



BUDGET REVIEW

FY2021/2022

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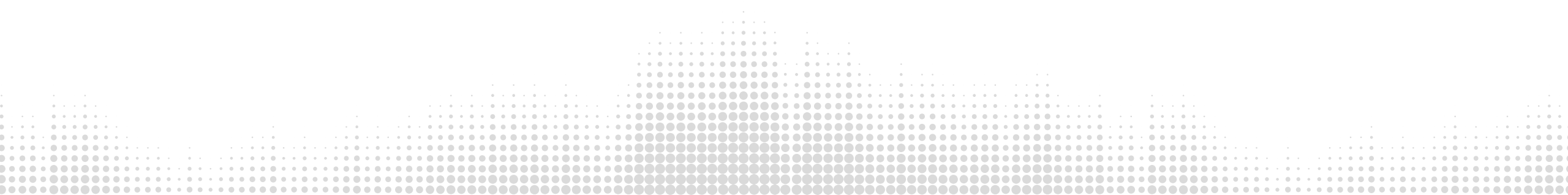
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Revenue & Expenditure

Revenue



Total Revenue

**\$43.333
billion**

Oil Revenue

**\$12.614
billion**

Non-Oil Revenue

**\$29.712
billion**

Capital Revenue

**\$1.006
billion**

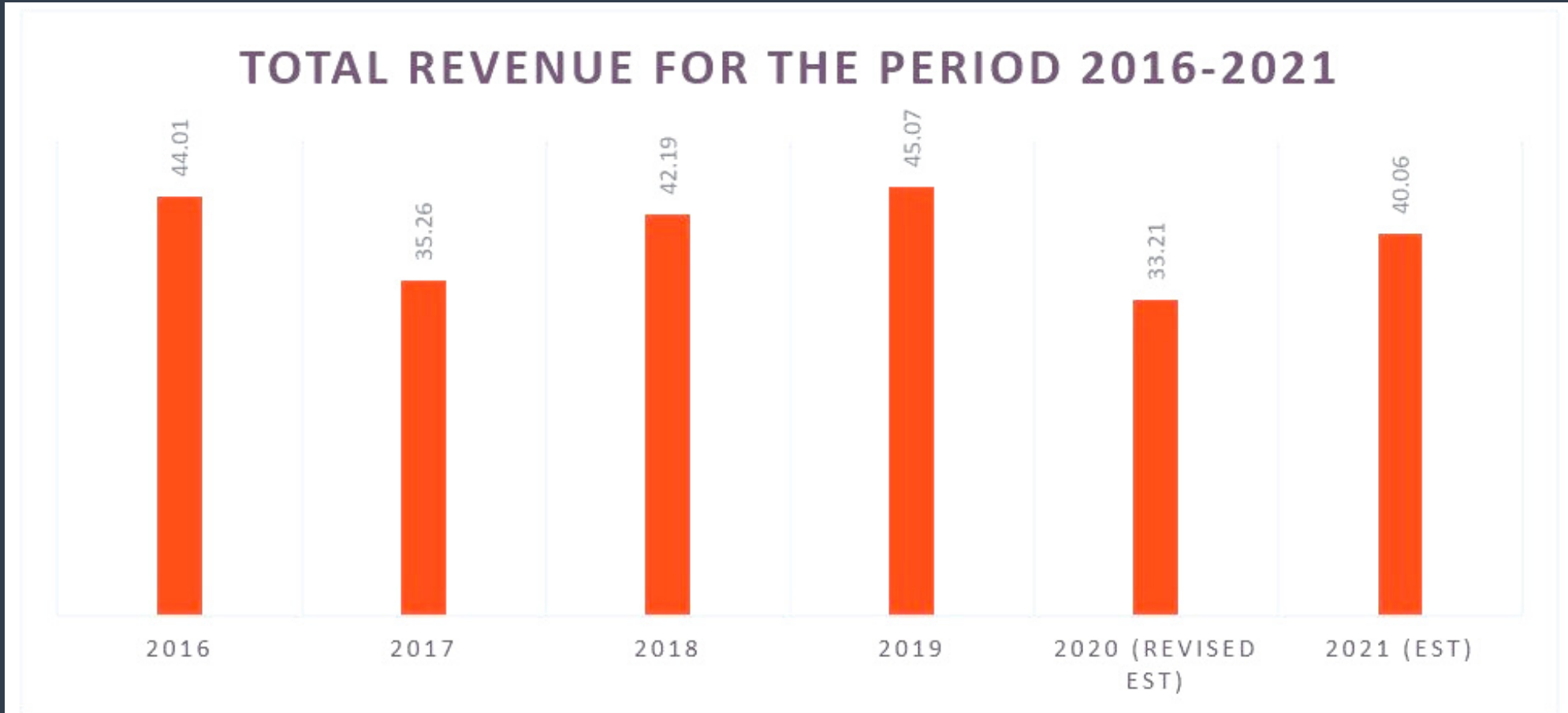
Oil Price per barrel

US\$65.00

Gas Price per MMBtu

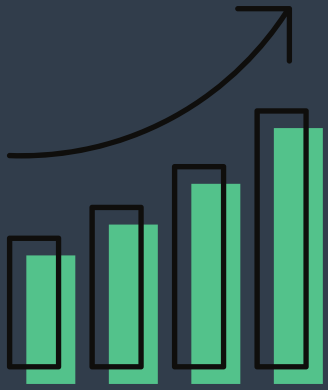
US\$3.75

Historical Revenue



Source: Ministry of Finance

*Excludes Unemployment and Green Funds



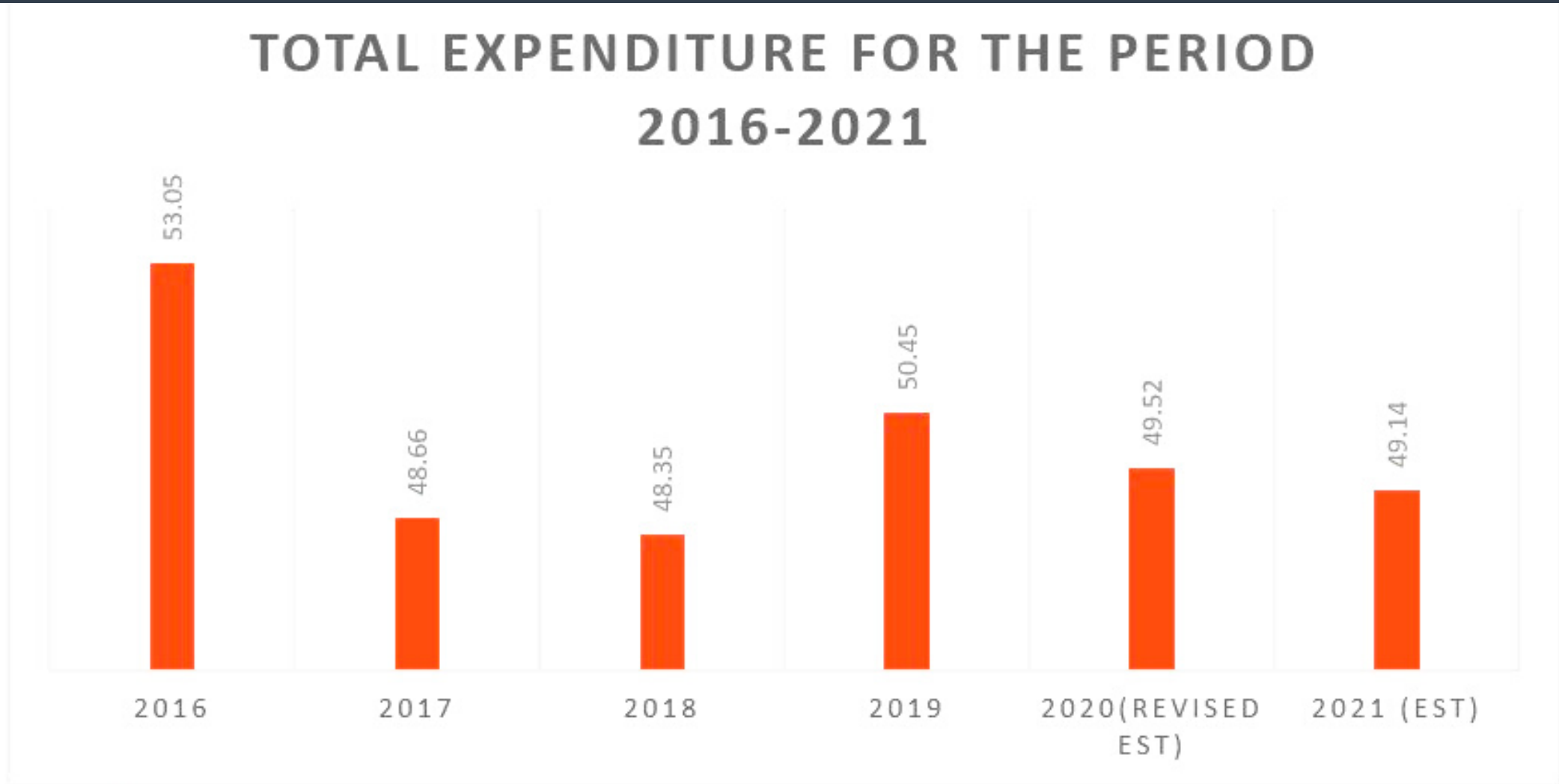
Expenditure

Total
Expenditure
**\$52.429
billion**

Education & Training \$6.886 billion	Health \$6.395 billion	National Security \$5.664 billion
Works and Transport \$3.577 billion	Public Utilities \$2.671 billion	Rural Development & Local Gov't \$1.656 billion
Agriculture \$1.249 billion	Housing \$0.610 billion	

Historical Expenditure

TOTAL EXPENDITURE FOR THE PERIOD 2016-2021



Source: Ministry of Finance



Fiscal Deficit

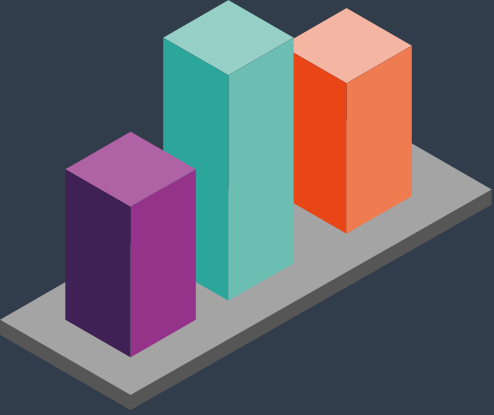
\$9.096 billion

5.8% of GDP

For Fiscal Year 2022



Economic Highlights



Fiscal Deficit

\$7.2 billion

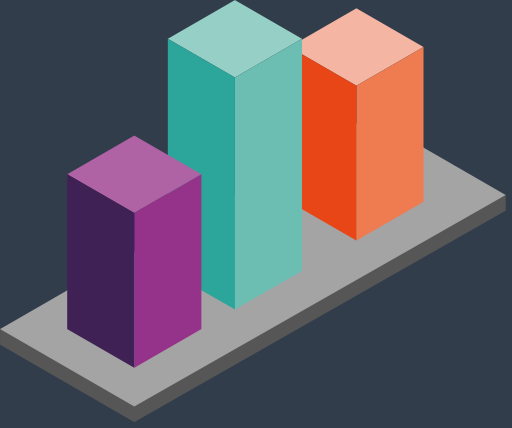
Recorded in the first nine months of the fiscal year from \$10.7 billion in the corresponding prior period

Net Public Sector Debt (% of GDP)

84.8%

As at September 2021

Up 3.9% from 80.9% at the end of September 2020



Inflation

2.2%

As at July 2021

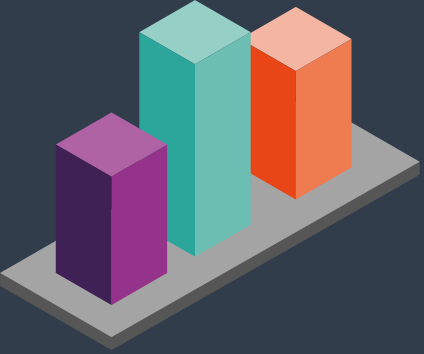
On a year-on-year basis, headline inflation measured 1.8% in June 2021, compared to the January 2021 rate of 0.9%

Unemployment

5.1%

As at June 2021

Up 0.6% from 4.5% in December 2019



Repo Rate

3.5%

As at September 2021

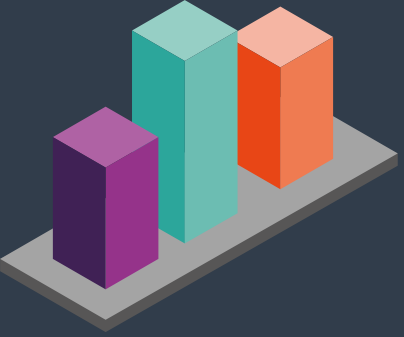
The Central Bank maintained its Repo Rate at 3.5% as at September 2021

Excess Liquidity

\$6,774.3 million

As at August 2021

Down 41.6% from \$11,598.6 million in August 2020



Net Official Reserves

**US \$7,126.1
million**

As at August 2021

Down 4.2% from US\$7,442.4 in August 2020

Import Cover

8.7 months

As at August 2021

Down from 8.8 months in August 2020



West Texas Intermediate (WTI) Oil Prices

US\$67.70/bbl

As at August 2021

The benchmark West Texas Intermediate (WTI) crude oil price increased by 59.7% (y-o-y) over the first eight months of 2021, from US\$42.4/bbl in August 2020

Henry Hub Natural Gas Price

US\$4.10/Mmbtu

As at August 2021

Henry Hub natural gas price increased by 78.3% (y-o-y) from US\$2.30 per million British Thermal units (mmbtu) in August 2020



Fiscal Measures



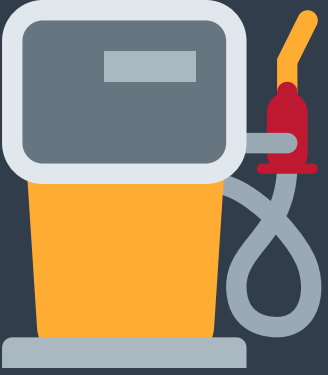
Gambling

- The gambling industry is estimated to be a \$16.0 billion industry.
- Under regulation and the tax regime, tax collection could be as high as \$500.0 million per annum.
- It is expected to generate first streams of proper gaming revenue in financial year 2022 with full revenue generation in the following years.



Property Tax

- Replaces the traditional Land and Building Tax system.
- Property Tax is intended to put Local Government bodies on a solid footing by providing a steady and secure stream of funding for its development programme.
- Emphasis is now being placed on the development of Valuation Rolls, which are essential prerequisites to the collection of property tax.
- The Valuation Rolls must be populated by a minimum of 50% of properties in any class before collection can commence.
- The resumption of the collection of taxes on property is long overdue and is a significant revenue item for local government in the years ahead.



Fuel Liberalization

- The Government will set a Retail Margin ceiling for each petroleum product to minimize price fluctuations and protect the end consumers of premium gasoline, super gasoline and diesel; Wholesale Margins will be fixed by the Government for all liquid petroleum products.
- The removal of fixed retail margins for premium gasoline, super gasoline and diesel, with petroleum retailers and dealers being allowed to fix their margins for these petroleum products.
- An appropriate tax will be applied to compensate for the fuel surplus, which is generated on the sale of gasoline, when oil prices are depressed.



Funding: Mortgage Bank

- In 2022, the Government will move to restructure the HDC to make a clear distinction between its landlord function, as an owner and manager of rental accommodation, and its developmental function, as a builder of affordable houses for sale to the general public.
- The merger of the Trinidad and Tobago Mortgage Finance Company Limited (TTMF) and the Home Mortgage Bank (HMB) will form the Trinidad and Tobago Mortgage Bank.
- To further encourage public participation in the capital market, an Initial Public Offering of the government's shares in the new entity is expected.



Funding (Con't): Privatization of the Port of Port-of-Spain

- In fiscal 2021, the Government announced its intention to adopt a Landlord Model Public-Private Partnership (PPP) project, to improve the efficiency of the operations of the Port Authority's businesses.
- By inviting private participation in the port, the Government will establish a more competitive and financially sustainable port system such as improved level of governance in The Port of Port of Spain's operations; improved port activities and operational efficiency; positive revenue via dividends, concessions and/or lease payments and taxes; and stimulation of the local manufacturing sector.



Funding (Con't):

First Citizens Holding Limited & Other Asset Sales

- The Government intends to divest 10,869,565 ordinary shares in First Citizens Bank in a bid to raise approximately \$550 million.
- The Government currently holds 64.43% of the issued shares in the Bank which will be reduced to 60.1% after the proposed sale.
- Other non-strategic asset sales as a mechanism for attracting investors and accessing non-traditional sources of financing.



Digital Transformation

- TT WiFi will continue to provide free broadband access in highly populated and frequented areas such as transport hubs, hospital waiting rooms, libraries and schools.
- In 2022, the number of ICT Access Centres is being increased to 50 from 6.
- Digital Skills Training will be added to the in-person information technology training provided at the Access Centres.
- Broadband service will be provided in 25 underserved communities and will continue the Programme until Trinidad and Tobago is fully connected digitally.
- The Cybercrime Bill and the Telecommunications Act will be finalized in 2022.
- Portals will allow the current ttconnect to become a more modern platform and interface.
- The National Digital ID and Interoperability Ecosystem will be facilitated by a unique digital ID.
- The removal of all import duties and taxes on all computer hardware, software and peripherals.



Construction

- The Development Bank of Latin America (CAF) is providing US\$175.0 million for the sector-wide approach programme for a modernized transportation infrastructure.
- The Churchill Roosevelt Highway extension to Manzanilla will allow better access to Sangre Grande; the first phase of this highway is expected in 2022.
- The Valencia to Toco Road will increase opportunities for business and economic investments in Eastern Trinidad; construction is expected to commence in 2022.
- The Solomon Hochoy Highway Extension to Point Fortin will create greater ease of access; the priority link is scheduled to be completed in 2022.
- A Vehicular and Pedestrian Bridge Overpass is being constructed in Diego Martin with expected completion in 2022.
- Construction of the Macoya interchange is expected to commence in 2022.
- The new terminal at the ANR Robinson International Airport is in the final stages of detailed design and land acquisition, construction of the new Terminal Building is scheduled to commence in 2022.



Agriculture and Food

- For fiscal year 2022, \$300.0 million is allocated for the Agriculture Stimulus Package Fund.
- An access road repair programme is expected to commence in 2022 costing \$75 million.
- In 2022, \$11 million is committed to the Plum Mitan area for the replacement of old pumps and access road repair.
- The rice parboiling plant, a \$15.0 million investment by Trinidad Parboil Limited will commence construction in early 2022.
- Sprout Farms will begin construction of a \$6.0 million modern greenhouse facility in St Joseph before the end of 2021.
- VAT Removal on basic food items such as biscuits, cooking oil, canned vegetables, cornflakes, canned fish, canned meat, curry, juice, sausages, ham, ketchup, bottled water and pigtail. This measure will take effect from November 1, 2021.



Manufacturing

- The Government will support the Trinidad and Tobago Manufacturers' Association in its drive to double non-energy manufacturing exports by 2025.
- The Government will focus on improving the relative ease of doing business; access to finance and foreign exchange; production capabilities and promoting new and niche products .
- Enhance human resource capacity in the manufacturing sector through a national vocational training strategy.
- Expand export growth to traditional and non-traditional markets.
- Provide \$50 million in professional services and support to Small and Medium Enterprises (SMEs).
- Development and Expansion Incentive (DEI) to companies of a 5% reduction in their tax rate. This is limited to \$500,000 on qualifying project expenditure.



Tourism and Cultural Industries

- KLM Airlines is set to begin a new service before the end of 2021; expected to increase presence in the European market and potential visitors.
- Superior Hotels (Trinidad and Tobago) Limited is reconfiguring the 55 apartment-style guestroom hotel at the former Carlton Savannah.
- A new hotel, the Brix by Marriott, will offer 163; 4-star global standard guestrooms upon its opening before the end of 2021.
- Towers Hospitality Group Limited is constructing a new hotel in Tobago, the Comfort Inn and Suites; the hotel will offer 74 guestrooms upon its opening before the end of 2021.
- Prestige Hotels Limited is proposing to develop a 152 guestroom hotel under the Sheraton Brand in the vicinity of Piarco International Airport.
- The Financial Complex Suites Limited with 79 guestrooms is scheduled for opening in April 2022.
- A Marriott branded \$500.0 million luxury hotel is to be constructed by Superior Hotels Limited at Rocky Point Tobago.



Health

- A new administrative building for the Ministry of Health is being constructed under a Build Operate Lease Transfer (BOLT) Arrangement at a cost of \$250 million and is scheduled for commissioning in 2023.
- The removal of VAT and Custom Duties on Specified Therapy Equipment, Hearing Impaired, Visually Impaired, Physical Mobility Disabilities, Disability Safety Peripheral and Communication Devices.



Public Utilities

- The Government seeks to assist persons with the re-wiring of homes, in particular low-income households with household income not exceeding \$7,000 per month, social welfare beneficiaries, senior citizens and victims of natural disasters.
- Street lighting and the illumination of public spaces are continuing; the full dispatch of the 720 megawatts from the Trinidad Generation Unlimited plant onto the national grid is strengthening supply reliability and in Tobago expanding supply is emanating from the 20 megawatts in the Cove Power Plant.
- Develop a Utility Cash Card, to low-income and vulnerable groups to access subsidies for electricity and water, once the prices for these services are regularized.
- A Fuel Cash Card will be made available to vulnerable groups to offset the cost of increases in the price of motor fuels
- The TTEC Bill Rebate Programme provides a 25.0% rebate to T&TEC's Residential Customers on bills, which are \$300 or lower, that is, the total value of the bill, including VAT.
- An increase in the rebate to 35.0% from 25.0% is expected on bills that are \$300.00 or lower. This measure is expected to take effect from 1 January 2022.



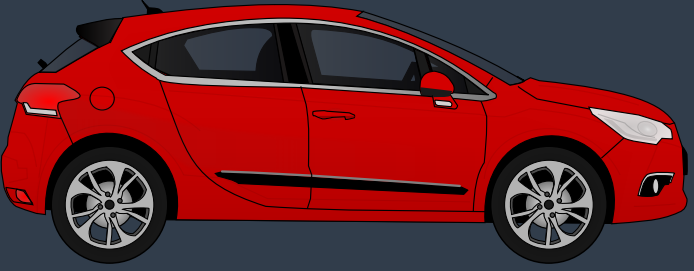
Energy

- The Government seeks to ensure adequate investment in upstream activity, based on the current work programmes of the major oil companies.
- Stabilizing oil and condensate as well as gas production. In 2020, natural gas production decreased, however is projected to rise in 2022 to 3.37 billion standard cubic feet and thereafter to stabilize at 3.60 billion standard cubic feet.
- In 2020, Oil and condensate production decreased, however, since then has been increasing and is projected to reach 86,000 barrels per day in 2022 stabilizing thereafter around that level in the medium-term.
- Use of natural gas in support of diversification and renewable goals.
- The agreement with Shell can lead to US\$945 million in enhanced revenues to the Government over the period 2018-2027 and incremental revenues of US\$118 million annually based on a new LNG marketing arrangement.



SME Stock Market Incentives

- The Government proposes a full-tax holiday for the first 5-year period to new SMEs listing on the TTSE by granting tax exemption on Business Levy and Green Fund Levy to new listings in addition to tax incentives in the Finance Act 2020 (Act 30 of 2020).
- For the second 5-year period, new SME listings will be taxed at 50.0% (Corporation Tax, Business Levy and Green Fund Levy).
- Assistance will be provided to the TTSE to operationalize and integrate the SME Mentorship Programme into the broader set of services currently provided to SMEs by various government agencies. This measure will take effect on January 1 2022.



Electric Vehicles

- The Government is committed to promote a green economy to reduce carbon footprint.
- Expected removal of all custom duties, motor vehicle tax and value-added tax on the importation of battery-powered electric vehicles with an age limit on imported used battery powered electric vehicles of 2 years.
- This measure will take effect from January 1, 2022 and will be reviewed after 2 years.



VAT Bonds

- The Government proposes to issue more VAT Bonds in the new fiscal year.
- In 2020, VAT Refunds have been accelerated: 5,011 cheques totalling \$460.0 million were paid out; 1,338 small-and medium-enterprises with a VAT cycle threshold of up to \$500,000 received in cash accelerated VAT Refunds; and \$3.0 billion worth of VAT Bonds were issued to businesses.
- The payment of accelerated VAT Refunds and VAT Bonds have so far totalled \$3.8 billion.



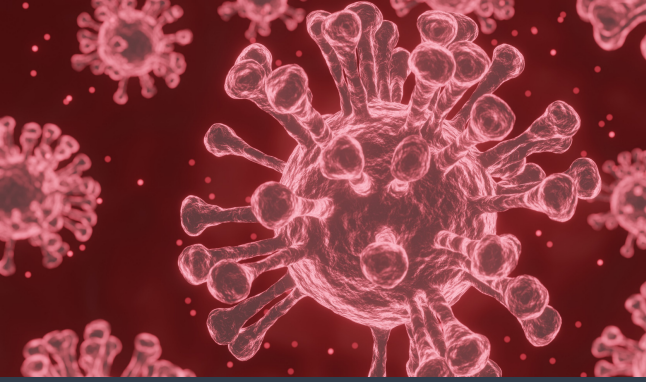
Housing

- To assist citizens in the low and middle-income brackets, the Government is proposing to increase the first-time homeowners allowance to \$30,000 from \$25,000 per household.
- This measure will apply to first-time homeowners for five years from the date of acquisition and will take effect from 1 January 2022.



Tobago

- The Government has allocated \$50 million entitled Tobago Hotel and Tourism Support, for 2022.
- \$30 million for Farmland Development in Tobago in 2022.
- \$20 million for the development of Green Spaces in 2022.
- The budgetary allocation for fiscal 2022 to the Tobago House of Assembly is \$2.357 billion, of which, \$2.075 billion would be for recurrent expenditure, \$264 million for capital expenditure and \$18 million for the Unemployment Relief Programme (URP).
- This allocation to the THA represents 4.5% of the national budget.



Impact of COVID-19

Much like in other parts of the world, Covid-19 has had an abrasive impact on Trinidad and Tobago. Since its onset, wide-scale responses consisted of closing the country's borders, implementing stay-at-home orders and declaring a state of emergency. While these measures have helped to reduce the spread of the virus, they have each taken a toll on the country's economy. The average price of crude oil began falling in January 2020 to an all-time low in April 2020. The drastic loss of revenue from this price movement, along with the virus' other impacts, trickled down and affected various sectors, disproportionately affecting the poorest citizens. Fortunately, prices have begun stabilizing at higher levels since then and vaccination programs are allowing for restrictions to be eased. Approximately 1,092,242 doses of COVID vaccines have been administered so far, with 36.3% of the population being fully vaccinated.



JMMB Investments Perspective

The measures highlighted in the 2022 budget show the Government's intent to respond to the challenges brought by the pandemic. The incentives offered to SMEs involved in technology solutions, digitization and construction intend to steer innovation in a direction that will have pronounced relevance in the post-pandemic. Also, the incentives highlighted for SMEs listed on the Junior Stock Market show an intent to promote avenues, apart from debt, for smaller businesses to raise capital and expand their impact on the economy. However, while the intentions are clear, we await their implementation to see direct effects.



JMMB Investments Perspective

For investors, there were signals of upcoming market activity:

- The finance minister announced an Initial Public Offering of the shares in the Trinidad and Tobago Mortgage Bank
- Plans for the divestment of some of the Government's holding in FCB were announced
- The finance minister's projections for the energy sector showed a rebound. Although the sector contracted through 2020 and 2021, the outlook which was highlighted showed favourable expansion from 2023 onward. With higher levels of production at higher prices, as projected, companies like TTNGL have the potential to increase the value they offer shareholders.

Overall, we expect that the market activity over the next year will generate multiple opportunities for investors.



Thank you!

Feel free to reach out to us if you have any questions.

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