

F (2024) 148
F: Bud: 4/4/8
May 21, 2024

NOTE FOR CABINET

Supplementary Appropriation Act 2024

The matters submitted for the consideration of Cabinet are:

- i. the Supplementary Appropriation in the aggregate sum of **\$2,328,099,600** to fund urgent and critical Recurrent and Capital Expenditure to September 30, 2024; and
 - ii. the proposed timetable for the passage of the Bill through both Houses of Parliament (Appendix II to the Note refers).

2. Cabinet is asked to note that as a result of a mid-year review of Recurrent Expenditure and the Public Sector Investment Programme (P.S.I.P), which was conducted by the Ministry of Finance, it is now necessary to return to Parliament to seek approval for:
 - (i) a supplementation of the Appropriation (Financial Year 2024) Act, 2024 by **\$2,328,099,600** is indicated hereunder:
 - Recurrent Expenditure - \$2,323,861,100; and
 - Development Programme - \$4,238,500

3. It is instructive to note that the source of funds for the Supplementary Appropriation is the Consolidated Fund and the twelve (12) Heads of Expenditure requiring additional funds totaling **\$2,328,099,600** are detailed as follows:

RECURRENT EXPENDITURE

HEAD 06 - SERVICE COMMISSIONS – the sum of **\$4,140,000** is required to meet:

- (i) anticipated legal costs for ongoing court matters (\$1,100,000); and
- (ii) the costs incurred for the conduct of specialized assessment exercises specifically earmarked for senior public officers vis a vis: Commissioner of Police, Deputy Commissioner of Police, Commissioner of Prisons, Deputy Commissioner of Prisons, Registrar, Integrity Commission, Director, Forensic Science Centre and the Government Archivist (\$3,040,000).

HEAD 15 – TOBAGO HOUSE OF ASSEMBLY – the sum of **\$50,000,000** is required to meet the clean-up and remediation costs associated with the oil spill which occurred along the southern shores of Tobago on February 7th 2024.

HEAD 23 – OFFICE OF THE ATTORNEY GENERAL AND MINISTRY OF LEGAL AFFAIRS – the sum of **\$124,300,000** is required to:

- (i) facilitate the payment of monies owed to local (\$30Mn.) and foreign (\$90Mn.) Attorneys-at-Law for the provision of legal services (\$120,000,000).
- (ii) provide for monies owed to AXIELL for the maintenance of software for the Companies Registry (\$1,000,000).
- (iii) enable the Police Complaints Authority to meet its operational costs to September 2024 (\$2,940,000).
- (iv) cover the cost of rental accommodation for the Caribbean Financial Action Task Force for the period July, 2024 to September, 2024 (\$360,000).

HEAD 26: MINISTRY OF EDUCATION - the sum of **\$144,200,000** is required to:

- (i) facilitate the payment of arrears of increments owed to teachers in accordance with the revised terms and conditions of employment for members of the Teaching Service for the period October 1, 2014 to September 30, 2020, as per Cabinet Minute No. 1316 of July 27, 2023 (\$17,500,000);
- (ii) meet the cost associated with: (a) an increase of the stipends awarded to Invigilators /Supervisors for services provided during the January 2024 CSEC and CAPE examinations as well as for payments to be awarded for services rendered for the June 2024 CSEC and CAPE examinations. The increase stemmed from an amendment to the minimum wages which took effect from January, 2024 in accordance with the Minimum Wages Act; and (b) the payment of salaries to short-term employees who worked on the completion of the arrears exercise pertinent to members of the Teaching Service (\$15,000,000);
- (iii) enable payments of current and previous years' bills which arose from an increase in the minimum wage with effect from January 01, 2024 and are payable to the National Maintenance Training and Security Company Limited (MTS) and other companies for the provision of security services (\$12,700,000);
- (iv) facilitate payment of arrears of gratuity to contract officers whose contracts expired during the period 2019 to 2024 (\$20,000,000);
- (v) provide for school supplies and book grants to needy students of primary and secondary schools as stipulated by Cabinet Minute No.1745 of October 2, 2023 which agreed inter alia to the provision of a school supplies and book grant of \$1,000 to 65,000 needy students of primary and secondary schools (\$20,000,000);
- (vi) enable the payment of salaries to the staff of the National Schools Dietary Services Ltd. as well as to provide meals to students for the period June 2024 to September 2024 (\$47,000,000); and

- (vii) facilitate the payment of salaries and operational expenses viz. training materials and personal protective equipment for trainees. The additional costs stemmed from Cabinet's decision via Minute No.1745 of October 2, 2023 to expand the enrolment of the MIC-IT programmes, from 26 to 500 youths (\$12,000,000)

HEAD 28: MINISTRY OF HEALTH – the sum of **\$495,286,000** is required to:

- (i) meet a shortfall in the allocation of rent with respect to the new Ministry of Health Administrative Building in accordance with the rental agreement. The foregoing shortfall is as a result of the fact that the building was handed over in September 2023 after the finalisation of the 2024 Budget which estimated a lower provision. (\$8,837,024);
- (ii) meet outstanding rental payments with respect to the Ministry of Health's previous: (a) Head Office (63 Park St, P.O. S); (b) car park space (Park Plaza, POS); (c) office space at the Pan American World Health Organization building (Briar Place, St. Clair); and (d) Divisions of the Ministry (Scared Heart Building, Sackville St, POS) for the period September 2023 - November 2023 which were not catered for in fiscal 2024.(\$2,724,676);
- (iii) facilitate part payment for outstanding invoices on hand over 90 days at NIPDEC for pharmaceuticals/non-pharmaceuticals inclusive of CDAP's monthly Recurrent Expenditure. (\$202,583,300);
- (iv) enable the North West Regional Health Authority to meet the partial payment of outstanding trade payables (utilities, rent, janitorial, security services, food supplies, medical gases, medical supplies and other expenses) as at February 29, 2024 (\$40,002,500).
- (v) facilitate payments as noted hereunder:
 - a) Outstanding trade payables (utilities, rent, janitorial and security services, food supplies, medical gases, medical supplies and other expenses) incurred by the Eastern Regional Health Authority, as at February 29, 2024- (\$11,598,286); and

- b) Operational expenses representing Personnel Emoluments of \$30,673,248 and Goods and Services of \$17,735,366 to be incurred by the New Sangre Grande Hospital Campus which is scheduled to be commissioned in the latter half of fiscal 2024- (\$48,408,614)

- (vi) settle outstanding trade payables (utilities, rent, janitorial and security services, food supplies, medical gases, medical supplies and other expenses incurred by the North Central Regional Health Authority in the sum of \$121,126,000 and by the South West Regional Health Authority in the amount of \$60,005,600 as at February 29, 2024 (\$181,131,600)

HEAD 30: MINISTRY OF LABOUR the sum of **\$130,538,600** is required:

- (i) to pay arrears of salaries due to employees on contract at the Occupational Safety and Health Agency (OSHA), for the period November 01, 2012 to October 31, 2018 in accordance with CPO's memorandum PD (ILR): 22/10/45 Vol. IV dated 04/12/23. Funds are also required to meet the shortfall in salaries and NIS for the period May to September 2024, resulting from the revised salaries and terms and conditions referenced in the foregoing (\$55,000,000);

- (ii) to facilitate the payment of arrears of stipends owed to the On The Job Trainees (Level 1), under the purview of the On The Job Training Programme. The arrears are due to the award of an increase of the monthly stipends with effect from 01/01/24, in accordance with Cabinet Minute No. 373 of 29/02/24. The additional sum is also to meet the expenditure to be incurred as a result of the increase in monthly stipends and to cater for the increased intake of trainees (\$58,000,000);

- (iii) to meet the shortfall for the payment of gratuities and arrears of gratuities to contract officers in accordance with CPO's memorandum PD (ILR): 22/10/45 Vol. IV dated 04/12/23, which outlined the revised terms and conditions for employees of the Occupational Safety and Health Agency (OSHA) (\$8,760,000); and

- (iv) to settle the balance of arrears arising from the agreement between the Banking, Insurance and General Workers Union and Cipriani College of Labour and Co-operative Studies, for

in-active permanent staff, in-active academic staff, in-active temporary staff and active staff of the College (\$8,778,600).

HEAD 39 – MINISTRY OF PUBLIC UTILITIES - the sum of \$527,800,000 is required:

- (i) to purchase Track Packs, parcel stickers and other items used in the delivery of highly sensitive and confidential mail. The heightened demand for the afore-stated resources is due to the fact that TTPOST was recently awarded contracts by the American Consulate to deliver passports and visas within the country and to deliver Credit Cards on behalf of local commercial banks (\$1,100,000);
- (ii) for the payment of VAT liabilities owed by TTPOST for the years 2014 to 2018 to the Board of Inland Revenue (BIR). The adjusted liabilities stemmed from audits conducted by the BIR (\$4,500,000);
- (iii) to meet the shortfall in the aggregate sum of \$522,200,000 in the Water and Sewerage Authority's (WASA) fiscal 2024 subvention, accordingly, the undermentioned provides a breakdown of the votes requiring funding to end of fiscal 2024:-

• Salaries and COLA	-	\$ 55,200,000
• Wages and COLA	-	\$ 69,600,000
• Overtime – Daily Rated Workers	-	\$ 21,000,000
• Overtime – Monthly Paid Officers	-	\$ 17,500,000
• Government's Contribution to NIS	-	\$ 29,100,000
• Allowances – Daily Rated Workers	-	\$ 4,600,000
• Travelling and Subsistence	-	\$ 7,700,000
• Contract Employment	-	\$153,200,000
• Principal on US\$ 60Mn RBL Revolving Loan	-	\$107,000,000
• Interest on US\$ 60Mn RBL Revolving Loan -	-	\$57,300,000

HEAD 40 - MINISTRY OF ENERGY AND ENERGY INDUSTRIES – the sum of **\$570,900,000** is required to meet the payment of outstanding arrears and estimated Government subsidy liabilities owed to the undermentioned entities for the sale of petroleum products:

- National Petroleum Marketing Company Limited (NPMC)
- United Independent Petroleum Marketing Company (UNIPET)

HEAD 42: MINISTRY OF RURAL DEVELOPMENT AND LOCAL GOVERNMENT - the sum of **\$95,027,500** is required:

- (i) to facilitate payment of salaries to the end of the fiscal year for officers whose contracts were renewed (\$10,755,500);
- (ii) to enable payment of salaries to persons employed on short-term contracts, and to also facilitate payment to officers who are awaiting approval on long-term contracts **(\$5,572,000)**;
- (iii) to enable payment of wages and NIS contributions (\$32.4Mn.) to workers under the Community-based Environmental Protection and Enhancement Programme (CPEP) which stemmed from the increases to the national minimum wage and to cover operational and administrative expenses (\$4.3Mn.) to the end of September 2024 under the programme (\$36,700,000);
- (iv) to enable payment of wages and NIS contributions to workers under the National Reforestation and Watershed Rehabilitation Programme (N.R.W.R.P.) which arose from the increases to the national minimum wage. In addition, supplementary funds are required to cover operational and administrative expenses to the end of September 2024 (\$7,000,000);
- (v) to meet the shortfall in the payment of gratuities due to the former employees of the Port of Spain Corporation who were previously classified as non-pensionable employees up to the end of the fiscal 2024 (\$2,100,000)

(vi) to meet the cost of expenses to be incurred for scavenging services by the varied Corporations listed hereunder to the end of fiscal 2024:

San Fernando City Corporation - \$4,600,000

Chaguanas Borough Corporation - \$3,000,000

Diego Martin Borough Corporation - \$2,200,000

San Juan /Laventille Regional Corporation - \$5,000,000

Sangre Grande Regional Corporation - \$2,500,000

Mayaro/ Rio Claro Regional Corporation – \$1,000,000

Siparia Borough Corporation - \$1,500,000

Princes Town Regional Corporation - \$1,700,000

(vii) to provide for the payment of arrears owed to a contractor who was recruited by the Arima Borough Corporation to provide additional scavenging services, in July 2023 (\$0.3Mn) and to meet the payment of scavenging services for the Corporation to the end of fiscal 2024(\$1,070Mn)- (\$1,400,000)

(viii) to facilitate the payment for scavenging services (\$0.3Mn) required for the re-conditioning of the Guapo Landfill site under the purview of the Point Fortin Borough Corporation; and for the issuance of gratuity payments by 30, September 2024 (\$1.2Mn) due to daily-rated workers and monthly paid staff of the Corporation - (\$1,500,000);

(ix) to meet the anticipated shortfall in payment of Wages & COLA due to hourly and daily-rated workers to the end of fiscal 2024, stemming from an increase in the cadre of Daily-Rated workers (116) under the Tunapuna /Piarco Regional Corporation – (\$5,000,000);

(x) to facilitate payment for Scavenging Services and to provide for the payment of arrears owed to contractors (\$1.9Mn.) for the period July to September 2023 under the remit of the Couva /Tabaquite /Talparo Regional Corporation – (\$2,500,000); and

- (xi) to enable the payment of sick leave bonuses due to be paid within the final quarter of fiscal 2024 to hourly and daily-rated workers by the Penal/Debe Regional Corporation in conformance with the bargaining agreement-(\$1,000,000).

HEAD: 43 – MINISTRY OF WORKS AND TRANSPORT the sum of \$155,677,000 is required:

- (i) to meet a shortfall in the allocation of funds under the following Votes for the corresponding reasons:
- Rent / Lease – Vehicles and Equipment- to provide the requisite tools to assist the Drainage Division in the execution of its fiscal 2024 clearing and desilting programmes- (\$20,000,000);
 - Other Contracted Services (Highways Division)- to assist the Highways Division in the continued implementation and completion of its fiscal 2024 programme of works relevant to drainage; bridge repair; safety; slope stabilisation and road rehabilitation and to provide payments to contractors- (\$58,000,000);
 - Other Contracted Services (Drainage Division)- to assist the Drainage Division in the continued implementation and completion of its fiscal 2024 programme of works relevant to improvement, construction, desilting, clearing, cleaning and embankment works and to facilitate payments to contractors- (\$20,000,000);
 - Other Contracted Services (Traffic Management Division) – (a) to facilitate expenditure to be incurred under the item to the end of fiscal 2024 (\$3.7Mn); (b) to install Traffic Controlled Devices required for an existing Reversible Lane Control Signals and Intelligent Transportation Systems along the Eastern Main Road (\$7.8Mn); and (c) to upgrade the traffic signal systems from inductive loop sensors to video detection sensors (\$3.5Mn) - (\$15,000,000);

- (ii) to facilitate payment of gratuities to 268 officers whose contracts have ended within the respective Divisions of the Ministry (Traffic Warden - 157 persons; IT - 16 persons; Highways - 17 persons; Drainage - 14 persons, Transport - 13 persons; PURE - 24 persons, etc.)- (\$10,000,000);
- (iii) to provide for the following loan payments due in September 2024 specific to:
 - (a) the NIPDEC – Repayment of 1.542Bn. Fixed Rate Bonds - PURE of \$26.8Mn; and
 - (b) NIDCO – Road Works \$500Mn. – Point Fortin Highway of \$5.85Mn.

It is instructive to note that funds were initially provided to honour the debt payments however there was need to transfer the said funds to the Sub-item - Other Contracted Services (Highways Division) to meet urgent costs - (\$32,677,000).

HEAD: 65 – MINISTRY OF FOREIGN AND CARICOM AFFAIRS the sum of **\$4,944,000** is required:

- (i) to undertake repairs and other remedial works to the Ministry’s buildings situate at Prada Street, St Clair, as a result of mold infestations (\$752,000); and
- (ii) to facilitate the payment of terminal benefits to locally recruited staff of the High Commission, London - (\$4,192,000)

HEAD 80: MINISTRY OF TOURISM, CULTURE AND THE ARTS - the sum of **\$21,048,000** is required:

- (i) to meet the cost of expenses incurred by the National Carnival Commission for Carnival 2024 in respect of the construction of facilities and the provision of security services (\$5,300,000);

- (ii) to meet expenditure associated inter alia with the: (a) repairs and maintenance of the HVAC air-condition system; (b) repairs and servicing of the elevator; (c) settlement of outstanding bills for the provision of electricity, janitorial and security services; and (d) payment of salaries to contract staff by the National Academy for the Performing Arts- (\$9,645,000); and
- (iii) to provide for the costs incurred by the Southern Academy for the Performing Arts for: (a) maintenance of the building; (b) payment of arrears for the provision of electricity, janitorial and security services; and (d) payment of salaries to contract staff (\$6,103,000).

DEVELOPMENT PROGRAMME

HEAD: 65 – MINISTRY OF FOREIGN AND CARICOM AFFAIRS - the sum of \$4,238,500 is required:

- (i) to undertake the upgrade of critical Information Technology (IT) equipment at the Ministry of Foreign and CARICOM Affairs' Headquarters and at its Overseas Missions-(\$2,000,000); and
- (ii) to carry out critical refurbishment and upgrade works on Government-owned properties abroad_(\$2,238,500)

MID-YEAR FISCAL OUTTURN

4. Cabinet would recall that the 2024 Budget projected an overall fiscal deficit of \$5,196.8Mn or 2.67 percent of GDP. For purposes of administration of the Budget an overall deficit of \$4,683.8Mn was projected for the period 1st October 2023 – 31st March 2024. However, based on actual revenue received and expenditure incurred, the Government recorded a deficit of \$1,170.3Mn some \$3,513.5Mn lower than the projected outcome in the first six months of the fiscal year. This was as a result of a lower than projected revenue of \$811.2Mn, as well as a reduction in expenditure of \$4,324.7Mn.

REVENUE

5. The revenue collections projected for the period October 2023 to March 2024 was \$24,856.6Mn, whereas the actual amount collected was \$24,045.4Mn, some \$811.2Mn lower than that projected. The variance was caused primarily by lower than anticipated receipts from (i) Taxes on Income and Profits (\$1,570.3Mn); (ii) Taxes on International Trade (\$17.5Mn); (iii) Non-Tax Revenue (\$550.8Mn); (iv) Unemployment Levy (\$349.5Mn); and (v) Green Fund (\$53.4Mn). This negative variance was partially offset by higher than projected receipts from (i) Taxes on Goods and Services (\$1,263.7Mn); (ii) Other Taxes (\$25.4Mn); and (iii) Capital Revenue (\$440.3Mn).

6. The lower than projected performance of Taxes on Income and Profits was significantly due to decreased receipts from (i) Oil Companies (\$1,135.9Mn) which was mainly as a result of (a) the actual realized crude oil prices (Weighted Average Prices (WAP)), being lower than the budgeted price of US\$85.00/bbl as well as lower disposal volumes; (b) the actual realized gas prices (WAP), being lower than the budgeted price of US\$5.00/MMBtu and; (c) administrative delays in bringing to account wire transfers for Petroleum Profits Tax (PPT) payments from Exploration and Production companies which were remitted to the Central Bank of Trinidad and Tobago (CBTT) in March 2024. It is instructive to note that approximately \$20.5Mn has been brought to account as at April 11, 2024. This negative variance was partially offset by late payments from Production Sharing Contract (PSC) companies in the sum of \$435.0Mn in respect of final year remittances and quarter 4 payments for fiscal 2023. The Board of Inland Revenue's provisional realized Oil and Gas WAP for fiscal 2023 was US\$81.59 and US\$3.68 respectively; (ii) Other Companies (\$499.5Mn) as a result of (a) administrative delays in bringing to account wire transfers payments which were remitted to the (CBTT) in March 2024. It should be noted that approximately \$248.0Mn was brought to account as at April 11, 2024; (b) Some companies have opted to submit their payments in April 2024 instead of March 2024;

7. The lower than projected collections under Taxes on International Trade occurred mainly under (i) Import Duties (\$17.5Mn) due to a decrease in the volume and value of goods imported for local consumption.

8. With respect to Non-Tax Revenue, the unfavourable performance was mainly due to lower than projected receipts under (i) Royalties on Oil and Gas (\$1,734.4Mn) mainly due to: (a) the actual realized crude oil WAP being lower than the budgeted US\$85.00bbl as well as lower disposal volumes; (b) actual realized natural gas WAP being lower than the budgeted US\$5.00MMBtu; and (c) the non-payment of approximately \$291.5Mn and \$435.0Mn from PSC companies which was due in Quarter 1 and 2 of fiscal 2024 respectively. It is instructive to note that, the Ministry of Energy and Energy Industries (MEEI) has advised that Inter-departmental Adjustments (IDA's) to bring quarter 1 payments to account was submitted to the Comptroller of Accounts in March 2024. This collection was partially offset by the non-receipt of dividends due to delays in funding activity by the Trinidad and Tobago Mortgage Finance Company Limited (TTMF). These collections are now projected for June 2024; (b) Equity Profits – Central Bank (\$712.5Mn) which reflected a higher than anticipated net profit from the Central Bank for the year ending September 30, 2023;

9. The lower receipt collected from the Unemployment Levy of \$349.5Mn and the Green Fund of \$53.4Mn respectively was mainly due to (a) a shortfall in commodity prices and production levels and; (b) administrative delays in bringing to account payments remitted to CBTT in March, 2024 via wire transfer. It should be noted that under the Unemployment Fund approximately \$100.7Mn has been brought to account as at April 11, 2024 and \$45.0Mn under the Green Fund.

10. These lower than projected inflows in the above category was partially offset by higher than anticipated collections under (i) Taxes on Goods and Services (\$1,263.7Mn); (ii) Other Taxes (\$25.4Mn); and (iii) Capital Revenue (\$440.3Mn).

The higher than estimated collections from Taxes on Goods and Services of (\$1,263.7Mn) was mainly as a result of an increase in receipts collected under (i) Value Added Tax (VAT) of (\$1,268.1Mn) due mainly to the reduction in the issuance of refunds for the period under review. This positive variance was partially offset by lower than projected receipts from Motor Vehicle Taxes & Duties (\$13.0Mn) due to administrative issues with the implementation of the Demerit Point System.

11. The higher than projected receipts from Other Taxes – (Stamp Duty) of \$25.4Mn. has been mainly attributed to increased revenues from residential conveyances and first-time home owner residential mortgages.

12. Under Capital Revenue, the partial realization of proceeds from the Sale of Other Assets resulted in higher than anticipated remittances of \$439.9Mn, related mainly to the settlement of liabilities to the Government of Trinidad and Tobago by CLICO.

EXPENDITURE

13. The total projected expenditure for the period October 2023 to March 2024 was \$29,540.4Mn. The actual amount spent was \$25,215.7Mn, which was \$4,324.7Mn lower than the projected sum.

Recurrent Expenditure

14. For the reporting period, Recurrent Expenditure was projected at \$27,167.0Mn while actual expenditure was \$23,919.3Mn, resulting in a lower than projected sum of \$3,247.7Mn under:

- Personnel Expenditure - \$352.3Mn
- Other Goods and Services - \$727.9Mn
- Interest Payments - \$694.4Mn
- Subsidies - \$21.9Mn
- Current Transfers - \$1,396.3Mn
- Transfers – Statutory Boards and Similar Bodies - \$54.9Mn

15. Under Recurrent Expenditure, the following explanations give an account of the reasons for the incidences of lower than projected expenditure.

Personnel Expenditure: - \$352.3Mn

16. Under Personnel Expenditure the overall spending was lower than projected by \$352.3Mn. The significant areas of lower than anticipated expenditure were as follows:

- Salaries and Cost of Living Allowance: - \$216.8Mn

- Wages and Cost of Living Allowance: - \$24.7Mn
- Overtime – Monthly Paid Officers: - \$35.9Mn
- Allowances – Monthly Paid Officers: - \$67.2Mn
- Government’s Contribution to N.I.S: - \$20.6Mn

17. The lower than projected expenditure under **Salaries and Cost of Living Allowance** of **\$216.8Mn** was primarily under: (i) the Trinidad and Tobago Police Service (\$141.3Mn); (ii) the Fire Service under the Ministry of National Security (\$23.1Mn); and (iii) the Ministry of Education (\$16.8Mn) where funding was projected for the payment of arrears of salaries for the period 2014 to 2019 to the Trinidad and Tobago Fire and Police Service Officers and Teachers. However, a small number of these officers were not paid in the month of March as a result of administrative delays by the various Ministries involved with the payment of these arrears. In the case of the Fire Service (\$25.9Mn) the projected payment of the arrears was overestimated for the month of December 2023.

18. The less than anticipated expenditure under **Wages and Cost of Living Allowance** (**\$24.7Mn**) was spread across the various Ministries and Departments.

19. The less than anticipated expenditure under **Overtime – Monthly Paid Officers (35.9Mn)** was mainly under: (i) the Trinidad and Tobago Police Service (\$36.0Mn) where funding was projected for the payment of arrears of overtime for the period 2014 – 2019 that was awarded to Police officers. However, some payments were outstanding and are currently being processed by the Division.

20. The lower than anticipated expenditure under **Allowances – Monthly Paid Officers (\$67.2Mn)** occurred mainly under: (i) the Trinidad and Tobago Police Service (\$45.8Mn); and (ii) the Prison Service of the Ministry of National Security (\$17.2Mn) where funding was projected for the payment of arrears of allowances for the period 2014 – 2019 that was awarded to Police officers and Prison officers within the Ministry of National Security. However, some payments were outstanding and are currently being processed.

21. Under **Government's Contribution to N.I.S.:** - **(\$20.6Mn)**, this variance as well as the remaining variances under Personnel Expenditure were spread across the various Ministries and Departments.

22. With respect to Other Goods and Services, expenditure was lower than projected by \$651.0Mn, primarily under the following:

- Rent/ Lease – Vehicles and Equipment (\$18.9Mn) which occurred mainly under the Ministry of Works and Transport (\$16.0Mn) where invoices were submitted and are currently being verified by the various divisions under this Ministry before onward transmission for payment;
- Repairs and Maintenance – Equipment (\$32.1Mn) - which occurred mainly under the Immigration Division of the Ministry of National Security (\$10.0Mn) due to the contract with the Canadian Bank Note Company (CBN) for the provision of maintenance and support services to the Trinidad and Tobago passport services has expired and a new contract is currently being negotiated;
- Other Contracted Services (\$92.2Mn) - mainly under: (i) the Ministry of Finance (\$37.1Mn) as; (a) contract agreements with PLIPDECO and Port & Maritime Services for container examination stations have not yet been finalized; (b) no request was made for the payment of technical assistance from the United States of America and UNCTAD Customs Border Control System (\$24.2Mn); and (c) Payments to Lazard Freres and SAS for financial advisory and lobbyist services have not yet been brought to account (\$12.9Mn); (ii) the Ministry of Digital Transformation (\$15.1Mn) which is currently awaiting payments to Fujitsu Caribbean Ltd. and TSTT to be brought to account (\$15.1Mn) and; (iii) the Ministry of Works and Transport(\$14.6Mn) where invoices are currently being verified by the various divisions under this Ministry before onward transmission for payment;
- Drugs and other Related Materials and Supplies (\$99.5Mn) under the Ministry of Health as payments to the Pan American Health Organization (PAHO) and NIPDEC for the supply of vaccines, pharmaceuticals and non-pharmaceuticals items inclusive of CDAP drugs are yet to be brought to account by the Ministry of Health;

- Security Services (\$61.6Mn) mainly under the Ministry of Education (\$24.3Mn) due to the non-receipt of invoices by the service provider in a timely manner to effect payment;

23. The remaining decreases in expenditure were spread across the various sub-items under all Ministries and Department.

The lower expenditure from the preceding areas was partially offset by higher than projected disbursements from the following:

- Extraordinary Expenditure (\$13.5Mn) – mainly under the Ministry of National Security (\$12.4Mn) for the acquisition of one hundred (100) vehicles for the Defence Force and the Police Service to be used for anti-crime operations.

24. Under Minor Equipment Purchases, expenditure was lower than projected by \$82.5Mn, which was essentially the result of delays in the procurement process at the various Ministries and Departments and constraints in overall spending on minor equipment. Additionally, expenditure was lower than projected mainly under vehicles for the Trinidad and Tobago Police Service (\$28.8Mn) due to delays in the new procurement process.

25. With respect to Interest Payments on domestic loans were lower than projected by \$893.8Mn. This variance resulted from the non-receipt of debit advices to bring to account interest payments which were made via wire transfers in March 2024. The outstanding advices would be processed in April 2024.

26. The lower than expected expenditure from the preceding category was offset by higher than projected disbursements from interest payments - external (\$199.4Mn) where the foreign exchange rate was higher than anticipated.

In this category, transfers under Subsidies were less than originally projected mainly because of administrative delays in bringing to account the relevant expenditure regarding the operation of the Coastal Steamers on a timely basis in the sum of \$20.6Mn.

27. Under Current Transfers, the overall expenditure was lower than projected by \$1,396.3Mn. The significant areas were as follows:

- Transfers Abroad: - \$275.3Mn
- Non-Profit Institutions: - \$16.1Mn
- Educational Institutions: - \$21.2Mn
- Households: - \$783.0Mn
- Other Transfers: -\$656.9Mn
- Transfers: - State Enterprises -\$74.7M
- Green Fund: -\$19.1Mn

28. The lower than projected expenditure under **Transfers Abroad** of \$275.3Mn was mainly reflective of administrative delays in bringing to account payments to various external organizations. The significant areas of expenditure are under (i) Regional Bodies (\$16.4Mn) where variances were spread across various Ministries and Departments; and (ii) International Bodies (\$260.3Mn) as the Ministry of Finance is awaiting the debit advices from the Treasury Department to effect payment for subscription of ordinary capital shares (\$253.7Mn).

29. The lower than projected expenditure under **Non-Profit Institutions** of (\$16.1Mn) was spread across various sub-items under all Ministries, Agencies and Departments.

30. The decrease in expenditure under **Educational Institutions** of \$21.2Mn was primarily under (i) Grants to Government Secondary Schools – Education Programme (\$12.3Mn) as a result of procurement delays at the Ministry of Education.

31. The lower than projected expenditure under **Households** of \$783.0Mn was primarily the result of (i) Pension and Gratuities (\$58.6Mn), specifically Public Officers' Gratuities (\$46.6Mn) for which the projected amount of requests approved for payment were less than estimated; (ii) Shortfall in Subsidy re sale of Petroleum Products (\$500.0Mn) where funds are currently being processed to meet payments requested by the Ministry of Energy and Energy Industries (MEEI); (iii) Senior Citizens Grant (\$55.9Mn), Social Assistance (\$51.2Mn) and Urgent Temporary Assistance (\$10.7Mn) respectively, which was mainly as a result of the expected number of new persons entering the system was less than envisaged; (iv) Government Assistance for Tuition Expense Fund (GATE) (\$74.4Mn) as the expenditure did not materialize as anticipated.

32. Under **Other Transfers** (\$656.9Mn) the lower than estimated spending occurred mainly under (i) the Regional Health Authority (\$146.6Mn), as a result of delays in the payment of arrears of allowances to monthly paid employees of the Regional Health Authorities in respect of the collective bargaining agreement for the period 2011 to 2013; (ii) the Infrastructure Development Fund (\$500.0Mn) as the existing balances in the Fund were sufficient to meet its obligations.

The positive variances above was partially offset by higher than projected spending under (i) the Fiscal Incentive Programme for Farmers (\$12.8Mn) as a result of payments issued to suppliers for monies owed from fiscal 2023; and (ii) the Government Assistance for Tuition Expenses Fund (GATE) (\$50.0Mn) as the existing balances in the Fund were insufficient to meet its obligations.

33. The remaining decreases in expenditure were spread across various sub-items under all Ministries and Department.

34. Under **Transfers to State Enterprises** (\$74.7Mn), the decreased expenditure was primarily under (i) Liquid Fuels Company of Trinidad and Tobago (\$12.5Mn) where no request was made for funding by the company as indicated by the Ministry of Energy and Energy Industries (MEEI); (ii) NIPDEC –Repayment of \$1.542.5Bn. Fixed Rate Bonds – PURE (\$26.5Mn) as the Ministry of Works and Transport is awaiting the debit advice from the Comptroller of Accounts to effect payment and bring this expenditure to account.

35. Conversely, these positive variances above was partially offset by higher than projected spending under (i) NIPDEC – Road works \$500Mn – PURE (\$12.5Mn) as this payment was brought to account earlier than projected.

36. The **Green Fund's** shortfall in expenditure by (\$19.1Mn) was mainly as a result of the non-receipt of approvals to implement various environmental projects.

37. Under Transfers to Statutory Boards and Similar Bodies the overall expenditure was lower than projected by \$54.9Mn. There were decreased outflows under: (i) Local Government Bodies (\$58.0Mn) due to administrative delays experienced by the various corporations mainly due to the

lack of understanding of the new procurement legislation. In addition to, the non-receipt of various approvals, request for releases and processing of payments under various sub-items of expenditure at the Corporations; (ii) National Carnival Commission of T&T (\$41.2Mn) as payments in respect of Carnival festivities have not yet been brought to account for the period under review.

38. The lower than expected expenditure from the preceding category was offset by higher than projected disbursements from (i) the Ministry of Public Utilities mainly under the Water and Sewerage Authority (\$95.4Mn) for the payment of salaries to contract officers for the months of February to March 2024 for which there were no projections.

39. The remaining decreases in expenditure were spread across various sub-items under all Ministries and Departments.

40. Capital Expenditure for the period was \$1,077.0Mn lower than projected. The expenditure under the **Consolidated Fund** and the **Infrastructure Development Fund (IDF)** were lower by \$650.6Mn and \$426.4Mn respectively. The lower expenditure under the Consolidated Fund was mainly under (i) the **Ministry of National Security** (\$35.8Mn) under the Acquisition of ILS Services – Re: Cape Class Patrol Vessels (\$23.6Mn) as a contract was being negotiated to provide Integrated Logistical Services for two (2) Coast Guard Cape Class vessels; However, this variance under the Ministry of National Security was offset by increased spending under Integrated Support Services for the Naval Assets of the Trinidad and Tobago Coast Guard (\$14.8Mn) where payments were brought to account for logistics, maintenance, repairs and certification; (ii) the **Ministry of Education** (\$64.4Mn) under the National/Additional Scholarships based on Advanced Level Examinations (\$20.8Mn) due to delays in the receipt of vouchers and the processing of claims; (iii) the **Ministry of Health** (\$68.7Mn) under: (a) Special Programme – Renal Dialysis (\$20.5Mn) where the External Patient Programme Unit in the Ministry is awaiting verification of invoices to effect payments; (b) Medical Equipment Upgrade Programme (\$11.8Mn) and; (c) Hospital Refurbishment Programme (\$11.2Mn) due to delays in the awarding of contracts; (iv) the **Trinidad and Tobago Police Service** (\$76.4Mn) mainly under: (a) Purchase of Vehicles for the Police Service (\$25.0Mn) where the TTPS has experienced delays in acquiring approvals from Vehicle Management Company of Trinidad and Tobago (VMCoTT) to purchase vehicles; (b) Purchase of

Equipment for the Police Service (\$20.0Mn) and; (c) Development of a Computer System for the Police Service (\$15.0Mn) where administrative delays has been experienced due to manpower related issues thereby creating extended lapse in the procurement process; (v) the **Ministry of Finance** (\$33.7Mn) primarily under Upgrading of Information Technology – Inland Revenue Division (\$9.8Mn) due to the division not requesting releases for works done; and (b) Development of an Integrated Financial Management system (\$9.6Mn) where the Ministry is awaiting the debit advice to bring a payment to account. The remaining expenditure was spread across the various sub-items under all Ministries and Departments under this Fund.

41. Under the **Infrastructure Development Fund**, the lower expenditure of \$426.4Mn related mainly to: (i) **the Ministry of Finance** (\$15.0Mn) under the Construction of a Terminal and Associated Facilities at the ANR Robinson International Airport, as no request was made for funding due to project delays; (ii) the **Ministry of Education** (\$85.7Mn) where funding for Improvement/ Refurbishment Extensions to Primary and Secondary schools (\$35.9Mn) was still being processed; (iii) the **Ministry of Public Utilities** (\$60.0Mn) primarily under: (a) Wastewater Network Expansion (\$10.0Mn) as the Ministry has indicated that this project was completed; and (b) the Multi-Phase Wastewater Rehabilitation Programme- Phase 1 (\$30.0Mn) where this project has been delayed because of procurement issues; (iv) the **Ministry of Digital Transformation** (\$43.0Mn) under the Establishment of the Digital Government Programme which was due to delays experienced under the various projects under this programme; (v) **Office of the Prime Minister** (\$37.5Mn) under: (a) Update and Way Forward for the Revitalisation of Port of Spain Project (\$9.8Mn) where cabinet approval had not yet been received; and (b) Construction of La Horquetta Library (\$12.0Mn) where payments are currently being processed.

42. Under the Infrastructure Development Fund, the positive variance was partially offset by increased spending under the **Ministry of Works and Transport** (\$30.5Mn) mainly under: (a) Road Construction / Major Road Rehabilitation - PURE (\$28.5Mn); and (b) Churchill Roosevelt Highway Extension to Manzanilla (\$14.8Mn) where payments were brought to account for invoices brought forward from 2023 and for ongoing works in 2024.

43. The remaining expenditure was spread across the various sub-items under all Ministries and Departments under the Fund. The primary reason for this decline in estimated spending under the remaining capital expenditure were as a result of:

- (i) delays in approvals for the commencement of projects;
- (ii) variations of some projects;
- (iii) delays in bringing expenditure to account;
- (iv) the non-submission of claims by contractors; and
- (v) administrative delays in processing claims for payment.

Overall Projected Fiscal Performance for 2024

44. Cabinet is asked to note that the Budget Division in its mid-year review of the 2024 Budget was cognizant that certain areas require priority funding, in spite of the need to curtail overall spending. When all these priority areas are included and adjustments made in other areas, total expenditure has been revised to \$60,592.1Mn. an increase of approximately \$1,383.0Mn. over the original budgeted expenditure.

45. Cabinet would also recall that the 2024 Budget was predicated on an average oil price of US\$85.00 per barrel and natural gas price of US\$5.00 per mmbtu. The Minister of Finance in his presentation of the 2024 Budget announced that total revenue was projected at \$54,012.3Mn. and total expenditure was estimated at \$59,209.1Mn. with a resultant overall fiscal deficit of \$5,196.8Mn.. It should be noted that the adjustments included in the Supplementary Appropriation Bill together with curtailment of expenditure within Heads of Expenditure, and the anticipated decrease in total revenue of \$3,012.3Mn., will result in a decrease in the overall deficit position on Central Government Fiscal Operations to \$9,592.1Mn. The decrease in revenue is attributed mainly to decreased income from Taxes on Income and Profits (mainly Oil and Gas companies).

46. The additional funding is required for unavoidable expenditure pertaining to Personnel Expenditure, Goods and Services, Current Transfers and Subsidies, Current Transfers to Statutory Boards and Similar Bodies and Development Programme. **Appendix I** provides details for the

additional resources. Cabinet is also asked to note that this funding includes the sum of \$586.2Mn. for the payment of arrears due to employees, service providers and contractors.

47. Notwithstanding the need to increase FY24's expenditure by TT\$1,383.0 to ensure the delivery of the aforementioned essential services to the citizens of Trinidad and Tobago, government is mindful of the possible effect of such disbursement, and its impact on the economy. As such additional appropriate measures will be taken to ensure that there is no divergence from its existing prudent fiscal management. As a consequence, further revenue generating measures are under consideration and may be instituted at a later date (Appendix IV refers). In addition, the government will take the necessary steps to seek an increase in its overdraft facility at the Central Bank from 20% to 25% of annual revenue.

48. The Minister of Finance proposes that Parliament be approached on June 3rd, 2024 with the view to having the Supplementary Appropriation approved by both Houses and assented to by the President by June 20, 2024. (See proposed timetable at **Appendix II**). The draft Finance (Supplementary Appropriation) (Financial Year 2024) Bill, 2024 has been forwarded to the Chief Parliamentary Council for vetting and is attached as **Appendix III**.

49. The Minister of Finance recommends and Cabinet is asked to agree to:

(i) the Supplementary Appropriation in the aggregate sum of **\$2,328,099,600**, as detailed hereunder, to fund urgent and critical Recurrent and Capital Expenditure to September 30, 2024:

Recurrent Expenditure - \$2,323,861,100

Development Programme - \$4,238,500; and

(ii) the proposed timetable for the passage of the Bill through both Houses of Parliament (**Appendix II** to the Note refers).