

... HSF drawdown possible if revenue falls short



Members of the Trinidad and Tobago Chamber of Industry and Commerce at the 2025 Post-Budget Meeting at the Le Rêve Conference Centre, C3 Centre, yesterday. PHOTO BY RISHI RAGOONATH

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Government is not ruling out withdrawing from the Heritage and Stabilisation Fund (HSF) if revenue falls short of its \$55.36 billion projection for 2026.

The Opposition has questioned the Government's use of US\$73.25 per barrel as its benchmark oil price for the 2026 Budget, but Finance Minister Davendranath Tancoo says the fiscal plan already accounts for fluctuations in global prices.

Speaking to reporters at C3 Centre, Ste Madeleine, yesterday, Tancoo said Government has several financing mechanisms available and would operate within its fiscal constraints. If a withdrawal from the HSF becomes necessary, it will be done within the law, he added, reminding journalists that the Fund was created to provide budgetary support when needed.

Tancoo said the Ministry modelled multiple scenarios, not only around oil and gas prices but also the fiscal implications of any price decline.

"There are various scenarios that have been played out, including the possibility that the price of oil drops. Scenario planning occurred, so we are preparing for those eventualities if they happen."

The Government based its assumptions on an oil price of US\$73.25 per barrel—compared to US\$77.80 in 2025—and a natural gas price of US\$4.25 per MMBtu, up from US\$3.59 per MMBtu.

At the Chamber of Industry and Commerce's annual post-budget meeting, Heritage Petroleum's Naline Ramkissoon described the oil price assumption as "a bit optimistic" and asked how it was determined.

Tancoo explained that over the past five to six years, the Ministry of Energy and Energy Industries has developed a “basket of oil prices,” providing optimistic, pessimistic, and balanced projections.

The Government used the balanced figure, he said.

He added that the benchmark was not tied to Brent Crude but was derived using a mechanism developed by the former PNM administration, which averages the basket’s prices.

To fund its expenditure, the Government has introduced new taxes and fines. When asked which industries are expected to stimulate growth in 2026, Tancoo said the Budget aims to drive “combined growth” across all sectors.

“If we get through with what we are trying to, then every single sector of this economy will see growth. The incentives we are proposing are not just for one industry; they are all interlinked.

If the agriculture sector grows, manufacturing becomes an opportunity.

Trade and commercial activity also expand, so every industry right now is tied to the other,” he said.

He pointed to the existing tax structure as one of the main revenue sources but said it has suffered from poor implementation.

The Board of Inland Revenue (BIR), he revealed, operates with only 30 per cent of its required tax compliance staff.

“Addressing those issues and working under the existing structure will help bring in more revenue.

Government’s focus is on fixing tax compliance to ensure T&T gets a fair share of what is being produced. This will even address an estimated \$10 billion tax gap that former finance minister Colm Imbert identified himself and did nothing about,” he said.

“That \$10 billion closes. I predicted a \$3.8 billion fiscal deficit.

If we can close that gap—even without the benefits of increased production or economic activity—by simply ensuring compliance, we will be in a surplus,” he added.

Employment transformation plan

Tancoo said increased business activity will also boost tax revenue.

He reminded that during his budget presentation, he announced the elimination of CEPEP and URP, replacing them with fulltime, better-paid jobs. A new Employment Fund in the Ministry of Finance has been established with \$475 million, to be used alongside the \$310 million Unemployment Fund for job creation.

He said Prime Minister Kamla Persad-Bissessar will provide more details on the job creation initiative during her parliamentary contribution.

Following last Friday’s parliamentary session, Tancoo said he saw a preview of the upcoming employment plan.

“Be prepared to be blown out of the water when Persad-Bissessar presents her job creation plan. We will see opportunities in places they never had before.

There will be transparency and accountability in job creation—it will no longer be about who you know. It will be based on capability, qualifications, and training,” he said.