better in 2015 with economic activity in these economies increasing on average by 1.6 percent in 2015, more than double the rate of increase in commodity-producing countries. For the Caribbean region, the rate of divergence in economic performance of the tourism-dependent nations like Barbados and the ECCU region and the commodity producing ones especially Trinidad and Tobago and Suriname is expected to widen in 2016 and 2017.
- 2.10 Besides the effects of subdued economic conditions, trade and financing arrangements in the Caribbean are also facing a new and rising threat in the form of **De-Risking**, which is already resulting in the loss of vital and well-established correspondent banking relationships between large international banks and many smaller banks in the Caribbean region. If this De-risking phenomenon accelerates, it is quite likely that the overall performance of the Caribbean region could be much weaker than current estimates suggest.

National Economy

- 2.11 Over the last two years, Trinidad and Tobago has been grappling with the challenges posed by the dramatic decline in oil and natural gas prices below

budgeted prices. Currently, the West Texas Intermediate price for crude oil hovers around US\$49 per barrel while the Henry Hub price for gas averages US\$2.0 per MMBtu. The impact of energy prices has been exacerbated by falling oil and natural gas production. The effects of the decline in the energy sector are manifested in lower government revenue and expenditure, a sharp fall in the balance of trade, waning consumer confidence levels and the slowdown in economic growth. The most recent Monetary Policy Report of the Central Bank of Trinidad and Tobago, for May 2016, suggests that the domestic economy contracted by 2.3 percent in the final quarter of 2015; and the early indications for the first quarter of 2016 also points to weaker economic activity. The terms of trade shock from lower energy prices and lower domestic energy production has resulted in a weakening in the external accounts position. The country's gross official reserves fell from US\$9.8 billion at the end of 2015 to US \$9.3 billion at the end of April 2016. Moreover, depressed conditions in the energy sector and the knock-on effect on the non-energy sector has resulted in a national sovereign debt downgrade by Moody's from Baa2 to Baa3 and by Standards and Poor's to A-. Once again, owing to the strong linkage between the operating institutional framework of the Tobago House of Assembly and the central government, our rating has also been lowered. Though still at investment grade, this downgrade now means a higher cost for government borrowing.

- 2.12 The sluggish economic growth has been accompanied by deteriorating labour market conditions. The most recent labour market statistics from the Central Statistical Office (CSO) showed a slight increase in the unemployment rate to 3.5 percent in the last quarter of 2015. Headline inflation averaged 3.5 percent in the first four months of 2016 with core inflation averaging 2.1 percent. The foreign exchange market remained tight in the first quarter of 2016, as excess demand for the US dollar coupled with a 50 percent reduction in Central Bank sales support, resulted in a 3.1 percent depreciation of the exchange rate to approximately TT\$6.63 per US dollar.

Madam Presiding Officer,

- 2.13 Having outlined the global, regional and national context in which the estimates are predicated, I will give a brief update on some recent budgetary and financial developments in Tobago for fiscal 2016. I will then review some of our major achievements since 2013. Next, I will examine the fiscal priorities for fiscal 2017.

This will be followed by the presentation of the draft estimates of expenditures for fiscal 2017 and a brief discussion on the financing of the budget.

3 Review of Recent Financial and Budgetary Developments

Madam Presiding Officer,

- 3.1 The Tobago House of Assembly, in the year ended 30th September 2015, received a total of **\$2,394,987,222** in funding from the Ministry of Finance and the Economy. The Assembly received **\$2,010,560,222** for Recurrent Expenditure and **\$384,427,000** for Development Programme Expenditure. Also, included in the Recurrent Expenditure allocation was **\$110,000,000** for the payment of arrears to public officers relating to the period 2008-2015.
- 3.2 Revenues generated independently by the Tobago House of Assembly totalled **\$27,601,322**. The sum of **\$278,069,007** was collected as tax and non-tax revenue in Tobago on behalf of the Consolidated Fund. This was offset against the total parliamentary appropriation for fiscal 2015, therefore bringing the total fiscal allocation received to **\$2,673,056,229**.
- 3.3 Recurrent and Development Programme Expenditure incurred by the Tobago House of Assembly in fiscal 2015 amounted to **\$2,671,643,892**. Of this sum, Recurrent Expenditure amounted to **\$2,012,542,726** or **75.3** percent of the total expenditure, whilst Development Programme Expenditure amounted to **\$659,101,166**. This represented an overall increase in expenditure of **7.6** percent over fiscal 2014.
- 3.4 Under the Contingencies Account, unspent balances for the year ended 30th September 2014 was **\$131,497,220**. This was used in fiscal 2015 to finance capital expenditure, urgent and unforeseen projects in keeping with our mandate to improve the standard of living of our fellow Tobagonians. Some of the major projects and programmes undertaken include: the acquisition of Manta Lodge and Sanctuary Villas - **\$32,000,000**; Agricultural Access Roads Programme - **\$20,000,000**; the Human Capital Development Programme - **\$7,500,000**; Unemployment Relief Programme (URP) - **\$47,076,343**; and the Community Based Environmental Protection and Enhancement Programme (CEPEP) - **\$17,270,369**. Madam Presiding Officer, expenditure under these programmes

ensured that employment levels were maintained, that work continued on major projects, and that students were able to pursue tertiary and other educational training programmes.

Madam Presiding Officer,

- 3.5 For fiscal 2016, the budgetary allocation for the Tobago House of Assembly amounted to **\$2,748,800,000; \$2,345,000,000** for Recurrent Expenditure and **\$403,800,000** for Development Programme Expenditure. As a result of the economic difficulties facing Trinidad and Tobago, the Assembly, like all other state agencies, applied the adjustment of a **7** percent reduction to its budgetary allocations owing to the fiscal challenges faced by the central government. The **7** percent or **\$192.4M** reduction impacted Recurrent Expenditure and significantly reduced the reallocation to fund Development Programme Expenditure. Madam Presiding Officer, what this meant was that some of our major capital expenditure projects had to be curtailed or postponed until the next fiscal year.

4 Review of Past Performance

Madam Presiding Officer,

- 4.1 The Government and people of Trinidad and Tobago are facing challenges in light of depressed oil and gas revenues. All ministries and state enterprises have been asked to decrease expenditure, improve productivity and take the necessary steps to ensure the country survives this latest slowdown. We, in Tobago, will not be insulated from the structural adjustment and the sacrifices that have to be made in the upcoming months. However, we can be comforted by the fact that Tobago is well positioned to meet and overcome these challenges, only because of the foundation laid down by the Tobago House of Assembly over the past 16 years and especially over the past four years.
- 4.2 We have practised and will continue to practice prudence in all our financial dealings and will continue to focus on building our infrastructure, investing in our people and laying the groundwork for diversification.

a. Improving the Macro-Economic Environment in Tobago

Madam Presiding Officer,

- 4.3 This Administration continues to provide the enabling macroeconomic environment conducive to economic growth and development. In this regard, preliminary data from the most recent Survey of Business Establishments conducted by the Division of Finance and Enterprise Development indicates that, in 2015 Tobago's GDP at constant (2011) prices was approximately TT\$1.93 billion up from TT\$1.65 billion. These figures point to a level of buoyancy of the Tobago economy. Not surprisingly, the greatest contributors to growth over the last five years were government spending which grew by 34 percent and finance, insurance, real estate and business services which grew by 10 percent. The GDP data also suggest that the Services sector is still the dominant sector in the Tobago economy, accounting for approximately 90 percent of the island's GDP.
- 4.4 Moreover, the results suggest that in 2015, the share of general government activity in Tobago's GDP was about 47 percent; the share of finance, insurance, real estate and business services in Tobago's GDP averaged about 24 percent; the tourism sector, which comprises hotel and guest houses and distribution and restaurants accounted for about 11 percent of Tobago's GDP and the share of transport, storage and communications averaged 5 percent.
- 4.5 In respect of the labour market, the latest data available from the Central Statistical Office (CSO) indicates that the unemployment rate in Tobago as at the end of the fourth quarter 2015 was 3.4 percent, down from an average of 3.8 percent in 2013. Interestingly, the proportion of the labour force in Tobago with tertiary education increased from 13 percent in 2013 to 19 percent by the end of the fourth quarter in 2015. This figure compares favourably with that of many other countries in the region and is directly attributed to the Assembly's investment in tertiary education through the financial assistance programme. We might also note that the proportion of the labour force employed by the state in Tobago has declined from an average of 61 percent in 2013 to 55 percent by the end of the fourth quarter in 2015.

Madam Presiding Officer,

- 4.6 Allow me to focus on inflation for a moment. In 2013 when I assumed office as Secretary of Finance and Enterprise Development, Tobago had a significant problem with inflation, specifically food price inflation. Indeed, for the year 2013 while the rates of headline and core inflation averaged 6.5 percent and 3.1 percent respectively, the rate of food price inflation on the island averaged 14 percent.

Today, I am pleased to report that inflation in Tobago is now under control. The most recent report from the Central Bank of Trinidad and Tobago indicates that headline inflation in Tobago in March of this year was 1.2 percent, core inflation was 0.4 percent and food price inflation was about 7.7 percent.

b. Modernizing the Financial Reporting Architecture

Madam Presiding Officer,

- 4.7 I now turn to my attention to the progress we have made in modernizing the Assembly's financial reporting architecture. Over the course of the last three fiscal years, we have set a course towards the upgrade of the Assembly's accounting and financial reporting systems. We have made significant progress in what is a long-term exercise. I am pleased to announce that we have collaborated with First Citizens Bank Limited to facilitate E-First Cash Management and Automated Clearing House (ACH) training for all administrators and accounting personnel. This has initiated the project's second phase which will equip the Divisions with the skills and the necessary IT infrastructure for full implementation. This phase will be completed at the end of fiscal 2016 and the full implementation is expected to reduce the processing time for the payment of salaries and suppliers.

Madam Presiding Officer,

- 4.8 In fiscal 2017, we propose to initiate the first phase of the implementation of the International Public Sector Accounting Standards (IPSAS). We have successfully completed the gap analysis of the Assembly's current accounting systems and the IPSAS framework to which we aspire. The analysis clearly identifies the areas to be addressed and provides a roadmap for us to begin the roll out of this programme.
- 4.9 The benefits of the adoption of IPSAS are several. First, it will address a number of issues raised in the Auditor General's reports on the audited accounts of the Tobago House of Assembly. Second, IPSAS will also enhance the ability of Divisions to coordinate the implementation of projects in Tobago more effectively. Third, IPSAS will provide a framework to enable a more complete and accurate view of the Assembly's activities and performance and facilitate greater transparency and accountability in financial reporting.

Madam Presiding Officer,

- 4.10 With respect to the Assembly's Audited Financial Statements, I wish to reiterate that the THA has submitted statements for all years up to 2013. We continue to work with the Auditor General's Department to address the issues raised in previous audited financial statements and we met recently to propose several initiatives to have the Assembly's financial statements audited in a timely manner.
- 4.11 I reported previously on this Administration's plans for the strengthening of systems within the Assembly to ensure full accountability and transparency. In December of last year, the Executive Council approved a revised comprehensive Procurement Policy consistent with international best practices, and in anticipation of the enactment of the Public Procurement and Disposal of Public Property Act of 2015. This will ensure the achievement of value for money in all transactions across the Assembly. Additionally, this new procurement system will introduce a central Procurement Control Unit and the subsequent upgrading and outfitting of procurement units in all Divisions of the Assembly. In fiscal 2017, we will continue the implementation across all Divisions of the Assembly in order to enhance procurement practices, processes and procedures. To complement this, we will complete the implementation of the electronic Fixed Assets Management System to track and account for the Assembly's fixed assets more effectively.

c. Diversification and Private Sector Development

Madam Presiding Officer,

- 4.12 Tobago has long recognised the need to lay a foundation for future economic sustainability. This is even more urgent given the current challenges faced by our twin island state. The growth of the private sector in Tobago remains one of the critical pillars of our developmental strategy.
- 4.13 THA recognises that private sector growth is a major contributor to job creation, poverty alleviation and much needed diversification away from stagnant traditional avenues of revenue generation and employment by the public sector. We have also recognised that any interventions to promote private sector growth must be careful to ensure access to opportunity by the small and medium sized entrepreneurs, not just the larger players. This Administration has embarked on

several initiatives all geared towards the growth of the private sector in Tobago and developing an indigenous business class on the island.

- 4.14 Through the Division of Finance and Enterprise Development's two signature programmes, the Enterprise Assistance Fund (EAF) Loan Programme and the Enterprise Assistance Grant Programme (EAGP), Tobagonians have been given financial and technical assistance to start, operate and expand their businesses. In respect of the Loan Programme, approximately \$1.3M was approved and disbursed to successful applicants over the last year. Since the introduction of this Programme in 2003, loans totalling approximately \$30M have been disbursed to about 300 Tobagonians to facilitate entrepreneurial activities. As it relates to the Grant Programme, over the past year, approximately \$1M was approved and disbursed to 55 recipients. More than 40 percent of all recipients of the Grant Programme are young adults and 44 percent of the recipients are females. Since the introduction of the Grant Programme in 2011, grants totalling approximately \$13M have been disbursed to over 750 Tobagonians. Interestingly, preliminary data from the Tobago Business Register (2016) indicates that there has been a greater than a hundred percent increase in the number of registered businesses when compared to the last register of 1997/98. The number of registered businesses moved from 1,550 to 3,138. 84 percent of these businesses are owned by Tobagonians and 35 percent was established in the last five years.
- 4.15 In addition to direct financial assistance, the Business Development Unit supports the development of the private sector by providing market exposure to its clients and facilitates participation in national, regional and international trade shows. As a result several local products are on the shelves of well-known supermarkets nationally and have the potential for export. This Administration has continued to deliver on its mandate to develop a new entrepreneurial class on the island as well as the expansion of the Tobago private sector.

Madam Presiding Officer,

- 4.16 With reference to fostering new business development at our flagship diversification project, the Cove Eco-Industrial and Business Park, the Assembly continues to provide avenues for Tobagonians to develop enterprises. At present, there are four active tenants with another four under consideration. These businesses, which are in diverse areas such as agro processing, communications, recycling, woodworking and metal fabrication, are providing jobs and stimulating

economic activity. Two Multi-Producer Units (MPUs) which were commissioned this year provide production facilities to several light manufacturers and agro-processors. Each MPU has eight tenant slots. What this means is that COVE is providing much needed retail space for agro-processors and is facilitating the shift away from primary agricultural production to more lucrative production along the value chain.

- 4.17 The Venture Capital Equity Fund (VCEFL), established to advance the diversification thrust, has been financing Tobago's businesses. In the last year approximately \$5.2M was disbursed to three companies, namely Andy's Cherry Nectar, Quiet River Woodworks and the Pork International Group Limited. Two of these companies are tenants at the Cove Eco-Industrial and Business Park. It is projected that this investment will result in the creation of 30 jobs. The Board of VCEFL recently approved two new projects with capitalization of approximately \$3.5M. It is anticipated that these projects will be capitalized within 2016.
- 4.18 The Tobago Information Technology Limited (TITL) has also played its part in supporting private sector development in Tobago by allowing businesses to leverage ICT in their operations. TITL has partnered with the Telecommunication Services of Trinidad and Tobago (TSTT) to provide Video Conferencing (VC) services to facilitate telemedicine, meetings, and interactive distance learning. Additionally, the Employment Exchange Bureau (EXB) managed by TITL, links jobseekers to available opportunities in the private sector. Over the last year, the total number of jobseekers has increased by approximately 500, bringing the total number of users of the system to approximately 4,100.
- 4.19 Arising out of consultations with the Chamber of Commerce and the agricultural stakeholders, we have agreed that this facility will be made available at no cost to their organizations to facilitate further access to this pool of labour. All registrants of the Youth Energised for Success (YES) Programme and the Division of Settlement and Labour's Employment Registry are included in the EXB database.

d. Gains in Education

Madam Presiding Officer,

- 4.20 I now turn my attention to our achievements in education. This Administration has invested significantly in improving both the educational infrastructure and the quality of education in Tobago. As an illustration, in the last year, approximately \$2M was spent to upgrade and refurbish Early Childhood Centres,

approximately \$7.6M on repairs and upgrades of Primary Schools, and \$15M on major upgrades to Secondary Schools.

Training

Madam Presiding Officer,

- 4.21 Beyond the upgrades to educational infrastructure, all teachers were offered a range of courses aimed at improving educational performance on the island. As a result, teachers were exposed to further professional and curriculum development programmes. In an effort to infuse technology in the classroom to enhance teaching and learning at both the secondary and the primary level, the Division of Education collaborated with the University of the West-Indies to deliver a 1-year Geographic Information System (GIS) training programme. Approximately 17 teachers on the island recently graduated from this programme. To leverage the use of ICT in schools, 275 tablets were distributed under the Caribbean EBook Project. Significant progress has been made to network all schools in Tobago with the Division of Education. Moreover, the Information Technology Unit in the Division of Education also engaged in widespread training in 2015. Over 100 students and 50 teachers were trained in App Development, Robotics, and the Infusion of ICT in the curriculum.
- 4.22 Since the completion of the Scarborough Library, the Division of Education undertook several initiatives to expand library services in Tobago. Currently there are close to 8,000 registered patrons at the Scarborough Library with about 78,000 books in stock. The circulation figure between October 2015 and May 2016 exceeded 56,000.

Performance

- 4.23 There are still challenges facing our education system in Tobago but there is evidence that the investments we have made in education are beginning to deliver dividends. At the primary level, in the National Test, our standard 1 students continue to perform on par with top performing education districts. At the SEA level, the percentage of students who scored under 30 percent fell from 9.3 percent in 2013 to 0.7 percent in 2015. At the secondary level, as it relates to the Caribbean Secondary Education Certificate (CSEC) Examination, for 2015, the percentage of students attaining 5 or more subjects inclusive of Mathematics and

English increased to 38.3 percent, up from 30.6 percent in 2013. As it pertains to the Caribbean Advanced Proficiency Exam (CAPE), the performance of Tobago students continues to improve.

e. Supporting the Agricultural Sector

Madam Presiding Officer,

- 4.24 In respect of Agriculture which is a key area of focus of this Administration, the Division of Agriculture is supporting and encouraging a number of initiatives which would develop this sector even further.
- 4.25 The Tissue Culture Laboratory of the Division of Agriculture continues to provide commercial quantities of clean planting material to farmers. In the last year, approximately 18,000 seedlings were distributed. The Division is also developing a Demonstration and Training Centre at Goldsborough which will assist in making commercially viable crops available to farmers and in utilizing new, efficient crop production techniques. As part of the agricultural access roads programme, the Division succeeded in upgrading 32 roads.
- 4.26 The Division has also recently constructed a Packing House in Shaw Park at a cost of \$5M to facilitate sorting, packing and storing of fresh agricultural produce. It is currently utilised by members of the Tobago Agri-business Society and the Tobago Agricultural Society for the processing and packing of leafy vegetables for sale to hotels and restaurants on the island.

f. Expanding Affordable Housing

Madam Presiding Officer,

- 4.27 The provision of affordable housing has been one of the critical priorities of this Administration. Over, the last three and a half years, notwithstanding financial constraints, the Division of Settlements and Labour has worked diligently towards making affordable housing available to Tobagonians and improving the housing stock on the island. In this regard, there are a number of housing projects in progress and several carded for the next fiscal year. In Adventure Phase II, 62 out of 94 town houses were completed and distributed with the remaining 32 units nearing completion and expected to be distributed before the end of the year. In the Courland Estate Land Development Phase I, work continued on 116 serviced lots. In early fiscal 2016, land draws were conducted and 99 lots were allocated for distribution. In Belle Garden Estate Phase II, 40 out the 45 serviced lots have



Growth in agriculture and food security remain important to the THA. Through targeted outreach as well as the incorporation of agriculture into the school curriculum it is hoped that the earlier exposure of students to the business and practical elements of agriculture will stimulate an interest by the younger generation.



The high cost of agricultural equipment has been a major hurdle for many small farmers on the island. The recent acquisition of tractors at the Division of Agriculture, Marine Affairs, Marketing and the Environment will allow farmers access to heavy equipment to assist in the preparation of agricultural plots for commercial farming. This will impact positively on agricultural productivity thereby increasing output.



The opening of the Packing House at Shaw Park has improved access to vegetables and fruits for local markets. Items are being prepared to meet and exceed health and safety requirements by trained personnel.

been completed with the next 5 nearing completion. Land draws were conducted and 27 lots have been allocated.

Madam Presiding Officer,

- 4.28 Beyond the direct provision of public housing, several programmes have been implemented by the Assembly to provide direct financial assistance to allow Tobagonians to upgrade and expand their existing homes. Under the Home Improvement Grant, financial support to the tune of \$2.7M was provided for 365 Tobagonians to improve their homes in the last year. Likewise, under the Home Improvement Subsidy, financial support to the tune of \$0.3M was provided to 31 Tobagonians over the last year. Under the Home Completion Programme, financial support to the tune of over \$0.7M was provided to 71 Tobagonians over the past year.

g. Healthcare and Social Service Delivery

Madam Presiding Officer,

- 4.29 The provision of quality health care and the protection of vulnerable groups in society have been priorities of this Administration. Since the completion of the Scarborough General Hospital, there has been a continuous expansion in the range of health care services provided to the people of Tobago. The introduction of cardiology services has benefited 720 persons annually. The Cardiology Unit conducts about 60 non-invasive cardiology tests monthly to evaluate and diagnose cardiac disorders.
- 4.30 In addition, in the last 12 months about 1,700 cataract surgeries were performed through the Comprehensive Integrated Eye-Care Programme, significantly reducing the number of persons listed and awaiting surgery. Moreover, to combat lifestyle diseases in Tobago a number of programmes such as the integrated Primary Healthcare Programme, the Healthy Home Programme and the Healthy Family Programme have been implemented.
- 4.31 This Administration has also provided support to our most vulnerable in society through a variety of social programmes. Under the Project for the Realisation of Economic Achievement (REACH), 161 persons received grants totalling \$1.2M as part of a poverty reduction programme. The Tobago Rehabilitation and Empowerment Centre (TREC) has implemented several programmes to assist at

risk persons with problems of drug use to facilitate their rehabilitation and successful reintegration into society.

h. Enhancing Human Capital

Madam Presiding Officer,

- 4.32 The Assembly believes that the accumulation of human capital is an important contributor to economic growth and sustainable development.
- 4.33 We have implemented a number of programmes geared towards the development of our human capital in Tobago. As I said before, the latest data available from the Central Statistical Office (CSO) indicates that the proportion of the labour force in Tobago with tertiary education is now about 19 percent, up from approximately 13 percent in 2013. This is a significant achievement that all of Tobago must celebrate as it demonstrates the impact of THA programmes on the lives of Tobagonians. Tobago's students continue to receive financial assistance to pursue tertiary level studies in a wide range of areas. In the last 12 months, students were awarded over 154 grants and bursaries to pursue tertiary education at a total cost of \$3.9M. Additionally, financial assistance continued to 270 existing students at an annual cost of approximately \$5M. What this means is that the THA's Human Capital Development Programme has ensured that young persons are able to realize their dreams of higher education.
- 4.34 There are also a number of initiatives developed under YES Programme, in the Division of Finance and Enterprise Development, geared towards increasing the probability of individuals gaining access to the labour market, improving their earnings capacity and improving labour productivity. In addition, the Summer Internship Programme, executed under YES offers a unique opportunity to tertiary, CAPE, and CSEC students interested in gaining the relevant experience essential to entering the "world of work". What sets the YES Summer Internship apart from other "on the job" initiatives is that interns are not only confined to working within an organisation, but are also exposed to various professional development workshops, panel discussions, and field-trips.
- 4.35 The World of Work Programme managed by the Department of Youth Affairs also supports the transition from school to the professional environment. The programme, which includes training in career planning, supports both persons who are new to the workplace and those who have no work experience at all.

i. Enhancing the Tourism Product

Madam Presiding Officer, I now turn my attention to the tourism industry.

Madam Presiding Officer,

- 4.36 Our stakeholders in the tourism industry have all indicated that the marketing spend and investment in product development have been paltry when compared to that of our Caribbean neighbours. The THA is committed to a holistic and collaborative outlook on tourism marketing and product development and this year's estimates make provision for improved marketing and product development.
- 4.37 The Assembly successfully negotiated with Thomas Cook and Condor Airlines for direct air services from Manchester in the UK and Munich in Germany respectively. From the 2016/2017 winter season, direct airlift to Tobago will increase by 13,000 new seats from Europe. Both are winter only services.
- 4.38 In addition, the Division of Tourism and Transportation participated in a number of regional and international tours to promote Tobago. These included tours to the UK, Germany, Scandinavia and the United States. In the last year or so, the Division hosted over 1,000 tour operators and travel agents from Germany, UK and the Baltics. The Division also co-ordinated visits for 25 media and travel agents and launched an advertising billboard campaign in metro stations in Scandinavia. This campaign exposed Tobago to an estimated 2.3M persons weekly from July to December 2015.
- 4.39 The Division of Tourism and Transportation successfully hosted a number of festivals all aimed at boosting arrivals to Tobago. Over the last three years, the Tobago Jazz Experience and the Blue Food Festival attracted thousands of patrons from Trinidad and the Caribbean region. These festivals are highly successful at circulating tourism spend internally as 'holidaying at home' is fast becoming a primary vacation choice for many. The Division has supported a number of sports tourism initiatives including the BA Tobago Football Legends Tournament, the Tobago Cycling Classic, the SEA to SEA Marathon, Game Fishing Tournaments, the Tobago Invitational and Scarborough Cup Golf Tournaments and the Tobago Beach Soccer Championship.
- 4.40 In recognition that our sister island is a source market for our tourism product, the Division has collaborated with Caribbean Airlines Limited and the Port

Authority to develop heat maps to identify periods of high demand so that adequate capacity could be provided on the domestic air and sea bridges.

- 4.41 Over the past year, this Administration has undertaken a number of initiatives geared towards enhancing Tobago's tourism product. One result of our investment has been the continuous increase in cruise liner calls to our island and we expect that this will continue to expand.
- 4.42 Our various initiatives in the tourism sector resulted in increases in cruise and domestic arrivals. The growth in cruise and domestic arrivals compensates somewhat for the decline in international arrivals by air. For the year 2015, domestic arrivals to Tobago increased by about 3.2 percent to 1,028,731 from 997,192 in 2014. Arrivals by cruise increased by 29 percent from 75,260 passengers in the 2014/2015 period to 106,000 in the 2015/2016 period. However, international arrivals by air declined by 14.6 percent in 2015.

j. Building Communities

Madam Presiding Officer,

- 4.43 The Assembly has made significant progress in empowering communities and building community infrastructure. As an Administration, this has been a critical element of our developmental strategy and over the past three years, we continued our investment in this regard. In the last twelve months, the Division of Community Development and Culture spent \$3.4M to upgrade and expand community facilities throughout Tobago, including community centres like Speyside, Delaford, and Golden Lane.

Training & Capacity Building

- 4.44 The Division of Community Development has developed a number of programmes including the Vocational Skills Training Programme. In the last year, training was offered in 36 areas with 560 persons benefitting. The Division also hosted capacity building workshops training the leaders of community based organizations in areas such as leadership, fund-raising, entrepreneurship, financial management, communication and proposal writing. Over the last three years, approximately 250 participants benefited from these workshops.

Community Entrepreneurship

- 4.45 The Division continued the "Tobago Night Market" initiative which fosters an entrepreneurial spirit in communities. Over the last three years, the Division

hosted these markets in areas including Buccoo, Courland, Bon Accord, Store Bay and Belle Garden. The Division also supported the participation of two of Tobago's most promising fashion and accessory designers in the Tokyo Fashion Trade Show. Japanese retailers expressed interest and ordered a number of pieces from these designers.

Communities Leveraging Technology

- 4.46 In addition to these activities, several creative initiatives have been implemented by the Tobago Information Technology Limited (TITL) to empower communities through ICT. Over the last twelve months approximately 12,000 persons utilized the IT Literacy and Walk In facilities throughout Tobago for business related activities, research, home work and internet browsing. Additionally, approximately 400 persons successfully completed training in basic and advanced computer literacy. During the past year the services of the 211 Contact Centre were utilized over 244,000 times including transfers to persons seeking emergency assistance from Police, Fire and Tobago Emergency Medical Services (TEMS) Ambulance.

k. Physical Infrastructure Development

Madam Presiding Officer,

- 4.47 Please permit me to turn my attention to the significant gains this Administration has made to improve the physical infrastructure in Tobago over the past three years, notwithstanding the limited capital development resources at our disposal.
- 4.48 In 2015 under the Road Resurfacing Programme, 27 major roads throughout Tobago were resurfaced and upgraded at a cost of \$68.7M. Some of the major roads included:
- Mt. St. George to Studley Park,
 - Windward Road,
 - Northside Road,
 - Rockly Vale to Providence,
 - Easterfield Branch Road,
 - Gardenside Street, and
 - Lambeau Main Road.
- 4.49 Forty-one (41) secondary roads were upgraded at a cost of \$8.6M in villages such as Charlotteville, Union, Delaford, Runnemede, Bon Accord, Patience Hill, and

Goodwood. The Assembly expended approximately \$13.4M on improving drainage in areas throughout Tobago including the construction of 150 meters of box drains at Bethany and 80 meters of drains at Bon Accord.

- 4.50 Beyond our focus on bridges, roads and drainage, this Administration has also collaborated with T&TEC to improve the electricity supply to rural areas in Tobago. \$1.5M was provided to T&TEC to install 244 street lights throughout Tobago in the last year and this project will continue in the next fiscal year. The Division of Infrastructure and Public Utilities undertook the second phase of a road signage programme which saw the installation of new street signs throughout the island. This project was conducted in collaboration with TTPOST and the Village Councils to facilitate the efficient delivery of mail and the ease of travel for residents and visitors.

Madam Presiding Officer,

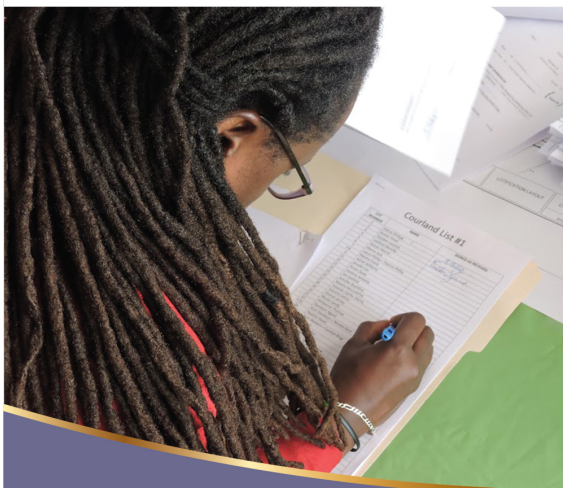
- 4.51 This is just a snapshot of foundations built by this Administration over the course of our tenure. These projects I have just outlined point to some of our main achievements and all of us as Tobagonians should be proud of what we have been able to do even as we operated within a limited fiscal space. This Administration has managed well despite the twin perils posed by the challenging global economic environment and an acrimonious relationship between the THA and the then central government. We have done well notwithstanding having to treat with economic uncertainties which characterized the global economic environment and an uncooperative and insensitive central government. Our prudent management style has been the hallmark of this administration, and is the cornerstone of how we do business now, and in the future.

Madam Presiding Officer,

- 4.52 Fortunately, we now have a much more co-operative and sensitive central government and I am confident that with this new harmonious political environment, much more will be delivered to the people of Tobago. As an Assembly, we remain committed to ensuring that the island's developmental momentum continues.



Strong and vibrant communities are society's backbone. Through specialized training programmes the THA helps to retool members of the wider community and our senior citizens to apply Information Communication Technologies.



The Assembly continues to improve the supply of available, affordable housing and develop serviced lots to distribute lands for home construction.

5 Priorities for Fiscal 2017

Madam Presiding Officer,

5.1 Our 2017 budget is fully cognizant of the current geopolitical and economic outlook. It also considers our need to maximize opportunities in these challenging times. In light of this and the feedback from our annual budget survey as well as extensive consultations with key stakeholders we have identified seven (7) fiscal priorities:

- a. Economic expansion and job creation,
- b. Support for critical economic sectors - tourism and agriculture,
- c. Social sector development - education, health and housing,
- d. Human capital development with a focus on youth development,
- e. Environmental sustainability,
- f. Community empowerment, and
- g. Strategic investment in physical infrastructure.

a. Economic Expansion and Job Creation

Madam Presiding Officer,

5.2 Our first priority for fiscal 2017 relates to economic expansion and private sector job creation. The most recent data from the Survey of Business Establishments conducted by the Division of Finance and Enterprise Development suggests that, between 2013 and 2015, real GDP in Tobago grew by an average annual rate of about 2.2 percent. In addition, the latest data from the Central Statistical Office for the end of the fourth quarter of 2015 suggests that the state in Tobago employs about 55 percent of the island's labour force with the private sector employing about 45 percent. It is only through further economic expansion and growth that we can create the wealth to generate quality private sector jobs that will guarantee sustainable improvements in the living standards of our people. Critical to our strategy of economic expansion and job creation in the private sector are our activities at the Business Development Unit, E-IDCOT, Tobago Information Technology Limited (TITL) and the Tobago Venture Capital Company.

5.3 At the Division of Finance and Enterprise Development, we recognise that the lack of capital remains a critical constraint to doing business in Tobago. Over the next fiscal year, we will continue to make funding available to allow Tobagonians to establish and expand their businesses through both the Enterprise Assistance

Loan and the Enterprise Assistance Grant Programme. In addition, through the Business Development Unit, we propose to establish a Revolving Loan Fund of up to \$0.5M for agro processors. We will also provide support for product testing and development to facilitate expansion and export. We plan to establish a special agricultural incentive grant of \$50,000.

5.4 Other initiatives to support businesses in Tobago include:

- i. Hosting and facilitating capacity building training for local entrepreneurs in areas such as research and development and marketing,
- ii. Expanding the School Business Education Program,
- iii. Facilitating the participation of our local entrepreneurs in national; regional and international trade shows, expos and conferences, and
- iv. Establishment of a Tobago Business Directory.

5.5 Our activities at E-IDCOT are central to our overall diversification thrust and the creation of private sector jobs. In this regard, with the MPUs at Cove recently completed, we will continue to work, particularly with persons from our agro-processing industry, to ensure full tenancy of these facilities. Already, there are three (3) committed tenants with further interest being shown by several other business persons to engage in the manufacture of products such as chocolate, pepper sauce, preserved fruit, fruit juices and bay oil. Notably, all of these products are targeted to the regional and international export markets with significant potential for foreign exchange earnings and the generation of sustainable private sector jobs.

5.6 Further, in keeping with E-IDCOT's eco-friendly positioning and in support of the Tobago brand of "Clean, Green, Safe and Serene, E-IDCOT will support and encourage businesses engaged in recycling. In this context, in the next fiscal year, E-IDCOT will support the establishment of business operations that recycle much of the waste produced in Tobago. To date, one recycling tenancy has been established while another is in the process of being approved.

5.7 In the next fiscal year, E-IDCOT will also place greater focus on leveraging the use of ICT for the development of business activities in Tobago. In this regard, we will continue our work towards the establishment of a Tier 3 Data Centre at Cove. The provision of data centre services is a growing global industry which was valued at US\$115 Billion in the US alone in 2015. A data centre facility in Tobago

would form part of the global network of Data Centres and provide a location that can be accessed as a primary or back up location for users. The absence of such a facility in Tobago limits the development of the ICT industry and other industries that are enabled by a robust ICT Sector. The establishment of a Data Centre at the Cove brings with it numerous possibilities and opportunities to earn foreign exchange given the global reach of such a facility.

- 5.8 Further, such a facility enables the development and delivery of Business Process Outsourcing Operations (BPO) which would allow for the creation of quality jobs on the island. This Data Centre we propose to establish at Cove will provide service to a number of national, regional and international communications service providers, some of whom have already expressed interest in doing business at Cove.
- 5.9 Animation is a growing global industry with new dimensions such as games on mobile phones, animated movies, and advertising. The business model being adopted by film makers and app developers is to outsource developmental work which can be lucrative for those with the expertise. E-IDCOT has identified the film animation industry as one with significant potential to assist in the diversification of the Tobago economy and provide opportunities to earn foreign exchange as well as sustainable private sector jobs. Accordingly, E-IDCOT has developed a proposal which will see YTEPP, Animae Caribe, TITL and E-IDCOT collaborating in an effort to stimulate and kick-start the animation industry in Tobago. This initiative is expected to be formally launched by the last quarter of 2016.
- 5.10 Our work at Tobago Information Technology Limited (TITL) is also critical to our business development efforts on the island. In the next fiscal year, TITL is expected to complete the Innovation Centre that would see the company significantly expanding its ICT training portfolio. Certification training in ICT services would now be offered in Tobago. In addition, the projected establishment of an international certified testing centre will also provide the convenience of seamless certification at the Information Technology Centre. Both training and testing will be income generating and will lead to a better trained ICT workforce in Tobago. The Innovation Centre will also provide a service where business problems can be analyzed to determine root cause, and to recommend and implement ICT solutions for increased efficiency in business processes. Shared spaces would also be offered to persons seeking to develop ICT prototypes that can

ultimately lead to the creation of new businesses. These businesses would receive funding under the EAF and EAGP.

Madam Presiding Officer,

- 5.11 One of the major impediments to economic expansion and job creation is the ability of entrepreneurs to raise capital. That is why this PNM Administration established the THA Venture Capital Equity Fund to address this concern.
- 5.12 To date the Venture Capital Fund has invested approximately \$5.2M in three (3) Tobago companies providing more than thirty (30) full time jobs by the time these entities are fully operational. There is also the potential to export into regional markets, thereby earning foreign exchange and providing import substitution which saves foreign currency. The Venture Capital Fund continues to pursue investment opportunities in start-ups and expanding enterprises with an emphasis on agro-processing and light manufacturing with three projects currently in the pipeline.

Madam Presiding Officer,

- 5.13 In this vein the Venture Capital Fund will be actively seeking to attract private equity for the funding of start-ups and expanding Tobago entities. The Fund's Strategic Plan speaks to funding an average of five (5) private sector entities annually at an average annual investment of \$7.5M. Additionally, the Fund assumes a developmental role and in this capacity has successfully undertaken a feasibility study for the establishment of a feed mill in Tobago. In fiscal 2017, it is envisioned that the VCEFL will seek private sector collaboration in the establishment of this project.

b. Support for Critical Economic Sectors, Tourism and Agriculture;

Madam Presiding Officer,

- 5.14 Our second fiscal priority pertains to our support for two critical sectors of the Tobago economy, namely the tourism and the agricultural sectors.

Tourism Infrastructure

Madam Presiding Officer,

- 5.15 Tourism remains one of the fastest growing industries globally and a key to support for the national economic diversification strategy, this Administration is committed to the continued development of and investment in our tourism



The Administrative building at Shirvan will house two Divisions and one Department of the Tobago House of Assembly. This will result in reduced rental costs and also provide a central location for the operations of the Assembly.



The future of Tobago is in the hands of our young people. It is with this in mind that the THA is honing the skills of our children, leveraging the arts and local culture to assist them in becoming productive members of society.

product. We are therefore heartened by the reintroduction of the standing committee tasked with overseeing the Strategic and Sustainable Development of Tourism in Trinidad and Tobago and that Tobago is well represented in its composition. Several of the endemic challenges facing the industry can be addressed by more efficient coordination between the stakeholders involved and a collaborative focus on advancing the sector's overall development.

- 5.16 Primary among these challenges is the need to upgrade the A.N.R. Robinson International Airport Terminals. While the runway can accommodate international flights, the current terminals impede optimum passenger flow due to their small size and lack of contemporary amenities. Modern international terminal facilities will enhance Tobago as a destination for carriers to provide direct non-stop airlift from a wider range of originating markets. They will also have direct economic impact on the sector's employment by increasing the number of airline personnel and other related staff. Moreover, air transport is a significant revenue earner, and an investment in Tobago's infrastructure is a benefit to the national treasury. Madam Presiding Officer, I am pleased to inform this honourable house that we have received a commitment from the new central government administration that the design and construction of a new airport terminal is likely to begin in the next fiscal year. I am confident that this promise would be kept unlike the previous promises of the former administration that was used as election gimmickry in an attempt to hoodwink the people of Tobago.
- 5.17 Building on the United Nations Educational, Scientific and Cultural Organization's (UNESCO) heritage preservation thrust and this administration's emphasis on a sustainable tourism product, over the next fiscal year we intend to advance the restoration of heritage sites such as the Fine Arts Museum at Fort King George, and introduce Nautical Archaeology, with tours to the Rockley Bay Conservatory.
- 5.18 The World Tourism Organization affirms that cultural heritage tourism accounts for 37 percent of the global tourism market and is estimated to grow by 15 percent annually. The Division's focus remains on creating opportunities for partnerships and building community pride in a sustainable heritage product. The Castara model is a successful example of this and we will continue to work with the stakeholders on its continued expansion, including having Castara Beach Blue Flag Certified. This certification will make Castara the second beach in the

southern English speaking Caribbean to earn the equivalent of an environmental 'Michelin star for beaches and marinas'.

- 5.19 The importance of infrastructure to our tourism development strategy cannot be over emphasised. It is a tangible component of our product that is necessary for creating additional capacity. This is reflected in our investment in additional room stock on the island, and in our efforts to attract foreign direct investment (FDI) to the sector. The response thus far is favourable and we anticipate the expansion of the island's room stock over the next three years by at least 1000 high quality rooms with Sandals Resorts International providing at least two thirds of these. Moreover, we are committed to working with the tourism stakeholders to adopt a ratings system for properties on the island to ensure consistency and improve marketability. We will also support the migration to online operations, particularly in our smaller properties, for improved visibility.
- 5.20 There has long been a need for fully equipped marinas in Tobago. Our location south of the hurricane belt and proximity to Grenada where yacht tourism is being diverted are favourable factors that will be explored now that we have secured the commitment of the central government. The establishment of a duty free zone and incentives to encourage development of eco-friendly high end properties could make this a viable endeavour which can be delivered by a PPP arrangement or by the private sector itself. Madam Presiding Officer, an investment in Tobago's tourism is an investment in national economic diversification and we must act now, with all relevant stakeholders rising to the challenge.

The Agricultural Sector

Madam Presiding Officer,

- 5.21 Permit me to turn my attention to the agriculture sector. Notwithstanding positive signs of growth in the agricultural sector in Tobago, it continues to experience several challenges. These relate mainly to the increasing cost of agricultural inputs, the shortage of labour, pests, diseases, and praedial larceny. The Division of Agriculture has launched a number of initiatives to mitigate against these and remains steadfast in its commitment to enhance the quality of life for farmers and the society as a whole. In this regard, the Division recently

completed its Strategic Plan with a view to identifying critical programmes, projects, and actions to continue to revitalize the agricultural sector.

- 5.22 The Division has therefore selected some activities which it believes can galvanize the agricultural sector in the coming year. The Division also intends to work closely with the private sector which it believes can focus on a range of investment opportunities and translate these selected projects into viable and valuable products and services. Among the projects identified for priority attention in the next fiscal year are:

- i. The Development of a Model Farm at Friendship,
- ii. The Development of a Citrus Orchard at Long Bed, Kendall,
- iii. The Development of a Herb and Spice Industry at Goldsborough,
- iv. Revitalisation of the Tobago Cocoa Industry,
- v. Expansion of the Hope Farm Genetic Centre,
- vi. Expansion of the Poultry Industry and Egg Farming in Tobago, and
- vii. Expansion of the Small Ruminant and the Small Livestock Industry.

Madam Presiding Officer,

- 5.23 Beyond these initiatives, the Strategic Plan of the Division of Agriculture also speaks to the linkages between the agricultural sector and the tourism sector. Accordingly, in the next fiscal year, the Division of Agriculture will concentrate on improving the collaboration between the agricultural and tourism sectors. The synergies thus created would redound to the benefit of the stakeholders in both sectors. This it is believed, would not only fuel the drive for increased production but will also result in the creation of jobs and business opportunities. In this regard, farmers through the extension services would be encouraged and guided to improve the quality, quantity, and timeliness of supply of their produce to the hospitality sector.

c. Social Sector Development

- 5.24 Madam Presiding Officer, I turn my attention to our next priority area, social sector development inclusive of health, education and housing. I begin my discussion focusing on education.

Education Infrastructure

- 5.25 Notwithstanding the ongoing investments we have made in educational infrastructure and the improvements we have seen in the educational performance of Tobagonians over the last few years as I alluded to earlier, there remains some critical areas to be addressed as it pertains to education in Tobago. As a result, education will remain a priority for this Administration in the next fiscal year. To complement our annual programme of repairs and upgrades to all existing primary and secondary schools on the island, several new schools are proposed at the pre-school level. We propose to construct five new ECCE Centres in selected areas throughout Tobago that are not now adequately served with these facilities. Madam Presiding Officer, permit me to express my profound disappointment with respect to this particular project. The construction of these schools was funded by the IADB in May 2006 as part of a National Loan Programme which involved the construction of several ECCE Centres throughout Trinidad and Tobago. Over the last five years, although several schools were constructed in Trinidad with relative ease, because of petty politics and pure vindictiveness by the former central government administration not a single school was constructed in Tobago. The IADB programme has since lapsed.

Madam Presiding Officer,

- 5.26 Another critical educational infrastructural project is the construction of the new Scarborough R.C. School. This school, which is currently located at Bacolet, has outgrown its current location, and plans are advanced to have the school relocated to Smithfield. The designs have been completed, a contract has been awarded for the construction of the long awaited school and the sod will be turned on June 27th 2016. Also, the School for the Hearing Impaired is without its own building and its current location is in an unsatisfactory condition. There are therefore plans to construct a new school to better accommodate the specialized needs of these students.

Training in Education

- 5.27 Our interventions in education are not limited to improvements in educational infrastructure. In this regard, we will continue to provide the requisite training for our teachers at all levels in the education system. We will continue to expose teachers to training in professional development, in the Continuous Assessment Component of the SEA and in selected subject areas in CSEC and CAPE. In

addition, to improve the delivery of Technical Vocational Education in Tobago, teachers in this area will also be exposed to specialist training to prepare them to respond to the needs of students. To complement the teacher training programmes, there will also be training workshops and caravans to assist parents and students in understanding their respective roles in the educational system.

Education and Technology

5.28 To enable our schools in Tobago to leverage the use of ICT in the educational system on the island, the Division of Education also proposes the expansion of network infrastructure at 16 ECCE Centres and 15 primary schools with Wi-Fi access points. Other initiatives in education over the next fiscal year include the following:

- i. The creation of additional Homework/After School Programmes geared towards support for both primary and secondary school students,
- ii. The installation of CCTV cameras in Primary and Secondary Schools in Tobago,
- iii. The establishment of a Curriculum Unit in the Division of Education,
- iv. Educational outreach programmes to promote healthy lifestyles;
- v. The continued expansion of Library Services especially to remote areas in Tobago,
- vi. The Expansion of the Pan in School Programme, and,
- vii. The upgrade and computerization of all school libraries in Tobago.

Health

5.29 Madam Presiding Officer, I now turn my attention to the health sector.

5.30 There is a direct relationship between the health status of persons and their levels of productivity. There is also a direct relationship between the quality of health care one enjoys and their overall standard of living. Over the years, we have invested significantly in improving our health infrastructure.

Madam Presiding Officer,

5.31 One critical initiative pertains to the further decentralization of health care to Health Centres in communities throughout Tobago. To assist us in our overall

strategy of health care decentralization, upgrades are planned for several Health Centres, inclusive of Roxborough, Canaan and Plymouth Health Centres. The upgrades at the Roxborough Health Centre would see the establishment of an Urgent Care Centre to facilitate emergency care at the eastern end of Tobago. We also propose to construct a new health centre in Moriah to better service the northern end of Tobago. Madam Presiding Officer, as part of our renewed focus on primary health care we also propose to make ultrasound and x-rays available at Health Centres and improve access to therapy services inclusive of Speech and Language therapy at Health Centres. We also propose the expansion of our district dental services at Canaan and Charlotteville.

- 5.32 Madam Presiding Officer another critical initiative to improve health care in Tobago relates to the focus on life style diseases. Some of the data emanating from the health system in Tobago suggest that life style diseases are on the rise in Tobago. We propose to address the challenge of life style diseases in Tobago through a comprehensive programme that looks at our diet, education and awareness as well as exercise.
- 5.33 Madam Presiding Officer, other initiatives planned to improve health care delivery in Tobago in the next fiscal year are:
- i. The expansion of the Oncology Centre and expanded Oncology Services,
 - ii. The Expansion of Mental Health Care Services to the Community Level,
 - iii. Improvements to the Cardiac Catherization Laboratory,
 - iv. The establishment of an Integrated Waste Management Facility at Studley Park, and
 - v. The implementation of a Waste Minimization and Recycling Programme.

Housing

- 5.34 Turning my attention to the issue of housing. Madam Presiding Officer, housing remains a priority area for this Administration. Notwithstanding the best wishes of the Assembly, over the years our housing programme on the island has been stymied significantly by the lack of funding. So much so that there exist a huge disparity between the demand for and the supply of public housing in Tobago.



The Tobago Emergency Management Agency's (TEMA) Disaster Relief Warehouse was constructed by the THA in collaboration with the Department of Defense, United States Southern Command. This facility, located at Signal Hill, was handed over to TEMA on January 12, 2016 and will house emergency supplies and support logistical groundwork during disasters.



Through continued investment in our elderly the THA is ensuring their vulnerability is minimised. Retraining and retooling is ongoing and there are many programmes and facilities that are available for our senior citizens to carry on wholesome and enriching lives in their golden years.



Recognizing the vast potential of tourism, the Assembly continues to invest in traditional and non traditional avenues to support tourism's growth and revitalization. Over the past few years, special focus has been placed on the cruise ship industry. This year, Tobago logged the highest number of cruise ship arrivals on record and efforts continue to grow the sector.

Currently, there are approximately 7,500 applicants seeking public housing in Tobago and the Assembly is exploring a number of financing as well as engineering solutions to more effectively respond to the housing needs on the island.

Housing Solutions

- 5.35 In fiscal 2017, the Division of Settlements will initiate work on the Shirvan Road Land Development and the Friendship Land Development. The Shirvan development is expected to improve the housing stock by some 400 units, and the mixed use development of the 497 acre Friendship Estate will also provide a substantial addition. Development works will continue at Courland, Belle Garden, Adventure Phase II and Blenheim Phase II towards the expansion of the housing stock in Tobago. To improve and upgrade the existing housing stock on the island, the Assembly remains dedicated to providing financial assistance to Tobagonians through the Home Improvement Grant, the Home Improvement Subsidy and the Home Completion Programme. The Assembly will continue to make land available to Tobagonians to construct homes by our continued support for the Beneficiary Owned Land Programme. The Assembly will continue to work with the central government to bring closure to the long standing and vexing issue of land titles in Tobago, which was left unattended by the previous central government despite all our efforts to bring this to the fore.

Housing and Public Private Partnership (PPP)

- 5.36 The Public Private Partnership (PPP) modality is also being explored to address the backlog of persons seeking affordable housing. After engagement with the private sector, in addition to direct financial support, non-financial incentives are also now being explored with interested potential partners. These models will allow the Assembly to deliver a greater number of projects within our current budget constraints. The RFP for this initiative will be completed by the end of the calendar year.

d. Human Capital Development

Madam Presiding Officer,

- 5.37 Our next budgetary priority for fiscal 2017 relates to human capital development with a focus on young adults. As an Administration, we are mindful of the role

young people can play in development and there are a number of programmes across all Divisions of the Assembly in support of our young people.

- 5.38 We will continue to provide financial assistance to Tobagonians to pursue tertiary level studies in a wide range of academic as well as non-academic disciplines through our Financial Assistance Programme administered by the Department of Advance Training and Advisory Service (DATAS). Notwithstanding the shortage of funding from the former central government Administration over the last five years, we have invested, and will continue to invest, in the educational advancement of our young people in Tobago utilising resources from our unspent balances and reducing Recurrent Expenditure. Madam Presiding Officer, through our Youth Department, in the Division of Education, Youth Affairs and Sport a number of programmes are being proposed. As a proactive measure to treat with disciplinary issues in the school system among boys, we propose to expand the Discipline for Boys Programme to facilitate the 42 primary schools situated throughout the island.

Youth and Entrepreneurship

- 5.39 Under the Youth Energised for Success Programme (YES) in the Division of Finance, the Assembly will continue its efforts to nurture an environment that ensures employment and stability of the island's youths. Among the programmes and initiatives earmarked for continuation and expansion are the Life Skills Workshop, the Resume Writing and Interview Skills Workshop, the Professional Development Workshop, the Youth Entrepreneurship Programme, and the Summer Internship Programme. Further, YES will continue to source internship opportunities for Tobagonians in a number of national and regional agencies.
- 5.40 We know that one way to empower young people is to encourage them to get involved in entrepreneurial activities. In this regard, the YES programme in collaboration with the Business Development Unit, will therefore seek to focus heavily on youth entrepreneurship throughout the various secondary schools and communities. Emphasis will be placed on identifying young people with feasible business ideas and providing sufficient training, mentoring, and financial support that will assist them in starting businesses in areas that will assist in diversifying the economy. Further, to encourage financial education among young people, the

Financial Literacy Unit in the Division of Finance will host a number of financial literacy outreach programme, specially targeted for young people in Tobago.

University in Tobago

Madam Presiding Officer,

- 5.41 I reported in the 2016 fiscal statement that the establishment of an affiliate university was an initiative being pursued by this administration. I am pleased to inform you that a report on the matter has been completed consistent with the Policy Framework of the THA. This tertiary institution for business and applied sciences will comprise the Tobago Hospitality and Tourism Institute (THTI), the Kendal Farm School, and the proposed Buccoo Reef Trust- Tobago Marine Research Centre focused on Environmental and Marine Science. These specializations will capitalize on Tobago's unique selling points while providing opportunities for further research and development into significant sectors of our economy.

e. Environmental Sustainability

Madam Presiding Officer,

- 5.42 I turn to our next fiscal priority--environmental sustainability. As we strive to develop Tobago, it is important that we do so in a manner that protects the integrity of our environment as the continued prosperity of Tobago's economy and society depends on its health and integrity. Accordingly, in the next fiscal year, the Department of Environment will focus on three critical environmental issues: forest degradation, the beaching of Sargassum and coastal erosion.
- 5.43 In the next fiscal year, the Department of Environment will expand the existing Tobago Reforestation and Watershed Rehabilitation Programme from 3 to 10 areas with special emphasis on the Courland Watershed. This is the largest and most important watershed providing potable water to the population of Tobago; however it is also the most degraded watershed on the island. The programme is expected to increase the value of the island's forest capital, reduce erosion and flooding, and increase aquifer recharge rates and volumes. It will also provide enhanced opportunities for recreation and eco-tourism and improve the islands environmental record and international reputation.
- 5.44 Within recent times, the increased presence of large quantities of Sargassum in our coastal waters and along our coastlines has been a matter of great concern due

to the scale of its impact on multiple sectors. The Division of Agriculture, Marine Affairs, Marketing, and the Environment in collaboration with other stakeholders developed a Tobago Sargassum Response Plan. The plan outlines responsibilities, a research agenda, disposal sites and mechanisms, proposed by-products, and financing of response efforts. While we are unable to prevent Sargassum from entering our coastal waters, this plan is aimed at ensuring it is met by a competent response which limits the impact on our socio-economic well-being.

- 5.45 The final environmental issue I would like to highlight is coastal erosion. This is nothing new in the Tobago context but this natural process has attracted greater attention over the last few years as its impacts are more visible and the link to climate change becomes more evident scientifically. While we may not have full control over the coastal erosion process we must undertake measures to mitigate against its impact. It is in this regard that the Department of Environment will implement a more robust island-wide Coastal Processing Modelling Programme which allows for greater data collection, deeper analysis and modelling of coastal processes with a view to predicting the impact on coastal morphology and built developments.

f. Empowering Communities

Madam Presiding Officer,

- 5.46 Our next developmental priority for fiscal 2017 pertains to the empowerment of communities. I think we can all agree that sustainable development requires that there must be avenues and opportunities for communities to participate effectively and meaningfully in the developmental process. One of the fundamental strengths Tobago possesses is its rich and extensive community networks which have served the island well in the past. It is important that we as an island continue to leverage the strength of our community networks to aid our own development. Madam Presiding Officer, over the years, this Administration has invested significantly in building our community infrastructure, so much so that almost every village in Tobago is served by a modern multi-purpose facility. Therefore our focus in the next fiscal year will be to upgrade ageing community centres. In this regard, in the next fiscal year, upgrades are scheduled for the following community centres throughout the island:

- Signal Hill Community Centre,
- Goodwood Community Centre,

- Castara Community Centre,
- Pembroke Community Centre,
- Hope Community Centre,
- Belle Garden Community Centre,
- Moriah Community Centre, and
- Scarborough Community Centre.

5.47 We also recognized that having the community infrastructure without the requisite activities to utilize them effectively will be futile. Therefore, we will continue to provide opportunities for persons in communities throughout Tobago to be trained in various areas through the expansion of Vocational Training Programme.

g. Strategic Investment in Physical Infrastructure

Madam Presiding Officer,

5.48 Our next fiscal priority pertains to our investment in physical infrastructure. Madam Presiding Officer, we know there is a direct relationship between the quality of physical infrastructure available to citizens and their quality of life. Since the PNM Administration took office in 2001, there has been a considerable investment in road and building improvement on the island. Notwithstanding previous significant investments in infrastructure, we will continue to give priority to our programme of road and building improvement.

5.49 The Assembly will continue to improve the quality of road network on the island through our Road Resurfacing Programme. This is critical given the phenomenal growth in the vehicle population in Tobago over the last few years. Among the roads to be given priority in the next fiscal year are: Claude Noel Highway, the Mt. St. George/Castara Road, the Store Bay Local Road-Extension, Plymouth/Arnos Vale Road and Orange Hill Trace. Madam Presiding Officer, please permit me to highlight the strategic importance of two of these roads, namely Mt. St. George/Castara Road, the Store Bay Local Road-Extension. The Store Bay Local Road-Extension is of critical importance to help address the problems of traffic congestion we now witness in the Canaan/Bon Accord Area. Likewise, the Mt. St. George/Castara Road will link the North of Tobago to the East thereby opening economic opportunities to Tobagonians. Madam Presiding Officer, even as we seek to improve our road network, it is also important that we continue to develop and improve our drainage network on the island. This is

particularly important to avoid the problem of flooding, especially in low lying areas. In this regard, special drainage works are carded for areas including Canaan, Buccoo and Carnbee. Also, as part of our overall programme to improve drainage in Tobago, there are major plans to desilt rivers in Goldsborough, Charlotteville, Louis D'or and Speyside.

- 5.50 We are also mindful of the need to improve the management of our waste water in Tobago. The budget caters for the rehabilitation of the South West Sewer System in collaboration with international agencies and improvement to the Sewerage Treatment Plants at Buccoo and Bon Accord. Further, to improve the plight of our fisher folk and other boat owners, priority is given to the construction of jetties at Plymouth and at Charlotteville. Finally, to allow the users of public transportation to access this service in a dignified manner we will give priority to the construction of bus shelters in critical areas throughout Tobago.

Madam Presiding Officer,

- 5.51 The various developmental areas I have discussed each represent our major fiscal priorities for the 2017 fiscal package of the Assembly. I am confident that with these areas of focus, Tobago's developmental momentum will continue notwithstanding the challenges that the prevailing national, regional and global economic environment will bring.

6 The 2017 Expenditure Estimates

a. Recurrent Estimates and Highlights

- 6.1 I now present the expenditure estimates for 2017 starting with the Recurrent Estimates.

Madam Presiding Officer,

- 6.2 The Recurrent Estimates for fiscal 2017 totals \$3.209 billion. This is disaggregated as follows:

▪	Personnel Expenditure	- -	\$ 876M,
▪	Goods and Services	- -	\$ 1.12B,
▪	Minor Equipment Purchases	- -	\$ 136.3M, and
▪	Transfers and Subsidies	- -	\$ 1.086B.

6.3 Of the total Recurrent Estimates 34.79 percent is allocated to Goods and Services 33.75 percent is allocated to Transfers and Subsidies 27.23 percent is allocated to Personal Expenditure and 4.24 percent is allocated to Minor Equipment Purchases. Distributed across Divisions, the recurrent estimates for fiscal 2017 are:

▪ Assembly Legislature	- -	\$ 26.2M,
▪ Office of the Chief Secretary	- -	\$175.2M,
▪ Finance and Enterprise Development	- -	\$274.7M,
▪ Tourism and Transportation	- -	\$296.7M,
▪ Education, Youth Affairs and Sport	- -	\$563.8M,
▪ Community Development and Culture	- -	\$196.8M,
▪ Infrastructure and Public Utilities	- -	\$529.4M,
▪ Agriculture, Marine Affairs, Marketing and the Environment	- -	\$287.6M,
▪ Health and Social Services	- -	\$793.9M,
▪ Settlements and Labour	- -	\$40.8M, and
▪ Planning and Development	- -	\$34.3M.

6.4 These estimates of Recurrent Expenditure represent a decrease of \$143.8M over the estimates for 2016. Madam Presiding Officer, among the highlights of the proposed recurrent budget for fiscal 2017:

▪ Rolling Three-Year Tourism Plan:	\$110M,
▪ Assistance to Small Properties in the Tourism Industry:	\$8.6M,
▪ Assistance to Sport Tourism Organization and other:	\$3.4M,
▪ Tobago Tourism Festivals:	\$21.8M,
▪ Assistance to Community Organizations:	\$2M,
▪ Multi-Purpose Community Facilities:	\$3.7M,
▪ Agriculture Incentive Programme:	\$4M,
▪ Support for the Information Technology Centre:	\$20M,
▪ Funding for the Public/Private Partnership Unit:	\$10.2M,
▪ Grant to Necessitous Patients:	\$3M,
▪ Tobago Regional Health Authority:	\$550M,
▪ School Feeding Programme:	\$59M, and
▪ Productivity Council:	\$5M.

6.5 Madam Presiding Officer, I now turn my attention to the Development Programme Estimates

b. Development Programme Expenditure Estimates and Highlights

6.6 Madam Presiding Officer, the estimates for the Development Programme for fiscal 2017 amount to \$2.03 billion, a decrease of \$269.1M from the fiscal 2016 request to the central government.

6.7 The Development Programmes Estimates are disaggregated as follows:

- Pre-Investment - - \$5.0M,
- Productive Sectors - - \$8.2M,
- Economic Infrastructure - - \$690.2M,
- Social Infrastructure - - \$866.1M, and
- Multi-sectoral and Other Services- - \$470.3M.

6.8 Of the Development Programme Estimates for fiscal 2017, 33.84 percent is requested for Economic Infrastructure, 42.46 percent is requested for Social Infrastructure, 23.06 percent is requested for Multi-sectoral and Other Services, 0.25 percent is requested for Pre-Investment Studies and 0.4 percent is requested for the Productive Sector.

6.9 To assist in our programme of economic diversification and the development of the private sector on the island our development programme estimates provides for:

- The Enterprise Development Company of Tobago (E-IDCOT): \$34.5M,
- The Scarborough Esplanade Phase II: \$41.8M,
- Enterprise Development: \$7M,
- The Business Incubator Programme: \$5M, and
- Venture Capital: \$2M.

6.10 Even as we seek to diversify the Tobago economy, we recognise that the tourism sector in Tobago will remain one of the primary agents of economic growth on the island for the next few years. As such, the Development Programme Estimates caters for:

- The Construction of Sanctuary Resort- \$50M,
- Infrastructural works at Pigeon Point - \$9.1M,
- The Upgrade of Manta Lodge- \$8.3M,

- The Restoration work at the Fort King George Heritage Park- \$6.5M, and,
 - The Construction of Tobago Cruise Ship Berths- \$2M.
- 6.11 The revitalization of the agricultural sector remains a critical priority of the Assembly. As such the Development Programme Estimates caters for:
- The Agricultural Access Roads Programme, Tobago: \$60M,
 - The Construction of the Scarborough Abattoir: \$20.5M,
 - The Construction of the Scarborough Market: \$20.2M,
 - The Improvement to Beaches and Landing Facilities: \$10M, and
 - The Development of Agro-Park at Friendship Estate: \$5M.
- 6.12 Our Development Programme Estimates cater for significant upgrades to our health infrastructure and support services. Proposed activities include:
- The Construction of New Health Centres - \$20M,
 - The Expansion of Primary Health Care Facilities - \$5M,
 - The Upgrade of the Studley Park Integrated Waste Facility- \$7M, and
 - The Establishment of Halfway Houses - \$5M.

Madam Presiding Officer,

- 6.13 Support for education remains at the core of this Administration's agenda. The Development Programme Estimates make provision for a variety of work across the island in support of educational programmes and the improvement of facilities. We have budgeted for:
- The Construction of Scarborough R.C - \$75M,
 - The Improvement of Primary Schools - \$25M,
 - The Upgrade of Roxborough Library - \$11.5M, and
 - The Establishment of Early Childhood Centres - \$6M.
- 6.14 Provisions are also made for accelerating the public housing programme of the Assembly and increasing the housing stock on the island. Accordingly, our development programme estimates provide for:
- Land Development at Courland Estate \$60M,
 - Land Development Friendship Estate \$28.6M,
 - Housing Development at Mt. Irvine \$8.3M,
 - Land Development at Shirvan Road \$8.3M,

- Land Development at Adelphi Estate \$7.7M, and
- Development of Belle Garden Estate Phase II \$6.5M.

6.15 Our Development Programme Estimates also provide for significant upgrades to our Social and Community Infrastructure. Proposed activities include:

- The Upgrade of Belle Garden Community Centre - \$11M,
- The Upgrade of Pan Theatres - \$6M,
- The Enhancement Programme for Communities - \$5M, and
- The Upgrade of Scarborough Community Centre - \$1.5M.

6.16 Additionally, we will continue to upgrade and expand our road infrastructure. Our Development Programme Estimates provide for:

- Improvement to the Plymouth/Arnos Vale Road - \$15M,
- Improvement to the Milford Road Bypass to Smithfield - \$15M,
- Improvement to the Orange Hill Road - \$6M,
- and,
- Improvement to the Milford Road Bridges - \$50M.

6.17 Madam Presiding Officer, the Development Programme Estimates provide a snapshot of the many initiatives of the Assembly to advance Tobago's development. Our investments seek to impact all sectors of the economy. The Development Programme Estimates while ambitious are not unreasonable and are geared towards quality delivery to the people of Tobago.

c. Other Estimates

6.18 Madam Presiding Officer, I wish to include as well in the estimates for fiscal 2017 the provisions for URP and CEPEP of \$80.3M and \$54M, respectively.

Madam Presiding Officer,

6.19 In addition to the expenditure items which I alluded to earlier, we expect, consistent with the provision of the sixth schedule of THA Act 40 of 1996, there will be other items of expenditure that will be funded by government ministries and other state agencies in Tobago. Accordingly, we anticipate that with the improved collaboration between the central government and the Assembly, this expenditure will be quite substantial. Projects to be funded by these “off budget” spending in Tobago include:

- i. The Construction of the New Terminal at the ANR Robinson International Airport,

and transparent and accountable development funding modalities. Despite the current national economic challenges, as an island we cannot afford to wait for greater prosperity to begin to save and invest. As we say in Tobago "drip drip does full bucket"; and so the time to begin this process of saving for the future is now.

Public Private Partnerships (PPPs)

Madam Presiding Officer,

7.7 I announced previously in this honourable house that one of the primary alternative financing mechanisms being explored by the Assembly is the Public Private Partnership (PPP) modality. The Tobago House of Assembly formally adopted the use of PPPs as a mechanism for accelerating the Public Sector Investment Programme in Tobago. Given current fiscal constraints and the re-prioritization of our development programme, long-term capital financing must be considered along with innovative performance based solutions that provide value for money. Particularly as PPPs are not limited to traditional physical infrastructure sectors such as transport, tourism, government accommodation, water and sanitation, and energy, they can also bridge the financing gap in the social sector to include education, healthcare, and housing.

7.8 Madam Presiding Officer, the success of PPP projects lies in creating an enabling environment for both the public and private sectors. The public sector is required to prepare well-structured and bankable PPP projects to attract private investment whilst safeguarding the public interest.

Madam Presiding Officer,

7.9 We have been working closely with our multilateral partners at the Canadian High Commission, the International Monetary Fund's Caribbean Regional Technical Assistance Centre (IMF - CARTAC), the Caribbean Development Bank (CDB), the Inter-American Development Bank (IADB), and the World Bank (WB) to leverage their technical expertise on the subject. This THA Administration is committed to pursuing this endeavour with a keen awareness of the long-term impact on debt or contingent liabilities. Over the next year, we will see the integration of PPP management in the overall public investment management process.

- ii. The Construction of the Old Grange and Roxborough Police Stations,
- iii. The South-West Waste Water Treatment Plant,
- iv. The Drilling of additional Water Wells,
- v. A Desalination Plant at Cove, and
- vi. The Expansion of the Power Generation Plant at Cove.

Madam Presiding Officer,

6.20 Please permit me to address the financing of the expenditure estimates.

7 Financing the 2017 Estimates

7.1 Madam Presiding Officer, for fiscal 2017, the estimates of revenue, both tax and non-tax, are as follows:

1.	Taxes on Income and Profits	--	\$191.6M,
2.	Taxes on Property	--	\$ 0.5M,
3.	Taxes on Goods and Services	--	\$ 68.7M,
4.	Taxes on International Trade	--	\$ 3.7M,
5.	Other Taxes	--	\$ 5.2M,
	Total Tax Revenue	--	\$ 269.7M,
6.	Property Income Taxes	--	\$ 0.1M,
7.	Other Non-tax Revenue	--	\$ 1.1M,
	Total Non-Tax Revenue	--	\$ 1.2M, and
	Total Revenue	--	\$ 270.9M.

Madam Presiding Officer,

7.2 We appreciate the challenges faced by the Minister of Finance in funding Tobago's request as well as the rest of the country. We are also mindful of the constraints posed by the current economic climate and as such we understand and fully support the need for greater efficiency in the use of the funds. In doing so, we recognise the need for creativity and for thinking outside of the proverbial box as we investigate options which have not been previously explored. We know that it is unrealistic to expect that all developmental needs will be met exclusively from the national purse, so as a corporate body we must also direct our attention towards other opportunities that lie before us and explore alternative financing

mechanisms. We at the Division of Finance and Enterprise Development have explored several financing modalities that are available to Tobago. Meetings have also been held with the Minister of Finance and the multilateral agencies to fund Tobago's development.

7.3 Madam Presiding Officer, I will now explore a few of these options.

Borrowing and Bond Financing

7.4 One such opportunity is that of borrowing. Section 51 (b) of the Tobago House of Assembly Act 40 of 1996, requires the approval of the Minister of Finance for any form of borrowing the Assembly proposes to undertake to supplement its capital development allocation. Given the relatively high levels of liquidity in the banking system, low interest rate and the country's domestic debt profile, we believe there is a largely untapped source of development funds even here within the country. We have begun the process with the relevant financial institutions to use bond financing in fiscal 2017. We are optimistic given our recent discussion with the Minister of Finance, the current economic climate, and the ongoing discussions regarding internal self-government for Tobago, that this will be a viable alternative financing option to fund capital expenditure.

7.5 Additionally Madam Presiding Officer, diaspora bonds and remittance-backed bonds also offer an opportunity for persons from the diaspora to contribute to the development of the island by channelling some of their savings into efforts to which they support. What better way to ensure that essential facilities and services can be delivered to their people and to earn attractive returns on their investments.

Tobago Savings Fund

Madam Presiding Officer,

7.6 The report from the annual Trinidad and Tobago IMF Article IV 2016 Consultation stated that as a country we have "under-saved and under-invested in our future". The IMF went on to explain that nationally we are not currently in crisis, but without mitigating measures, we may find ourselves in a more precarious economic position in the near future. If we are serious about investing in our development, the THA is ready to consider the establishment of a Tobago Savings Fund or some similar vehicle to save for future generations. This investment vehicle will focus on long-term growth rather than immediate returns,

Madam Presiding Officer,

- 7.10 While every effort is being made to accelerate the implementation of suitable projects, the Assembly is committed to a measured approach to ensure viable transactions and by extension a successful PPP programme. As such, the Unit is co-ordinating an experienced cross-functional team to develop an overarching Infrastructure Plan. This Plan will provide a framework for future infrastructure development and define our infrastructure investment priorities. Out of this we will derive a robust project pipeline aligned to our development agenda and provide opportunities for both public and private sector investment.
- 7.11 Projects being considered include a cargo port, a marina, a desalination plant, a waste-water treatment plant, sporting facilities, transportation hubs, duty-free shopping areas, medical tourism clinics, expansion of our hotel plant and other administrative complexes for the Assembly. Once rigorous feasibility studies have been conducted and viable business cases have been developed that prove value for money and can attract the necessary private capital for investment, they will be added to the infrastructure investment strategy.

Multilateral Support

- 7.12 Continuing along this trend, we have had several bilateral meetings with regional and international agencies such as the World Bank, CDB and IADB all in an attempt to find ways of addressing critical financing and other development challenges.

Madam Presiding Officer,

- 7.13 We are certainly heartened by the efforts of the national government to include Tobago in discussions with our multilateral partners as new country strategies are being devised or revised. I wish to thank the Minister of Finance and the Minister of Planning for their respect for and commitment to work with the Tobago House of Assembly in this regard. The financial support, technical assistance and policy advice from multilateral agencies and international financial institutions will assist in mobilizing public and private sources of funds for our island's development. Critical among these would be support to mobilise domestic resources, explore possibilities for deepening local financial and capital markets

and provide the environment which would facilitate investments by the private sector.

Revenue Enhancement Measures

Madam Presiding Officer,

- 7.14 In my previous budget statement I intimated this Administration's intention to increase the revenue generating opportunities of Tobago. Current budgetary constraints have only reinforced the need to complete this exercise urgently. I am pleased to announce that work has started at the Studley Park Quarry (SPQ). A team was commissioned to examine the efficiency of the operations of the SPQ and have recently submitted its findings to the Executive Council for consideration. Over the next fiscal year, the SPQ will undergo a strategic review exercise with an aim to create greater efficiency and output. These changes will culminate in a more market-efficient entity that delivers on its strategic objectives, and meets its capacity for profitability.
- 7.15 Madam Presiding Officer, these are just some of the financing options available to the Assembly to fund its development under the existing legislative arrangements between the Assembly and the central government. Internal self-government for Tobago will significantly expand the authority of the Assembly to engage in financial transactions and to source funding to facilitate its development. This will allow for greater predictability in the planning and the economic development process in Tobago, and will also allow for much greater financial resources to be available to the Assembly for the development of Tobago. In view of ongoing discussions and collaboration between the Assembly and the central government, I am confident that after years of struggle, the dream and aspirations of the people of Tobago for self-government seems close to being realized. Indeed, this issue is high on the legislative agenda of the central government.

8 Conclusion

Madam Presiding Officer,

- 8.1 As I move to bring the curtain down on today's Budget Statement, I wish to take this opportunity to express my personal gratitude for the support, encouragement and guidance of the Honourable Chief Secretary during my tenure as Secretary

for Finance and Enterprise Development. I think that all of us as Tobagonians owe Mr. London a tremendous debt of gratitude for his sterling contribution to Tobago as Teacher, School Principal, Sport Administrator and later as Assemblyman and Chief Secretary. Mr. London has served both the island and country with distinction. During his tenure in office, the interests of Tobago and the country were always placed above narrow partisan interests. Tobago has done well over the last 15 years under the astute and sober leadership of Mr. London. Madam Presiding Officer, please permit me to highlight a few of Tobago's leaps forward while Mr. London has been at the helm:

- Tobago's Domestic Product has more than doubled since 2001,
- Unemployment in Tobago is down to 3.5 percent from 13 percent in 2001,
- The proportion of the Tobago labour force with tertiary education is up to 19 percent in 2016 from 5 percent in 2001,
- The economic crises that were common place in Tobago prior to 2001 no longer occur,
- There have been significant improvements in Tobago's physical, educational, cultural, health and recreational infrastructure since 2001,
- There is now adequate protection for all our vulnerable groups in society with a wide-array of social-safety-net programmes; and last but not least,
- The longstanding and vexing issue of internal self-government for Tobago has been significantly advanced and we expect closure to this issue in the not too distant future.

Madam Presiding Officer,

- 8.2 Now that we are poised to transition to a new leader in the next period, I am confident that we can build on the gains we have made since 2001. But all of Tobago has a responsibility to work diligently and honestly for the continued development of the island. In view of the prevailing global, regional and national economic environment, I know the journey will not be easy but I am confident that

the attributes of honesty, determination and tenacity which defined Mr. London's leadership and which are shared by Tobagonians, will serve us in good stead.

8.3 While the new central government continues to grapple with the abysmal condition of the treasury, the limited resources left at its disposal and the resulting limited fiscal space, we in this Administration give our commitment to the people of Tobago that we will continue to play a role in maintaining the viability of our twin island economy. We will not engage in the profligate and reckless expenditure or make unwise investments as those we have seen across the waters in the past five years. We will continue to manage the resources of the people of Tobago with the judiciousness that is required in a small open vulnerable economy like Tobago. Our current political climate is already much more favourable than it has been at any time during the tenure of the former central government. In this new political environment of respect and collaboration, much more can be delivered to the people of Tobago notwithstanding the current economic challenges facing the country.

8.4 We have been blessed with an abundance of resources and to some extent have become less aggressive with regard to delivering on our personal responsibility to our country. For us to succeed, we must all play our part and contribute to this country's economic development. This applies both to individuals and to the business community. At this time in our history, we must collectively put our shoulders to the wheel and make a difference. It will mean changing some of our work habits; improving our productivity, becoming more innovative, developing a culture of savings and exercising greater prudence in the way we manage our corporate and personal resources. The THA will continue to play our part to provide the enabling environment for all Tobagonians to maximize opportunities in this challenging economic environment. It is only as a team that our islands will surmount these economic challenges.

Madam Presiding Officer,

8.5 This has been an auspicious morning and on behalf of the Chief Secretary, all the Secretaries and Assistant Secretaries of the THA, I most wholeheartedly thank you for the privilege of serving the people of Tobago as Secretary of Finance and to have played a supporting role in maintaining the stability of our economic environment for the benefit of all Tobagonians. I thank the Members sitting and

our audience, both within and outside of this Chamber - for your time and for your attention. May God continue to bless you all and the people of Tobago.

8.6 I beg to move.