



2018 **BUDGET STATEMENT**

ASSEMBLYMAN JOEL JACK

*Deputy Chief Secretary and
Secretary of Finance and the Economy*

UNLEASHING THE CREATIVE AND PRODUCTIVE CAPACITY OF OUR PEOPLE



Youth development through sport is a prime focus of the Assembly. In keeping with this mandate, the THA continues to support activities such as the National Primary Schools' Athletics Championships as an opportunity to harness and develop the talent and skills of young track and field athletes. This year, many of Tobago's students successfully competed in the 3K road race.



BUDGET STATEMENT FOR FISCAL 2018

Unleashing the Creative and Productive Capacity of Our People

- Building Economic Resilience
- Fostering Innovation and Creativity
- Supporting Our Tourism Industry
- Revitalising Our Agricultural Sector
- Developing Our Human Capital
- Providing Housing Opportunities
- Enhancing Health Care Delivery
- Fostering and Stimulating Rural Development
- Holistic Development of Young Adults
- Preserving Our Pristine Natural Environment
- Empowering and Building Communities

Presented By:

Assemblyman Joel Jack

Deputy Chief Secretary & Secretary of Finance and the Economy

Thursday 22nd June 2017

Table of Contents

1	Introductory Remarks	1
2	Global, Regional and National Context.....	4
3	Review of Recent Financial and Budgetary Developments.....	7
4	Tobago's Current Development Context	9
5	Tobago's Short to Medium Term Developmental Focus	14
6	The 2018 Expenditure Estimates	32
7	Financing the 2018 Expenditure Estimates	37
8	Conclusion.....	40

UNLEASHING THE CREATIVE AND PRODUCTIVE CAPACITY OF OUR PEOPLE

1 **Introductory Remarks**

Deputy Presiding Officer,
Honourable Chief Secretary,
Secretaries,
Assistant Secretaries,
Minority Leader and other Members of the House of Assembly,
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,
Good Morning.

- 1.1 Today, in my capacity as Secretary for Finance and the Economy, I am honoured for the opportunity to present to this august body, the Draft Estimates of Revenue and Expenditure of the Tobago House of Assembly for fiscal 2018. Although this is my fifth Budget presentation, I am just as impassioned today as I was during my first presentation in 2013. Today's submission represents the combined efforts of many individuals and groups within the Tobago House of Assembly and the wider Tobago community and before I proceed with the substantive aspects of my presentation, I would like to express my profound gratitude and appreciation to all of them. First of all, I wish to express sincere thanks to the people of Tobago for once again, for the fifth consecutive time, entrusting the management of the island to the capable hands of the People's National Movement. In my capacity as Deputy Chief Secretary, I am convinced that the vote in the last Tobago House of Assembly election represented a vote for integrity as well as for stable, committed and visionary leadership. I assure the citizenry that we do not take our renewed

mandate for granted—we remain dedicated to serving with distinction. Permit me to also express my sincere gratitude and profound appreciation to the Chief Secretary, all Secretaries and Assistant Secretaries, and staff of the various Divisions of the THA who tirelessly and selflessly contributed to the development of this presentation. Special commendation is extended to the employees of the Division of Finance and the Economy 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 Pre-Budget Consultations and the THA Budget Survey, whose numerous suggestions have helped us to identify some of the focal areas in today's Budget. I would like to commend as well, all who have worked with me as a team, for their expertise and tremendous generosity of spirit in helping to craft today's submission. I would also like to thank my wife and family for their steadfast support at all times. Above all, I thank Almighty God for his continued guidance, grace and inspiration throughout this entire exercise.

Deputy Presiding Officer,

- 1.2 Today's Budget Statement is being presented at a very interesting time in our nation's and indeed our island's development. It comes at a time when the national economy is in the midst of significant challenges largely due to depressed hydrocarbon prices. It also comes at a time when major economic adjustments are urgently required. Tobago is not insulated from the negative effects of depressed hydrocarbon prices nor are we protected from the economic adjustments that our country requires. We must all do our part and work together to surmount these challenges. I have every confidence that if we do, our island, and ultimately our nation, will be better off for it in the long run.

Deputy Presiding Officer,

- 1.3 At this juncture, Tobago is poised to capitalize on a burgeoning future, a point we have arrived at, not without struggle and sacrifice. But, this is not new to us for we have always been a people of resilience and perseverance, ready to confront challenges and ready to overcome them. Tobago has a promising future made possible by the work of several PNM Administrations on the island since 2001. It is also a future that is made possible by enhanced

With the support of the THA, Tobagonians are encouraged to increase their participation in the agricultural sector and support the island's economic diversification thrust through creative avenues for entrepreneurship and small business development.

In photos (below): A local farmer employs the aquaponics farming system to cultivate plants and harvest fish. This system yields numerous benefits including facilitating the natural growth of fruits and vegetables without the application of hazardous chemicals.



In photo (below): The Tobago House of Assembly welcomes opportunities for community engagement and feedback. In keeping with this, regular face to face meetings between elected representatives and members of the public have been facilitated at various community centres across the island. This level of interaction has numerous benefits which include deepening the democratic process as well as encouraging a collaborative problem solving mechanism for community issues and determining probable solutions for implementation.





The Tobago House of Assembly continues to support the island's cultural heritage which is influenced by a rich diverse ancestry. Cultural activities such as the Tobago Heritage Festival allows residents and tourists to experience the richness of our heritage. The festival, which is held in the month of July, encourages community building and enrichment through the incorporation of traditions and cultures from various communities across the island as many of our historic traditions and practices are re-enacted.

collaboration and partnership between the Tobago House of Assembly and the Central Government. Building on the foundation of the last 16 years, I can say the island is poised for further development. Critical to this will be the need to foster and unleash the creative energies and innovative potential of our people. And that is why today's budget presentation is aptly themed ***'Unleashing the Creative and Productive Capacity of Our People'***. What is required now is for all of us to put our shoulders to the wheel and work diligently for the further development of the island. That is the only way we can sustain and enhance the standard of living to which we have become accustomed and to achieve greater value for the economic resources we now have. Traditionally, Tobagonians are known to be hard working, productive, diligent and patriotic. These are the attributes our island requires at this time. It is noteworthy that some of these qualities were demonstrated when the island was recently affected by Tropical Storm Bret.

1.4 After 16 years of stellar service from the former Chief Secretary, the management of our island is now entrusted to new leadership. Let me take this opportunity, on behalf of all of Tobago, to extend a heartfelt thank you to His Excellency Mr Orville London, High Commissioner to London, for his sterling contribution to this island's development during the last 16 years. His dedication to Tobago and to the country has left an indelible mark on the development of the island.

1.5 Deputy Presiding Officer, now that the management of the island has been entrusted to new leadership, we must ensure that we give the Honourable Chief Secretary Mr. Kelvin Charles, all our support and I have every confidence we will continue to thrive under his stewardship.

Deputy Presiding Officer,

1.6 Following precedent, I will begin the substantive part of today's presentation with a review of international, regional and national economic developments. This will be followed by a brief examination of the Assembly's financial and budgetary position over the past year. We will then take stock of our overall development effort - - assessing how far we have travelled along the development trajectory, the opportunities we now have and the challenges we now face. We will then engage in an extensive analysis of the focal areas of the

budget for fiscal 2018. This will be followed by the presentation of the budget numbers for fiscal 2018 and the proposed financing mechanism. Thereafter, we conclude today's presentation.

2 Global, Regional and National Context

Deputy Presiding Officer,

- 2.1 It is no secret that Trinidad and Tobago is a small open economy which relies heavily on international trade and it is therefore prudent for us to take note of developments in the global landscape and assess the implications for us in Tobago. As policy makers in Tobago, we also need to be mindful of the developments regionally and nationally and I will therefore place this year's budget presentation into context by reviewing the international, regional and national economic environment.

a. International Economy

Deputy Presiding Officer,

- 2.2 In its latest projections for 2017, the International Monetary Fund (IMF) revised its original forecast for growth in the global economy upwards from 3.4 percent to 3.5 percent and projects growth of 3.6 percent for 2018. Much of the increase in global growth will come from the emerging economies, most notably China, where there has been a boost in investments after a period of subdued activity. India and other countries in the ASEAN bloc, are forecast to grow much faster than the global average. Generally, there is expected to be a revival in manufacturing, and commodity prices are projected to increase further. Higher levels of consumer confidence are also expected to generate greater buoyancy in the equity markets.

Deputy Presiding Officer,

- 2.3 The US economy is projected to grow by 2.3 percent in 2017 and 2.5 percent in 2018 as a result of an anticipated boost in business and consumer spending associated with its expansionary monetary stance. The 'America First' Policy of the new Trump Administration is expected to boost domestic economic activity while preserving American jobs. Growth in the Euro area for 2017 is projected at 1.7 percent, falling marginally to 1.6 percent in 2018, mainly as a

result of positive fiscal spill-overs from anticipated growth in the US economy. However, this is moderated somewhat by the uncertainty arising from the Brexit negotiations as well as elections of new governments in several member countries. The UK and Germany are both projected to grow by 1.5 percent in 2018.

- 2.4 In spite of the prospect for higher growth, one area of concern will be the re-emergence of inward-looking policies in the US and Europe which could result in greater levels of protectionism and restrictions on trade in goods and investment flows. This could dampen the spread of any stimulus to global growth. For Trinidad and Tobago, this may well mean possible reduction in export revenue as markets are adversely affected, as well as lower access to debt capital and reduced inflows of foreign direct investment.

b. Regional Economy

Deputy Presiding Officer,

- 2.5 At the regional level, economic activity in Latin America and the Caribbean is constrained by weak demand and low commodity prices, but is expected to grow modestly in 2017. Real GDP in this region is projected to grow by 1.6 percent in 2017. Challenges in Venezuela, Argentina and Brazil are likely to predominate and become largely responsible for the subdued regional outlook. For the Caribbean region, growth in tourism-dependent economies is projected to increase. Additionally, Guyana will continue its strong growth due to increased gold production and this positive outlook is likely to prevail with the new prospects for petroleum production in the future. Jamaica has also been able to grow with the revival of production in the agricultural sector, supported by tourism and business-process outsourcing sectors.
- 2.6 The historical tie between the United Kingdom and the Caribbean makes the region vulnerable to risks related to the UK's withdrawal from the European Union. Economic flows from tourism and remittances are likely to be affected and as such, this development must be closely monitored.

c. National Economy

Deputy Presiding Officer,

- 2.7 At the national level, since my last budget presentation to this House, the price of crude oil has fluctuated, primarily as a result of the production cuts by OPEC and some non-OPEC countries, notably Russia. The average West Texas Intermediate (WTI) price for crude oil over the last three (3) months was just below US\$50.00 per barrel. In respect of natural gas the Henry Hub price is averaging around US\$3.00 per MMBtu. The Central Bank of Trinidad and Tobago in its Economic Bulletin for March 2017 reported a decline in the petroleum sector for the second half of 2016 by 7.7 percent while natural gas production fell by 15.6 percent over the same period. However, gas production is expected to increase later this year as production commences from the Juniper platform.
- 2.8 The non-energy sector experienced mixed fortunes, with manufacturing declining by 4.3 percent while financial services and agriculture increased by 0.8 and 0.4 percent, respectively, in the third quarter of 2016. Lower energy prices and lower domestic energy production have weakened our external accounts somewhat. The country's gross official reserves as at the end of April 2017 was US\$9.1B, representing about 10 months of import cover.
- 2.9 Moreover, citing rising debt ratios, declining oil and gas production and fiscal consolidation challenges, Moody's downgraded Trinidad and Tobago from Baa3 to Ba1. This followed a similar position taken by Standard and Poor (S&P) to adjust Trinidad and Tobago's rating to BBB+ from A-, with a stable outlook. The downgrade by both agencies means that the cost of borrowing is now likely to be higher.
- 2.10 The challenges of economic growth have also been felt within our labour market. The Central Statistical Office (CSO) recorded an unemployment rate of 4.1 percent in the second quarter of 2016 compared to 3.2 percent in the previous year. Headline inflation was 3.1 percent in December 2016 while core inflation averaged 2.3 percent. The excess-demand pressures in the foreign exchange market have not abated and there has been a moderate depreciation of 2.1 percent in the \$TT/\$US exchange rate since last year. The rate currently stands at about TT\$6.77 per US dollar.

Deputy Presiding Officer,

- 2.11 Having reviewed the international, regional and national context in which the budgetary proposals are predicated, let me turn now to recent budgetary and financial developments in Tobago for fiscal 2017.

3 Review of Recent Financial and Budgetary Developments

Deputy Presiding Officer,

- 3.1 In the financial year ended 30th September 2016, the Tobago House of Assembly received a total of **\$2,302,717,132** from the Ministry of Finance and the Economy. The sum of **\$236,056,042** was collected as tax and non-tax revenues in Tobago on behalf of the Consolidated Fund and used to offset the total appropriation, bringing the total Parliamentary Appropriation to **\$2,538,773,174**, approximately 5 percent less than in fiscal 2015. Revenues generated independently by the Tobago House of Assembly totalled **\$45,972,757**--an increase of 66.5 percent over the amount for fiscal 2015.
- 3.2 For fiscal 2016, Recurrent and Development Programme Expenditure by the Tobago House of Assembly amounted to **\$2,467,869,118**. Of this sum, Recurrent Expenditure amounted to **\$1,952,253,861**, while Development Programme Expenditure amounted to **\$501,422,318**. Overall, the expenditure of the Assembly for fiscal 2016 was approximately 8 percent less than fiscal 2015. It is important to note that, of the recurrent expenditure incurred in fiscal 2016, the Tobago House of Assembly managed to honour its commitments to workers of the Tobago Regional Health Authority (TRHA) amounting to **\$70,164,829** as the first tranche of settling payment of arrears for the period 2011-2013.
- 3.3 Under the Contingencies Expenditure Account, unspent balances for the year ended 30th September 2015, amounted to **\$100,975,230**. This was used in fiscal 2016 to finance capital expenditure and other urgent projects and programmes in keeping with our mandate to improve the standard of living of all Tobagonians. Some of the major projects and programmes undertaken include the Unemployment Relief Programme (URP)--\$47.1M; the Community Based Environmental Protection and Enhancement Programme (CEPEP)--\$24M; the Adventure Micro Enterprise Project--\$7M and the THA Financial Assistance

Programme administered by the Department of Advanced Training and Advisory Services (DATAS)--\$5M.

- 3.4 For fiscal 2017, the total budgetary allocation to the Tobago House of Assembly amounted to \$2,334M; of which \$2,045M was allocated for Recurrent Expenditure and \$289M was allocated for Development Programme Expenditure. The overall budgetary allocation to the Assembly in fiscal 2017 was \$415M or 15 percent lower than the allocation to the Assembly in fiscal 2016.

Deputy Presiding Officer, I turn now to the Assembly's financial reporting systems.

- 3.5 Deputy Presiding Officer, we continue to enhance and upgrade our accounting systems across all Divisions to reduce the processing time for the payment, not only of employees, but also for our suppliers. At present, all our monthly paid employees along with 85 percent of all daily rated employees have been migrated to the Automated Clearing House (ACH) system resulting in more timely payments. The third phase of this initiative is scheduled to commence in August of this year with the on-boarding of suppliers. This will result in the reduction in the settlement time for the payment of goods and services as we strive to achieve international benchmarks.
- 3.6 Deputy Presiding Officer, the ACH rollout is a part of a larger initiative of the Division of Finance and the Economy to modernize the Assembly's financial architecture. It is expected that there will be considerable reform of the Assembly's financial reporting framework and in the management of public finances in the next financial year as a more expansive programme is being explored with the Inter-American Development Bank (IADB) to address the larger Public Financial Management (PFM) framework. This will include business process re-engineering for budget preparation and execution, and the migration to accrual accounting as per International Public Sector Accounting Standards (IPSAS). Moreover, this programme supports the advancement of results-based management by providing measurable indicators in real time. The preliminary work for this has already begun and a full roll out is expected during the upcoming fiscal year -- with this exercise scheduled to be completed by the end of fiscal 2018.

Deputy Presiding Officer,

- 3.7 This Administration, is committed to transparency and accountability in the conduct of the affairs of the people. We remain resolute in our efforts to modernize the Assembly's financial reporting framework, cognizant that this is a long term effort requiring extensive resources and expertise.

4 Tobago's Current Development Context

Deputy Presiding Officer,

- 4.1 As this PNM Administration, under new leadership, looks towards the future and seeks to advance Tobago's development, we must do so with a clear understanding of the current state of our development, the strides we have made, the challenges we overcame and those that now confront us as well as the opportunities that currently abound and will emerge in the future. Although development can be measured in various ways, by any yardstick, any fair-minded person looking at Tobago over the last sixteen years or so, will undoubtedly conclude that this island has done exceedingly well. All of us as Tobagonians should be justifiably proud of what we have been able to achieve together as a people. Please allow me to elaborate on the strides that we have made as it relates to various dimensions of development, starting with the economic dimension.

a. The Economic Dimension

Deputy Presiding Officer,

- 4.2 Tobago's Gross Domestic Product, an indicator of the economic health of the island, more than doubled between 2001 and 2016. For the period 2011 to 2016, the island's GDP grew from \$1.66B at an average annual growth rate of approximately 3 percent to \$1.86B. In this regard, the island can now boast of having one of the lowest unemployment levels in the English-speaking Caribbean. The latest data available from the CSO suggests that the rate of unemployment in Tobago at the end of the third quarter of 2016 was down from about 13 percent in 2001, to about 3.3 percent, which economists would consider to be full employment. The number of persons with jobs in Tobago increased by 10,300 from 21,700 in 2001 to 32,000 as at the end of the third

quarter of 2016. Likewise, the latest data available from the Central Bank now suggests that both headline and food price inflation in Tobago are now down to single digit levels from double digits a decade earlier. As of the end of February 2017, Tobago recorded headline and food price inflation of 3 percent and 5 percent, respectively. These rates compare very favourably with annual average rates of 4 percent and 9 percent recorded respectively for headline and food price inflation for the island in 2004, the earliest year for which we have inflation data on Tobago.

Deputy Presiding Officer,

- 4.3 I must reiterate that our economic expansion was not accidental. This economic expansion occurred because of the significant investment by this PNM led Administration over the last 16 years to create an enabling environment for the advancement and prosperity for all Tobagonians, and citizens resident on the island, as well as our objective to expand and develop a robust private sector and encourage entrepreneurial activity. Through the Enterprise Assistance Loan and Grant Programmes of the Business Development Unit, Tobagonians have been given approximately \$44M in financial assistance, along with technical support to start, operate or expand their businesses.
- 4.4 The Unit also provides support to existing and potential entrepreneurs by funding not only their participation, but also by showcasing and distributing their products in several national, regional and international trade shows and investment conventions including the annual Trade and Investment Convention (TIC) in Trinidad, the Caribbean and Central American Action (CCAA) Conference, the Caribbean Fashion Week in Jamaica, the Summer Fancy Food Show in New York, the Toronto Harbourfront Festival in Canada, the Commonwealth Countries League Fair in London and the Annual Havana Trade Fair in Cuba. These opportunities were crafted with the intention of facilitating greater export penetration of Tobago's products in regional and extra-regional markets.
- 4.5 Beyond the Loan and Grant Programmes, support is provided to encourage entrepreneurship on the island through the work of the Venture Capital Equity Fund Limited and our ongoing developmental work at the Tobago Cove

Eco-Industrial and Business Park. The Venture Capital Equity Fund Limited (VCEFL), currently holds a portfolio investment of \$4M in three companies within the light manufacturing and the agricultural sectors. As it relates to the Cove Eco-Industrial and Business Park, factory space is allocated to entrepreneurs to establish or expand their businesses and E-IDCOT is currently reviewing its rates and incentive programmes with a view towards increasing the number of tenants in the Park. Deputy Presiding Officer, the Park currently contains 2 factory shells for larger businesses and 2 Multi Producer Units for smaller businesses; and, approximately 86 persons are employed from tenant operations.

b. The Social Dimension

Deputy Presiding Officer,

- 4.6 Turning to the social dimension of development, I must state that as an island, we have made significant strides. In this regard, let us first look at education, where we have invested significantly at all levels, and today, according to data from the CSO, the proportion of the Tobago labour force with tertiary education is now up from 5 percent in 2001 to 20 percent as at the end of the third quarter 2016. Undoubtedly, the Assembly's investment in tertiary education is beginning to bear fruit. On an annual basis, through the Financial Assistance Programme administered by the Department of Advance Training and Advisory Services (DATAS) in the Office of the Chief Secretary, the Assembly invests approximately \$8M to support Tobago students pursuing tertiary education. Also, students in Tobago now have improved access to tertiary education on the island through institutions such as the University of Trinidad and Tobago, the University of the West Indies Tobago Open Campus, Cipriani College of Labour and Co-operative Studies, the College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTATT), Roytec, the Arthur Lok Jack Graduate School of Business, the University of the Southern Caribbean and the Tobago Hospitality and Tourism Institute.
- 4.7 Our educational infrastructure at the primary and secondary levels in Tobago also compares favourably with the region. With the construction of secondary schools at Goodwood, Speyside, and Mason Hall, and financial support to the Pentecostal Light and Life Foundation High School, there has been a

significant increase in the number of available spaces for students sitting the SEA examination. What this means is that all our SEA students have a guaranteed secondary school place. Additionally, we have a state of the art library facility in Scarborough, which is second to none in the Caribbean region. The Scarborough Public Library is undoubtedly one of the most modern, technologically equipped and efficient libraries operating in the Caribbean region. Users can boast of its automated book return, laptop kiosk and computer training for the elderly.

- 4.8 Focusing on health and our social safety net support, since the completion of the Scarborough Hospital, we have significantly expanded the range of health services available to our residents with the introduction of a number of new services inclusive of corneal transplant, haemodialysis, speech therapy, and cardiology. Also, most of our communities throughout the island are now served by a health centre. The ratio of health care facilities to population in Tobago compares very favourably to and exceeds that in neighbouring countries. Included among the new health facilities constructed in the last 16 years are the Scarborough, Charlotteville and Canaan Health Centres.
- 4.9 Additionally, Deputy Presiding Officer, we now adequately provide for most of our vulnerable groups in society through a wide range of social safety net programmes, including the Programme for the Realisation of Economic Achievement (REACH), the Golden Apple Adolescent Partnership Programme, the Child and Family Development Programme, the Programme for Adolescent Mothers (PAM), the Alcohol and Drug Prevention Programme (ADAPP) and the various programmes of the Women's Economic and Technological Empowerment Centre (WETEC) and the Tobago Rehabilitation and Empowerment Centre (TREC).
- 4.10 In respect of housing, over the last 16 years, notwithstanding budgetary constraints, the Assembly has invested significantly in making housing opportunities available to Tobagonians through the purchase of a number of large estates including Courland, Friendship and Shirvan. In addition, we now provide financial support to enable Tobagonians to improve their homes through numerous programmes inclusive of the Home Improvement Grant

Programme, the Home Improvement Subsidy and the Home Completion Programme.

c. The Physical Dimension

Deputy Presiding Officer,

- 4.11 We now turn our attention to the physical dimension of development. As it relates to roads, we have significantly upgraded and expanded our road networks on the island, so much so, that our road network in Tobago also compares favourably with those of our Caribbean neighbours. On an annual basis, the Assembly spends approximately \$48M to upgrade primary and secondary roads on the island. Some major roads constructed over the tenure of this PNM Administration include the L'Anse Fourmi/Charlotteville Link Road, the Spring Garden Trace and the Mason Hall/Les Coteaux Road. We have also invested significantly in building our community and our recreational infrastructure. As a result, many of our communities in Tobago have now been provided with community centres, multipurpose facilities and recreational areas with several well-lit playing fields. Many of these communities have also been provided with other modern facilities such as the 16 IT Literacy Walk-In Centres throughout the island.

Summary

- 4.12 Deputy Presiding Officer, however we define development, Tobago has come a long way since our PNM Administration took office in 2001. Undoubtedly, the level of development we were able to achieve did not come without its challenges. Please permit me to elaborate on three critical ones. The first is the perennial shortfall in funding from the central government to finance our Development Programme. Historically, the Assembly's Development Programme has been underfunded and this has significantly compromised the rate and scale of implementation of our development activities.

Deputy Presiding Officer,

- 4.13 The second challenge we face in advancing Tobago's development is with respect to the current legislative and constitutional arrangements between the Assembly and the central government. There are significant constraints, for instance, the current lack of authority and flexibility to engage in certain

financial transactions, and to source funding to facilitate our developmental agenda based on our own financial standing. Under the existing legislative arrangements, Tobago's present and potential contributions to the national purse are not clearly defined. These all serve to impede and frustrate Tobago's development and that is why the issue of greater autonomy is paramount to advancing Tobago's development.

- 4.14 The third challenge relates to inefficiencies in the inter-island air and sea bridge. Deputy Presiding Officer, we know that residents as well as the business community have been adversely affected by the recent interruptions on the sea bridge. We view this situation as unfortunate and untenable and we acknowledge it has continued for far too long. The Assembly has been in close and constant discussions with the Minister of Works and Transport and the Board of the Port Authority, and I would like to inform this honourable House that a solution to the current issue is imminent.

Deputy Presiding Officer,

- 4.15 Notwithstanding these challenges, I have every confidence that as a people we can work together to surmount these challenges. Each of us has a responsibility to contribute to the development of Tobago; this is not solely the responsibility of the Assembly. We are at a critical juncture in our development and what is required is for us all to put our creative minds to work and be determined to resolve the challenges which now confront us. We cannot default to theatrics and attempts to score cheap political points on important issues regarding our development. Indeed it will be a travesty if we do not grasp with both hands the opportunity to be an integral part of our island's progress - our children and our children's children will not forgive us. We must therefore harness our creative energies and fully exploit our productive capacity as we strive to further develop our blessed island.

5 Tobago's Short to Medium Term Developmental Focus

Introduction

Deputy Presiding Officer,

The recently commissioned state of the art Meteorological Office Facility is a modern meteorological facility located at Cromstain Trace, Crown Point, Tobago with the capacity to be utilized as a relief shelter in the event of a natural disaster. The facility is in compliance with international standards and will improve the timeliness and accuracy of weather forecasts.





Our island's wealth lies in the well-being of our people. This current Administration is committed to ensuring that the health and wellness of all Tobagonians is safeguarded. During Vaccination Week 2017, over three hundred (300) persons were immunized for vaccine-preventable diseases such as measles, mumps, tetanus, chicken pox and the human papilloma virus (HPV). Other medical tests were conducted, reinforcing THA's mission of healthy homes and families across the island.



In photo (above): Self Advocate & Motivational Speaker, Mr. Sujeet Desai entertains the audience at the Down Syndrome Family Network's World Down Syndrome Conference on March 21st, 2017 at the Magdalena Grand Beach and Gulf Resort, Lowlands, Tobago.



In photo (above): Talented students of the Technical Vocational Centre for persons with disabilities displayed their creative ability during a session of drumology at the World Down Syndrome Conference.

In photo (right): Finance Secretary and Deputy Chief Secretary, Assemblyman Joel Jack, second from left, stands alongside Happy Haven School teacher, Mrs. Sharon Job Edwards, far left, and other staff members of the Division of Finance and the Economy following a distribution ceremony at the School in Signal Hill as part of the Division's annual outreach activities.



Inclusion of Vulnerable Groups:

The Assembly recognizes the importance of protecting and including disadvantaged and marginalized groups within the society.

The THA continues to honour its commitment to provide assistance and foster opportunities whereby these persons can have a voice and participate in community based activities.

- 5.1 The budget of the Assembly for fiscal 2018 will focus on several broad thematic areas that will ensure that this island's development trajectory continues in a balanced and strategic manner. The budget numbers, which I will present later on, were largely influenced by several sources of information including the budgetary submissions of the various Divisions, the Manifesto of the PNM in the last THA Elections, the THA's Pre-Budget Survey for 2017 and the Comprehensive Economic Development Plan for Tobago (CEDP 2.0). Accordingly, the budgetary proposals for fiscal 2018 expand on the following thematic areas: Building Economic Resilience, Fostering Innovation and Creativity, Supporting Our Tourism Industry, Revitalising Our Agricultural Sector, Developing Our Human Capital, Providing Housing Opportunities, Enhancing Health Care Delivery, Fostering and Stimulating Rural Development, Holistic Development of Young Adults, Preserving Our Pristine Natural Environment and Empowering and Building Communities. Deputy Presiding Officer, I will now elaborate on each of these in turn, starting with Building Economic Resilience.

a. Building Economic Resilience

Deputy Presiding Officer,

- 5.2 It is widely accepted that Tobago's economy, similar to the national economy, is dependent on a few economic sectors. The most recent data available from the Survey of Business Establishments conducted by the Division of Finance and the Economy suggests that the services sector is still by and large the most dominant sector in the Tobago economy, accounting for approximately 90 percent of the island's GDP. It is well established that the services sector is highly vulnerable to the vagaries of the international economic environment, as we saw during the global financial crisis. As such, for Tobago as an island to develop economic resilience on any sustainable basis, economic diversification is imperative.
- 5.3 But, Deputy Presiding Officer, for diversification to occur, there needs to be meaningful collaboration and partnerships amongst the private sector, workers and the state. The private sector needs to identify new products and services that have marketable value on a sustainable basis. Workers need to ensure they increase their productivity levels and produce goods and services

efficiently, and the state is required to create the enabling environment to allow for the development of these products and services that foster sustained economic prosperity.

Deputy Presiding Officer,

- 5.4 At the core of our strategy for diversification and the development of economic resilience, are our activities at the Business Development Unit (BDU) in the Division of Community Development, the Sector Development Unit in the Division of Finance and the Economy, and the work of E-IDCOT. To illustrate, over the next fiscal year, the BDU, will seek to expand the current limit of its Loans and Grants from \$250,000 to \$500,000 and from \$25,000 to \$50,000, respectively. In addition, we propose to streamline BDU's processes to reduce the processing time of loan and grant applications. Also, through a special outreach initiative the BDU proposes to make its services more accessible to persons in the community and will expand its training programmes in business readiness to prospective and existing business persons. Further, over the next fiscal year, the Strategic Sector Development Unit (SSDU) in the Division of Finance and the Economy will conduct research to assess the export readiness of targeted sectors in Tobago inclusive of garment manufacturing, agro-processing, art and craft and woodworking. Additionally, the Unit will provide training to allow entrepreneurs to capitalize on existing domestic and export opportunities. We are heartened by the prospects for a number of sectors especially agro processing and bee keeping.

Deputy Presiding Officer,

- 5.5 E-IDCOT is in the process of finalising a new strategic plan that will guide the company's approach to business development over the next five years. The company has several strategic initiatives aimed at fostering enterprise development in Tobago. These include, but are not limited to:
- The construction of additional factory space to allow entrepreneurs to establish or expand their business operations. Construction work on the third factory shell should be fully mobilised by the start of 2018 and the fourth Factory Shell will commence construction before the end of the 3rd quarter of fiscal 2018;

- The construction of a Tier 3 Data Centre at the Park. This is a joint venture between TSTT and E-IDCOT and an agreement is expected to be signed shortly;
- Following the success of a pilot programme, E-IDCOT in collaboration with Animae Caribe will commence the roll-out of a comprehensive animation programme in Tobago. This will make it possible for Tobagonians to seize existing business opportunities in the field of animation; and,
- Finally, a feasibility study for the construction of a commercial cargo port facility in Tobago is scheduled to be completed in the last quarter of 2017. It is envisioned that the construction of port facilities in close proximity to Cove will serve as an incentive to attract new businesses to the Industrial Park and to the island and facilitate the importation of raw materials and the export of finished goods.

Deputy Presiding Officer,

- 5.6 Beyond our work at the Business Development Unit, the Strategic Sector Development Unit and E-IDCOT, we will continue our collaboration with the Tobago private sector as we are mindful of our current position as the key facilitator of economic activity on the island and the urgent need to expand and develop a more resilient private sector. Deputy Presiding Officer, we continue to work with the Chamber and other stakeholders in the business community and we will continue this consultative engagement towards finding workable solutions to some of the challenges in the business community. We will also continue our efforts to provide the necessary support and enabling environment for the growth and development of SME's and the wider business community.

b. Fostering Innovation and Creativity

Deputy Presiding Officer, let us turn our attention to fostering innovation and creativity.

- 5.7 Deputy Presiding Officer, as a society we need to be more creative and innovative. Therefore, we must increase our investment in research and development. In a global environment that is dynamic, our businesses will only develop and maintain competitive advantages in the various industries in

which they operate, if they engage in continuous innovation. That is, our businesses must continuously strive to reinvent themselves and adopt a *kaizen* approach to doing business. Research has shown that businesses that engage in innovation to differentiate and create new products and services outperform their competitors. We must not believe that we are too small to engage in meaningful innovation. In this regard, we must rigorously examine and refine our business processes and find new, more efficient and innovative ways of doing business to enable us to be prudent with reduced financial resources.

- 5.8 This Administration will continue to create the necessary ecosystem to enable innovation to occur in any meaningful way. In this regard, our education system at all levels will be reoriented to create more critical thinkers and innovators – with a focus on more creative approaches to problem solving. In addition, because innovations are not always easy to monetize, we will provide both technical and financial support to allow individuals and firms to effectively commercialize their inventions. We will provide the necessary support for our innovators to have ready access to agencies such as the Bureau of Standards and CARIRI to facilitate product and quality assurance tests. We also propose to engage in meaningful collaboration and partnerships with the private sector and with tertiary institutions to encourage and facilitate innovation. One initiative that is proposed to stimulate creativity and innovation among the island's young adults is an annual Youth Research and Innovation Business Competition.
- 5.9 Deputy Presiding Officer, also critical to our thrust to stimulate innovation over the next fiscal year will be our work at the Tobago Information Technology Limited (TITL). I am pleased to announce that in March of this year construction commenced on TITL's new Innovation Centre. Work on the Centre is expected to be completed by September of this year at a total cost of \$6M. This will allow for an expansion of the ICT training portfolio offering international training, certification and testing; the provision of performance improvement and operational efficiency consulting services for businesses seeking integrated functional solutions; shared space for the development of prototypes, and applications, with the aim of promoting a technology-driven collaborative community that fosters creativity and productivity.

- 5.10 Deputy Presiding Officer, in a previous budget statement in this honourable House, I outlined the need for Tobago to advance our evolution to a knowledge-based economy leveraging ICT to advance socio-economic development. Today, I am pleased to announce that the Division of Finance and the Economy through the TITL has concluded a series of very productive consultations with leading global ICT provider Huawei Technologies, that will not only support the aforementioned Innovation Centre, but will also introduce a comprehensive training programme that will provide at least 500 skilled jobs within the next three to five years in fields such as networking, data storage and unified communications as well as other ICT professions. In addition to this, we plan to introduce custom ICT platforms for the agricultural sector to enhance the nascent produce exchange currently operating through the Tobago Agricultural Society, and also for the medium and small properties within the tourism sector to assist with their e-commerce marketing challenges as well as registration and data collection efforts. Further consultation with these stakeholders will be scheduled over the next three months to ensure that the final product effectively addresses their needs. I would like to reiterate that, these initiatives are part of a larger strategy to develop the island's technological architecture, which will include streamlining government services through a common platform, facilitating increased data driven decision making and policy formulation, and as a result, more efficient and effective planning and a greater ease of doing business in Tobago. This three year plan will result in smart institutions and smart communities; and Tobago becoming an intelligent island.

c. Supporting Our Tourism Industry

Deputy Presiding Officer, turning my attention to the tourism sector.

- 5.11 Notwithstanding our ongoing efforts to diversify the Tobago economy, over the short to medium term, this Administration recognizes that the Tourism sector will continue to be a major driver of economic activity on the island. We are also aware that the tourism industry is dynamic and highly susceptible to the vagaries of the international economic environment. Deputy Presiding Officer, particularly since the occurrence of the global financial crisis in 2008/2009, the industry on the island has had its fair share of challenges, which this

Administration remains committed to addressing. In this regard, earlier this year, in an effort to achieve greater efficiency and effectiveness in the execution of tourism policy on the island, the Executive Council approved the establishment of a Tobago Tourism Agency (TTA). Some of its primary functions include:

- Collaborating with tourism stakeholders in the development of Tobago as a premier destination in the southern Caribbean;
- Designing and implementing suitable and effective marketing strategies for the promotion of the island's tourism product;
- Conducting relevant and timely research to guide policy formulation in the tourism sector; and,
- The registration and classification of tourist accommodations in accordance with established international benchmarks.

Deputy Presiding Officer,

- 5.12 It is envisioned that this new entity will increase operational efficiency and enhance the execution of tourism policy on the island. A board of directors for this agency will soon be appointed and will be chaired by an eminently qualified Tobagonian lecturer in the Tourism Management Programme at UWI Cave Hill Campus.
- 5.13 Additionally, Deputy Presiding Officer, as festival tourism remains a vital component of the island's tourism product, the Executive Council approved the establishment of a taskforce, headed by UWI Lecturer Dr. Keith Nurse—an expert in the area of cultural economics. The primary responsibility of this taskforce is to assess the effectiveness, relevance and viability of the Tobago Jazz Festival and other tourism related festivals and to make recommendations for their growth, development and sustainability. The Taskforce is expected to report in three (3) months and this report will guide the Assembly's approach to funding festivals in the next fiscal year.
- 5.14 Deputy Presiding Officer, there are several other strategic initiatives planned by the Assembly to assist in revitalizing the tourism sector on the island. Over the next fiscal year, these initiatives include:

- The strengthening of the institutional capacity of the Research Department at the Tourism Division to conduct relevant research and provide timely and reliable data and statistics to guide policy formulation in the tourism sector on the island;
- Collaboration with Caribbean Airlines Limited (CAL) to reduce the gap between demand and supply for seats on the domestic air bridge, especially at peak times;
- The introduction of new product offerings and experiences such as Canopy Tours at the Main Ridge Forest Reserve, the Scarborough Heritage Trail project and the further development of Fort King George;
- Encouraging and promoting community based tourism throughout Tobago;
- The enhancement of the marketing programme under the Tourism Rolling Plan at an estimated cost of \$100M;
- Assistance to small properties in the tourism industry at a cost of \$15M;
- The provision of relevant and quality training through the Tobago Hospitality and Tourism Institute to prepare Tobagonians to effectively exploit all existing and emerging jobs in the tourism industry on the island and to improve the quality of service delivery to visitors and locals alike;
- The establishment of greater synergies and linkages between the tourism industry and our cultural industries, thereby effectively monetizing our culture; and,
- The revision of our tourism investment strategy with a view towards attracting recognised brands thereby reducing the room stock gap on the island.

5.15 Deputy Presiding Officer, we propose to adopt a more proactive approach as we prepare our tourism and related sectors to fully exploit all the potential benefits and opportunities that a Sandals Resort can offer Tobago. The Sandals project could undoubtedly be a game changer for Tobago. This project will assist in addressing three critical problems affecting our tourism sector: airlift, a shortage of high quality rooms and the marketing of destination Tobago. As a result the Assembly will continue to work with our partners in central government to ensure Tobago derives optimum benefit from this project

while giving due consideration to all the environmental, economic and social concerns.

- 5.16 What is therefore required, is that each Tobagonian must be prepared to take advantage of all the prospects available through the Sandals arrangement. Our training programmes, particularly at the Tobago Hospitality and Tourism Institute will be adjusted to revive our tradition of service excellence and guide our young people to some of the opportunities of the project. Our farmers and fisher folk must begin to prepare and align themselves in such a way that they also will maximise these opportunities. Deputy Presiding Officer, this Administration will continue to do our part in preparing Tobago and Tobagonians to maximize these opportunities.

- 5.17 Deputy Presiding Officer, I now turn to the Agriculture sector.

d. Revitalizing Our Agricultural Sector

Deputy Presiding Officer,

- 5.18 This Administration is mindful of the role the agricultural sector can play in generating economic activity, job creation, reducing food price inflation, as well as reducing our dependence on external sources for basic food items and in improving food security.
- 5.19 Earlier this year, the Executive Council approved the establishment of an Agricultural Revitalization Team that will work with the Secretary of Food Production, Forestry and Fisheries to formulate an Agricultural Revitalization Plan to position the agriculture sector as a major driver of sustained economic activity. This Plan will guide public and private sector efforts in addressing the major developmental challenges facing the sector. Over the next fiscal year, the Division of Food Production, Forestry and Fisheries proposes several initiatives to reposition agriculture as a key driver of economic growth on the island. One of the major initiatives proposed by the Division is the development of an Agro-Park on the Friendship Estate at an estimated cost of \$10M. It is proposed that this Park will serve as a model farm allowing for intensive commercial production of select vegetables and root crops as well as the introduction of modern agricultural practices and appropriate innovative technologies. It is envisioned that the new Agro Park will:

Investment in Education: The construction of the Scarborough Roman Catholic Primary School at Smithfield, Scarborough continues apace, signalling new beginnings for this established institution. Students, teachers and parents can anticipate a modernised school facility with spacious classrooms, recreational areas, parking and other amenities. This investment in education by the Tobago House of Assembly, estimated at \$60 million, will accommodate 750 students and will certainly nurture many of Tobago's future leaders.





Diversification of the economy through entrepreneurship is one of the imperatives of the Tobago House of Assembly. As such, the Assembly invests in valuable commercial spaces, as among them, the recently commissioned Argyle Micro Enterprise Centre to enhance social and economic growth as well as empower communities.

- Employ modern technology to enable the benefits associated with economies of scale to be fully exploited;
- Serve as a centre for research, training and capacity building for farmers and assist farmers in modernizing their farming practices; and,
- Facilitate greater private sector involvement in the agricultural sector.

5.20 Another major initiative of the Division of Food Production, Forestry and Fisheries (FPFF) in the upcoming fiscal year is a programme of cocoa rehabilitation. We are cognizant of the fact that fine flavoured cocoa is in high demand and fetches premium prices on the international market. We are also mindful of the historical importance of cocoa to the Tobago economy. The Division proposes to utilize agricultural lands to develop an effective value chain in cocoa and chocolate production. In this regard, the Division will collaborate with the UWI Cocoa Research Centre to leverage their technical expertise in areas of research and product development.

5.21 Deputy Presiding Officer, to increase food production on the island, we will expand and intensify the Agricultural Access Roads Programme. This will open up more lands for agriculture and other developments. Concerted efforts will be made to link agriculture with the school feeding programme and seed funding will be provided to encourage more persons to be involved in agriculture. In addition to these initiatives Deputy Presiding Officer, capacity enhancement training and business readiness programmes will be introduced in this fiscal year to prepare farmers and agro-processors for the opportunities that will emerge from investments in the tourism sector with the construction of the Sandals Resort and other international brands.

5.22 Deputy Presiding Officer, other initiatives of the Division of Food Production, Forestry and Fisheries to boost agricultural production on the island over the next fiscal year include:

- Encouraging and facilitating greater synergies between the agricultural sector and other sectors of the economy such as tourism and the health sector;
- Enhancing the capacity of the Propagation and Demonstration Stations and the Tissue Culture Facility to increase the availability of planting

material to the public. Targeted crops include citrus and other tree crops, plantains, bananas and dasheen;

- Expanding the Hope Farm Genetic Centre which will focus on artificial insemination and on conserving and improving the genetic resources of our livestock;
- Facilitating youth involvement in agriculture through improved access to capacity enhancement training and a revision of the Youth Apprenticeship Programme in Agriculture (YAPA); and,
- Ensuring small family farmers are exposed to modern agricultural practices and technologies such as hydroponics and aquaponics.

e. Developing Our Human Capital

Deputy Presiding Officer, I now turn to human capital development focusing on education.

- 5.23 Human capital development is central to the developmental strategy of this Administration. In this regard, the Division of Education is currently in the process of developing strategies to improve the quality of education at all levels in Tobago. We are committed to a strategic, progressive developmental plan that begins with the establishment of a dynamic Early Childhood Care and Education (ECCE) Unit tasked with providing broad-based learning and ensuring a nurturing and stimulating environment. During the next fiscal year, the Division of Education in collaboration with Inter-American Development Bank (IADB) will begin construction on five (5) Early Childhood Centres in Roxborough, Courland, Adventure, Bon Accord and Belle Garden. During the construction phase, there will be extensive training for parents, teachers and other stakeholders to ensure a seamless transition into these new schools.
- 5.24 Greater focus will also be placed on improving the infrastructure at primary schools throughout Tobago. In this regard, Deputy Presiding Officer, I am pleased to announce that the Scarborough RC School is scheduled for completion by September 2018. The Project Manager has given us the assurance that construction is proceeding within time and within budget. In

addition, improvement works and upgrades are proposed for primary schools in urgent need of repairs.

Deputy Presiding Officer,

- 5.25 This Administration is determined to cater extensively to the requirements of students with special needs. Our two special needs schools, the Tobago School for the Deaf, Speech and Language Impaired and the Happy Haven School, will be upgraded and expanded to provide easier accessibility and comfort to students with disabilities. It is our intention to build a School for the Deaf at Signal Hill with support from the Caribbean Development Bank.

Deputy Presiding Officer,

- 5.26 This Administration plans to expand the availability of tertiary education on the island. We will continue to provide financial assistance to Tobagonians to pursue tertiary level studies through the Financial Assistance Programme administered by the Department of Advanced Training and Advisory Services (DATAS) in the Office of the Chief Secretary at an estimated cost of \$8M. Our programmes at the Tobago Hospitality and Tourism Institute will be a part of our broader strategy of expanding tertiary education on the island.

f. Providing Housing Opportunities

Deputy Presiding Officer, please permit me to turn to housing.

- 5.27 We are aware that the acquisition of a home may be the largest single investment an individual may make in his or her lifetime. We also know that with the current price of real estate in Tobago, not all Tobagonians can afford to purchase a home on the private market or construct a new home. Therefore, to address this market failure, intervention by the Tobago House of Assembly is necessary. Although the PNM Administration in Tobago has invested significantly in the provision of housing for Tobagonians in the past, our housing programme continues to be stymied by funding constraints. As a result, there is a significant gap between the supply and demand for public housing. At present, there are over 7,500 applicants listed in the Assembly's database. In an attempt to address this, we continue to collaborate with the private sector in devising novel arrangements for the provision of affordable housing. Deputy Presiding Officer, we are reviewing potential Public Private

Partnership (PPP) proposals and we will continue to work with our multilateral partners and other stakeholders to develop innovative solutions to our housing needs in Tobago. In addition, the Division of Settlements will continue to assist Tobagonians who own lands and are seeking to build homes through the Beneficiary Owned Land Programme and the Home Completion Programme. The Division will also continue to support existing homeowners through the Home Improvement Grant and the Home Construction Subsidy. Additionally, the Division of Settlements will collaborate with the Division of Community Development in making application forms available at community centres where persons can apply for the various home improvements grants in a hassle free manner.

Deputy Presiding Officer,

- 5.28 Related to the issue of housing is the long standing issue of land titles in Tobago. It is no secret that many Tobagonians are in possession of lands without proper title. This has affected their ability to leverage the equity in their real estate in order to gain access to financing from lending institutions. When the last PNM Central Government demitted office in 2010, Bills had been prepared and were ready to be taken to Parliament to address the issue of land titles in Tobago. Under the UNC-led Administration, nothing significant was done to advance this issue. Our commitment to the people of Tobago, is to work with the PNM-led central government, as a matter of urgency, to ensure successful passage of the legislation to settle this issue. In this regard, I am pleased to announce that this PNM-led central government has completed and tabled a draft Bill that is on the Order Paper for debate in Parliament.

g. Enhancing Health Care Delivery

- 5.29 Turning to the issue of health care delivery. Deputy Presiding Officer, we are cognizant of the fact that there is a relationship between the quality of health care we as citizens enjoy, and our overall standard of living and quality of life. We also understand that there is a relationship between the status of our health and the overall level of productivity of our society. As an Assembly, we have invested significantly over the last 16 years to improve our health infrastructure on the island, so much so, that our primary and secondary

health care facilities compare very favourably to international benchmarks. Building on our relatively sound health infrastructure, what is now required is that we continue to improve and expand the quality of our health services. We recognize there is a growing problem of non-communicable diseases (NCDs) such as heart disease, diabetes, stroke and hypertension; not only in Tobago, but nationally. We also know that non-communicable diseases share common risk factors such as unhealthy diets, tobacco and alcohol use, obesity and physical inactivity. As an Administration, we are intensifying ongoing efforts to reduce the incidence of these diseases in Tobago.

Deputy Presiding Officer,

- 5.30 Additionally, we are mindful of the growing prevalence of cancer among Tobagonians and are also mindful that cancer is one of the leading causes of death on the island. To continue the fight against cancer on the island, only recently the Executive Council approved the establishment of a Palliative Care Facility that will provide specialized medical care for victims of cancer and other serious illnesses.

Deputy Presiding Officer,

- 5.31 To ensure persons in the community have greater access to our health centres and to ensure the effective decentralization of health services to the communities, we will redouble our efforts to implement extended opening hours of health centres across the island.

h. Fostering and Stimulating Rural Development

Deputy Presiding Officer, we now examine our efforts to stimulate development on the island.

Deputy Presiding Officer,

- 5.32 As an Administration, we recognize that for development to be sustainable it must take place in a holistic and balanced manner. We also recognize that development in the northern and eastern areas of Tobago has not kept pace with the rest of the island and this is something we propose to address in a more strategic manner. In this regard, we propose to establish a Unit in the Office of the Chief Secretary (OCS), with primary responsibility to develop and

implement an Integrated Development Action Plan (IDAP) to promote a more coordinated and sustainable approach to development in these areas.

5.33 This Action Plan is predicated on five key thematic pillars: supporting sustainable communities; supporting enterprise and development; maximizing eco-tourism; fostering culture and creativity and improving infrastructure and connectivity. Its key objectives include, but are not limited to:

- The creation of new jobs in the eastern and northern areas of Tobago by supporting the establishment of cottage type industries and other light manufacturing industries;
- The provision of enhanced support to stimulate the agricultural, fishing and tourism sectors;
- The decentralization of government services;
- The enhancement of the public transport system;
- The implementation of targeted disaster mitigation and management plans giving due consideration to the unique challenges in these areas; and,
- The provision of improved telecommunication and ICT coverage.

i. Holistic Development of Young Adults

Deputy Presiding Officer, we now turn to our efforts to ensure the holistic development of our young adults.

5.34 This Administration understands that Tobago's young adults are our greatest assets. We also understand that sustainable development requires young people to play a critical role in our development. We are therefore committed to improving their lives by providing support for their overall development and providing opportunities to prepare them for their role in developing Tobago. Through the recently created Division of Sport and Youth Affairs, there are a number of initiatives all geared towards the holistic development of Tobago's young adults. This Division has as its mandate the empowerment of young adults through programmes that allow them to be a part of the development on the island. Over the next few years, driven by its strategic plan themed "*Youth Empowerment Strategy of Tobago*", the Division will promote the empowerment of young people in Tobago by:

- Facilitating their active participation in Tobago's developmental agenda;
- Supporting their involvement in entrepreneurial activities;
- Building the capacity of youth development organizations on the island to design, implement, manage and monitor youth development programmes;
- Providing financial, technical and other assistance to youth organizations in the implementation of their strategic objectives;
- Providing capacity building and professional development training to assist young people in making the adjustment to the world of work;
- Fostering and supporting youth programmes within communities to promote family development and the adoption of healthy lifestyles; and,
- Facilitating the involvement of young people in sporting and other recreational activities.

Deputy Presiding Officer,

5.35 Beyond our work in the Division of Sport and Youth Affairs, there are a number of other initiatives across the Assembly which target the development of young people. For example, through the Youth Energised for Success (YES) Programme in the Division of Finance and the Economy, the Assembly will continue to provide programmes and initiatives that foster employment readiness among our island's youth. These programmes include Life Skills, Resume Writing and Interview Skills, Professional Development Workshops, the Youth Entrepreneurship and the Summer Internship Programmes. In addition, through the Financial Literacy Secretariat in the Division of Finance and the Economy, there are a number of programmes all geared towards assisting young people in making informed financial choices. These programmes include the Junior Savings Programme, Financial Fitness and Tobago Money Matters.

j. Preserving Our Pristine Natural Environment

Deputy Presiding Officer, I now turn my attention to the environment.

5.36 The Assembly's Budget for fiscal 2018 also places great focus on the issue of environmental sustainability. Deputy Presiding Officer, even as we strive to stimulate economic and social development on the island, we must not do so at

the expense of our pristine environment. We must continue to hold steadfast to the CEDP's main tenet of keeping Tobago, '*Clean, Green, Safe and Serene*'. It is important that we all recognize that the continued prosperity of Tobago's economy and society depends on the integrity of the environment. Our island is blessed with tremendous natural beauty and we must preserve this. We must all act as custodians of Tobago's pristine beauty, its fertile land, its freshwater and marine resources, its flora and fauna, and share in the commitment to protect these resources for future generations. Over the next fiscal year, the Assembly proposes to intensify existing efforts aimed at ensuring that Tobago's development proceeds in a sustainable manner. Among these initiatives are:

- The implementation of an effective coastal zone management programme to treat with the growing problem of coastal erosion;
- The design and implementation of a more effective Solid Waste Management System that preserves water quality as well as marine life and activities;
- The improved collaboration with NGOs, CBOs and other groups in society on environmentally sustainable programmes;
- The enhanced collaboration with local, regional and international research institutions in the production of timely, reliable and accurate data that can shape policy regarding Tobago's environmental resources; and,
- The phasing out of Styrofoam use and its replacement with suitable alternatives.

k. Empowering and Building Communities

Deputy Presiding Officer, we now look at our initiatives to empower and build communities.

Deputy Presiding Officer,

- 5.37 Sustainable development requires communities to be at the focal point to ensure their effective participation in the development process. For this to occur, communities must be truly empowered. Recently, the Executive Council approved the establishment of the Community Consultative Planning Unit in

the Division of Community Development, Enterprise Development and Labour with a primary mandate to bring the Assembly's services even closer to the people, and to foster an improved relationship between the Assembly and the community. This Unit has as its core objectives:

- The engagement of community stakeholders to actively participate in the development of their communities;
- The development of a framework to ensure a more customer centric approach to service delivery in communities; and,
- The establishment of indicators to measure development within communities.

Deputy Presiding Officer,

5.38 Over the next year, led by the Community Consultative Planning Unit, greater emphasis will be placed on strengthening partnerships with key stakeholders in communities such a village councils, NGOs, FBOs and CBOs, to enhance the delivery of government services to the people of Tobago and to foster the development and empowerment of communities. In addition, greater attention will be placed on promoting entrepreneurship and building self-reliance at the community level.

5.39 Also, through the Vocational Training Programme, this Administration will continue to provide capacity building training to persons in the community. Over the next few months, eighteen (18) training programmes are scheduled to be conducted in thirteen (13) community centres throughout Tobago. Deputy Presiding Officer, beyond the capacity building programmes, there are a number of novel community programmes which will continue and in some cases be expanded. These include the Integrated Literacy Programme, the I Am W.O.M.A.N Programme, the REAP WHAT YOU SOW Programme, the Night Market Programme and the Pride of Tobago Project.

Deputy Presiding Officer,

5.40 Beyond these community empowerment programmes, work will continue in the upgrade of existing community facilities. In the upcoming fiscal year, repair and upgrade works are scheduled for various community centres

throughout the island including Calder Hall, Parlatuvier, Glamorgan, John Dial, Betsy's Hope, Mt Grace, Charlotteville, Delaford and Mt Pleasant.

Summary

Deputy Presiding Officer,

- 5.41 The foregoing are the broad thematic areas which the fiscal package of the Assembly for 2018 will address. I remain eternally grateful for the many individuals, organizations, and groups who assisted me in shaping the budgetary proposals of the Assembly. Looking ahead, as the life of the CEDP 2.0 comes to an end later this year, there is a need to develop a new planning framework for Tobago to guide the island's development in the medium term. The new framework should be developed with a clear understanding of the progress we have made in implementing the CEDP, the challenges we faced and the new opportunities that will emerge for the island. We must be cognisant of the fact that whatever we do will impact future generations. As we build on the solid foundation of successive PNM administrations over the last sixteen (16) years, the island is poised for much greater economic activity. And we must leverage all the creative and productive energies of our people in all our developmental initiatives. That is why our budget for fiscal 2018 is appropriately themed, ***'Unleashing the Creative and Productive Capacity of Our People'***.

6 The 2018 Expenditure Estimates

a. Recurrent Estimates and Highlights

- 6.1 Deputy Presiding Officer, I now present the expenditure estimates for 2018 starting with the Recurrent Estimates.

Deputy Presiding Officer,

- 6.2 The Recurrent Estimates for fiscal 2018 totals \$3.2B. This is disaggregated as follows:

▪ Personnel Expenditure	- -	\$ 858.3M,
▪ Goods and Services	- -	\$ 1.2B,

- Minor Equipment Purchases - - \$ 127.2M,
and,
- Transfers and Subsidies - - \$ 1.05B.

This represents a reduction of just under \$22M from last year's request.

6.3 Distributed across Divisions, the recurrent estimates for fiscal 2018 are:

- Assembly Legislature - - \$ 28.0M,
- Office of the Chief Secretary - - \$227.5M,
- Finance and the Economy - - \$184.0M,
- Tourism, Culture and Transportation - - \$355.4M,
- Education, Innovation and Energy - - \$498.1M,
- Community Development, Enterprise
Development and Labour - - \$110.9M,
- Infrastructure, Quarries and the
Environment - - \$539.5M,
- Food Production Forestry and Fisheries - - \$324.9M,
- Health, Wellness and Family Development - - \$794.1M,
- Settlements, Urban Renewal and Public Utilities - - \$35.3M,
and,
- Sport and Youth Affairs - - \$99.8M.

6.4 Deputy Presiding Officer, included among the highlights of the proposed recurrent expenditure for fiscal 2018 are:

- Youth Development Programme \$3M,
- School Feeding Programme \$50M,
- Agricultural Incentive Programme \$4M,
- Information Technology Centre \$20M,
- Studley Park Enterprise Limited \$26M, and,
- Assistance to Sports Tourism Organisations \$2.6M.

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

b. Development Programme Expenditure Estimates and Highlights

6.6 Deputy Presiding Officer, the estimates for the Development Programme for fiscal 2018 amount to \$1.71B, a decrease of \$330.59M from the fiscal 2017 request to the central government.

6.7 The Development Programmes Estimates are disaggregated as follows:

- | | | |
|-------------------------------------|-----|--------------|
| ▪ Pre-Investment | - - | \$5M, |
| ▪ Productive Sectors | - - | \$20M, |
| ▪ Economic Infrastructure | - - | \$738M, |
| ▪ Social Infrastructure | - - | \$652M, and, |
| ▪ Multi-sectoral and Other Services | - - | \$294M. |

6.8 To assist in our programme of economic diversification and the development of the private sector on the island, our development programme estimates provide support for:

- | | |
|--|------------|
| ▪ The Enterprise Development Company of Tobago (E-IDCOT) | \$85.4M, |
| ▪ The Scarborough Esplanade Phase II | \$15M, |
| ▪ Enterprise Development | \$8M, |
| ▪ Enterprise Development Grant Programme | \$9M, |
| ▪ The Business Incubator Programme | \$6M, and, |
| ▪ Venture Capital Equity Fund Limited | \$2M. |

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

- | | |
|---|------------|
| ▪ Phase III of the Fort King George Heritage Park Project | \$6.1M, |
| ▪ The Upgrade of Sanctuary Resort | \$50M, |
| ▪ Infrastructural Works at Pigeon Point | \$9.1M, |
| ▪ Upgrade Works at Manta Lodge | \$8.3M, |
| ▪ Construction of Beach Facilities at Englishman's Bay | \$2M, and, |
| ▪ Construction of Cruise Ship Berths | \$2M. |

6.10 The revitalization of the agricultural sector remains a critical priority of the Assembly. As such, the Development Programme Estimates caters for:

- | | |
|---|---------|
| ▪ The Establishment of a Farmers Markets at Goldsborough and Black Rock | \$3.5M, |
| ▪ The Development of an Agro-Park at Friendship Estate | \$10M, |
| ▪ The Agricultural Access Roads Programme | \$80M, |
| ▪ The Improvement of the Roxborough Market and Abattoir | \$10M, |

Synergies with Culture: The Division of Tourism, Culture and Transportation has capitalized on opportunities to foster greater linkages between Cuba and Trinidad and Tobago. In an expression of cultures, the Division collaborated with the Cuba-T&T Educational and Cultural Exchange to host El Conjunto Folklórico Nacional de Cuba dance ensemble. The Shaw Park Cultural Complex came alive with Cuban rhythms and movement as the group showcased the indigenous, folk and religious dances of the Cuban people. El Conjunto Folklórico Nacional de Cuba is a prestigious 55-year old company with a rich tradition and diverse repertoire.



In photo (below): The Tobago Jazz Experience hosted at various locations across the island, continues to satisfy the diverse appetite of many local, regional and international music enthusiasts. This year, many journeyed to the picturesque village of Speyside to see stellar local and international acts including Grammy award- winning reggae sensation, Morgan Heritage.





In photo (above): Members of the European Union Delegation enjoyed a taste of Tobago's musical culture with instruments played by the Heartbeat Folk Orchestra, at the Division of Tourism, Culture and Transportation during their visit.



The Tobago House of Assembly continues to partner with the European Union to explore opportunities for greater collaboration towards economic diversification to further the island's development. The European Union has provided funding for many local organizations as it acknowledges the importance of civil society's role in building stronger communities and empowering citizens. Members of the European Union Delegation were introduced to the new THA Administration in a series of meetings hosted by various Divisions of the Assembly.

- The Improvement to Beaches and Landing Facilities \$10M, and,
- Improvement to the Buccoo Reef Marine Park, Management and Ecological Monitoring \$2.5M.

Deputy Presiding Officer,

6.11 Support for education is also a primary area of focus. The Development Programme Estimates make provision for the support of educational programmes and the improvement of facilities. We have therefore budgeted for:

- | | |
|--|-------------|
| ▪ Improvements to Primary Schools | \$26.7M, |
| ▪ Upgrade to Happy Haven School | \$10M, |
| ▪ Construction of the School for the Deaf | \$10.5M, |
| ▪ Upgrade of Roxborough Trade Centre | \$2M, |
| ▪ Programme for the Computerization of Primary Schools | \$10M, and, |
| ▪ Upgrade of the Roxborough Library | \$11.5M. |

6.12 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 \$26.8M,
- Land Development at Shirvan Road \$18M,
- Development of Adventure Phase II \$11.3M,
- and,
- Land Development at Adelphi Estate \$15.8M.

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

- | | |
|---|---------|
| ▪ Major Improvement Works on Secondary Roads | \$55M, |
| ▪ Roxborough/Bloody Bay Road – Retaining Wall | \$7.5M, |
| ▪ Improvement to Milford Road Bridges | \$30M, |
| ▪ Road Resurfacing Programme | \$30M, |
| ▪ Rehabilitation of the Claude Noel Highway | \$12M, |
| ▪ Improvement work along the Plymouth/Arnos Vale Road | \$15M, |
| ▪ Construction of the Milford Road Bypass to Smithfield | \$15M, |

- Milford Road Upgrade Works \$10M,
- Improvement to the Northside Road \$12.5M,
and,
- Improvement to the Orange Hill Road \$6M.

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

c. Other Estimates

6.15 Deputy Presiding Officer, I wish to include as well in the estimates for fiscal 2018, provisions for URP and CEPEP totalling \$77.2M and \$54M, respectively.

Deputy Presiding Officer,

6.16 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, that there will be other items of expenditure funded by central 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 to support our shared vision of economic diversification, with Tobago as the focal point for investment in the tourism sector. In this regard, projects to be funded by these “off budget” expenditure items include:

- The construction of the new terminal at the ANR Robinson International Airport;
- The construction of the Old Grange and Roxborough Police Stations;
- The construction of a desalination plant at Cove; and,
- The expansion of the power generation plant at Cove.

Deputy Presiding Officer,

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

7 Financing the 2018 Expenditure Estimates

- 7.1 The fiscal package of the Assembly for 2018 will be financed from various sources. The primary source will be transfers from the Central Government in accordance with their statutory responsibilities under the THA Act No 40 of 1996. The allocations to the Tobago House of Assembly are usually set-off against the revenues collected in Tobago on behalf of the Central Government and retained in accordance with sections 49(3) of THA Act 40 of 1996.

Deputy Presiding Officer,

- 7.2 For fiscal 2018, the estimates of revenue, both tax and non-tax, are as follows:

1. Taxes on Income and Profits	- -	\$141.6M,
2. Taxes on Property	- -	\$ 0.5M,
3. Taxes on Goods and Services	- -	\$ 73.9M,
4. Taxes on International Trade	- -	\$ 4.0M,
5. Other Taxes	- -	\$ 5.2M,
Total Tax Revenue	- -	\$225.2M,
6. Property Income Taxes	- -	\$ 0.1M,
7. Other Non-tax Revenue	- -	\$ 1.2M,
Total Non-Tax Revenue	- -	\$ 1.3M, and,
Total Revenue	- -	\$226.5M.

- 7.3 Deputy Presiding Officer, we have explored other plausible options involving multi-lateral assistance and support to advance the island's development. I will now discuss some of them.

Deputy Presiding Officer,

- 7.4 Over the past fiscal year we have increased the level of collaboration with many of our multilateral partners and those in the local financial services sector as we sought to leverage their expertise to improve operational efficiency and to position ourselves to access additional technical and financial resources. This has been a key area as the Assembly realigns itself for greater effectiveness in the management of fiscal resources and risks emanating from new endeavours and refined processes.
- 7.5 Through these partnerships, the Division of Finance and the Economy intends to adopt a suite of standardized assessment tools to strengthen the execution

and appraisal basis of our activities. These include the Public Private Partnership Fiscal Risk Assessment Model (P-FRAM) and the Public Investment Management Assessment (PIMA). These tools will allow us a deeper understanding of various aspects of our fiscal position and institutional frameworks, and can assist in identifying priorities for reform and technical assistance. Moreover, they support the advancement of results-based management by providing measurable indicators to monitor and evaluate progress. The International Monetary Fund (IMF) through the Caribbean Regional Technical Assistance Centre (CARTAC) has accommodated a number of delegates from the Assembly in capacity building exercises in some of these areas with further assistance to follow over the next fiscal period.

- 7.6 The Assembly has also sought immediate hands-on technical and financial support to assist in achieving our medium term physical and social infrastructure goals. To this end, with the support of the Ministries of Finance and the Economy and Planning and Development, we have begun discussions with the IADB and the World Bank (WB)/Caribbean Development Bank (CDB) on a medium term infrastructure investment strategy and project pipeline for Tobago with three viable pilot projects. This will be a comprehensive strategy to encourage innovative proposals aligned with Tobago's infrastructure priorities and which meet identified societal needs. It will feature a transparent and detailed procurement process for both publicly initiated and unsolicited proposals so as to avoid parallel procurement tracks and to discourage the development and submission of unfeasible proposals, ultimately ensuring better use of limited public sector resources.

Deputy Presiding Officer,

- 7.7 The Assembly has been working with the local financial community to review our options for alternative financing mechanisms for capital expenditure. Feedback from the market thus far on our ability to raise funding as a standalone entity has been positive, and with the necessary approvals, we can undoubtedly finance several of our larger projects through alternative funding mechanisms. We intend to pursue this, mindful of our fiduciary responsibility to the citizens of Tobago to be prudent with our resources and to manage our debt profile, while still delivering on development goals.

- 7.8 In addition to these initiatives by the Division of Finance and the Economy (DFE), the IADB, through the Ministry of Planning and Development (MoPD) and together with the Division of Education has approved a new Education Advancement Programme that will commence with the construction of 5 Early Childhood Care and Education (ECCE) Centres for Tobago at a value of over \$60M. Deputy Presiding Officer, you may recall that under the previous central government these 5 centres had twice been excluded from implementation, in April 2013 and May 2015, despite previously securing approval and having satisfied the listed requirements of the IADB. However, in the spirit of renewed respect and cooperation with this new central government these projects have been prioritised in a new funding facility. In addition to the physical infrastructure, this initiative also seeks to measure the quality of the cognitive and socio-emotional development of children at these centres and utilise these assessments to inform both remedial and policy directions.

Deputy Presiding Officer,

- 7.9 We have leveraged our partners to improve evidence based decision-making as an Assembly, and this is a theme that will run throughout the next fiscal year, as we work with our central government counterparts on a more inclusionary strategic rollout of our development plans. The Ministry of Planning and Development (MoPD) has played a key role in this and recently, together with the Caribbean Development Bank (CDB), held a series of consultations to identify specific projects for implementation support in the Bank's 2016–2020 Country Strategy Plan to assist the Tobago House of Assembly. It is noteworthy that Tobago had significant input in shaping Trinidad and Tobago's overall country strategy.

Deputy Presiding Officer,

- 7.10 As an Assembly, this administration is committed to utilizing all our resources and those of our external partners to ensure we achieve the projects and programme of activities previously outlined. We are well aware of our technical and financial constraints, we believe that there is much that can be learnt and gained from working together, and we will continue to do so to the mutual benefit of all involved.

8 Conclusion

Deputy Presiding Officer,

8.1 As I conclude today's budget presentation, I wish to reiterate that notwithstanding current economic challenges, the future of Tobago is promising. Building on the foundation established over the last 16 years, I can say without fear of contradiction that, this island is poised for greater economic activity. As we seek to address our current and emerging challenges, our success will depend on reasoned collaboration, mutual trust, and reliance on our sense of patriotism.

8.2 The people of Tobago gave this Administration a renewed mandate at the 2017 polls and have entrusted the management of this island to us for the next four years and they will be observing our conduct both inside this House and in our public professional and personal lives. We must be mindful of this. We must also make a conscious effort to harness our creativity, toward maximising our productive capacity in furtherance of our development.

Deputy Presiding Officer,

8.3 Let us therefore leverage and take full advantage of the new environment of mutual respect, collaboration and partnership that now characterizes the relationship between the Assembly and the Central Government. This will redound to our ultimate benefit. There are a number of critical projects in the developmental pipeline, inclusive of Sandals Resort, the new airport terminal at Crown Point and the desalination and power plants at Cove. We must ensure that they are delivered to the people of Tobago! We must also ensure that we find a permanent and sustainable solution to our problems on the air and sea bridges, that we solve our longstanding problems with regards to land titles in Tobago and that once and for all we bring to fruition the issue of self-government for the people of Tobago.

Deputy Presiding Officer,

8.4 This has been an auspicious occasion and on behalf of the Chief Secretary, all the Secretaries and Assistant Secretaries of the THA, I thank our audience within the Chamber and the people listening, for your time and attention.

May God continue to bless you, all of you, and may God continue to bless the people of Tobago and the twin island Republic of Trinidad and Tobago.

8.5 I beg to move.

The current Administration continues to capitalise on opportunities for further linkages with regional bodies. The 45th Annual Conference of the Association of Caribbean Historians was recently hosted in Tobago at the Magdalena Grand Beach and Golf Resort creating the ideal platform for intellectual exchange among representatives from the Anglophone Caribbean and non-English speaking islands.



In photo (below): Deputy Chief Secretary and Secretary of Finance and the Economy, along with representatives from the Tobago Information Technology Limited (TITL) and the Division of Finance and the Economy met recently with a senior team of Huawei Technologies Trinidad and Tobago to discuss possible opportunities for partnership and leveraging Information Communication Technology (ICT) for socio economic development.





DIVISION OF FINANCE AND THE ECONOMY

Victor E. Bruce Financial Complex, 6 - 10 Post Office Street,
Scarborough 900212, Tobago

Tel: 868-639-4412 • Fax: 868-639-4412 Ext 6700
www.fte.tha.gov.tt