

**Statement by the Honourable Minister of Finance on the Report on the Operations of the National Insurance Board of Trinidad and Tobago (NIBTT) and Audited Financial Statements for the Financial Year ended June 30, 2023**

Madam Speaker, I have been authorized by Cabinet to make this Statement on the Report on the Operations of the National Insurance Board of Trinidad and Tobago (NIBTT) and Audited Financial Statements for the Financial Year ended June 30, 2023.

2. Sections 13(2) of the National Insurance Act, Chap. 32:01 (“the Act”) states that “Subject to subsection (3), the Board shall within three months of the end of each financial year make a report of its proceedings and of the operation of this Act in respect of that financial year to the Minister who shall, within two months of the receipt of such report, lay it before Parliament. Today, I would like to outline to this Honourable House some of the main highlights of this Report.

3. Madam Speaker, **key operational statistics** as prescribed by Section 13(2A) of the Act during the financial year ended June 30 for the NIBTT are as follows:

- (a) the number of contributors in the National Insurance System (NIS) during 2023 was recorded at 491,726, increasing by 8.0 percent from 455,448 in

2022, while the number of beneficiaries increased by 4.1 percent from 214,490 to 223,281 that is an increase of OVER 36, 000 contributors;

(b) contribution income collected for the 2023 financial year amounted to \$4.807 billion, increasing by 6.1 percent from the \$4.530 billion earned in 2022;

(c) benefit expenditure for the 2023 financial year amounted to \$6.164 billion, increasing by 7.6 percent from the \$5.729 billion in 2022.

(d) administrative cost for the 2022 period was recorded at \$280.9 million, increasing by 24.4 percent from \$225.9 million in 2022; also increased as a percentage of contribution income, from 5.0 percent in 2022 to 5.8 percent in 2023;

(e) the net yield of the investment portfolio for the 2023 period was 4.1 percent, compared to 4.6 percent in 2022; and

(f) total funds decreased by 3.2 percent from \$29.94 billion in 2022 to \$28.99 billion in 2023. Similarly total assets decreased by 2.7 percent from \$30.24 billion in 2022 to \$29.44 billion in 2023.

4. Madam Speaker, the Report noted that the financial year July 1, 2022 through June 30, 2023 was a period of restoration for the NIBTT as the last of the mandatory COVID-19 restrictions were, with minor exceptions, removed. There was a strengthening of business activity in the non-energy sector, with increased economic activity in transportation and storage, wholesale and retail . This

translated into a rebound in the number of contributors, both employees and employers during the financial year.

5. The NIBTT continued implementing its strategic plan with particular focus on “Leveraging Technology” and “Compliance and Collections”. The discovery phase of NIBTT’s Information and Communication Technology project called EMPOWER was completed, a Debt Collection Unit was established and a significant number of Authorised Officers were on-boarded and trained in the conduct of employer compliance audits. The NIBTT continued to advocate for reform of the National Insurance System (NIS) as guided by the 10<sup>th</sup> Actuarial Review.

During the financial year the NIBTT supported a series of stakeholder meetings hosted by the Ministry of Finance on the recommendation related to the retirement age.

6. During the year ended June 30, 2023, **the number of new employers registering** with the NIBTT increased by 2.5 percent to 1,638 persons. The active employer population increased by 2.7 percent to 19,140 persons. With respect to Employee registration, 24,667 applications for processing in the financial year were determined. Of these, 79 percent were new insured persons added to the database in 2023, a 36 percent increase compared to 2022.

7. In the area of **benefit administration**, as at June 30, 2023, 223,281 beneficiaries received a total of \$6.16 billion in benefit payments, which represented an increase in expenditure of 7.6 percent over the previous period. The number of long-term beneficiaries increased by 5.1 percent to 195,859 persons in 2023, from 186,332 persons in 2022.

Payment to this group totalled \$5.88 billion or 95.4 percent of the total benefit expenditure recorded in 2023, an increase from 94.9 percent or \$5.435.0 billion of the total benefit expenditure recorded in 2022. The payments to short-term beneficiaries totalled \$211.9 million or 3.4 percent of total benefit expenditure. This represents a decrease from \$225.0 million in financial year 2022. The payment of funeral grants significantly decreased to \$72.0 million in financial year 2023, down from \$94.8 million in 2022, and accounted for 41.3 percent of Short-Term beneficiaries compared to 52 percent in financial year 2022.

8. With regard to **employment injuries**, Madam Speaker, benefits totalled \$71.9 million or 1.2 percent of total benefit expenditure. This represents an increase of 4.3 percent over total Employment Injury Benefit expenditure for 2022 of \$69.0 million. There was a 4.7 percent increase in the number of beneficiaries, from 3,945 to 4,130.

9. Madam speaker, **contribution income** collected for the year ending June 30, 2023 was \$4.807 billion, a total of \$407 million above the budgeted estimate of \$4.4 billion. Penalties and interest received amounted to \$11.7 million, a decrease of \$22.4 million from the \$34.1 million collected in 2022.

10. In the area of **investment**, as at June 30, 2023, the market value of the investment portfolio of the NIBTT was \$28.0 billion, reflecting a \$1.1 billion or 3.7 percent decrease over the fund size. in 2022. The decline in the portfolio's market value was mainly attributable to approximately \$290 million in unrealised losses as well as the withdrawal of \$1.5 billion to finance the National Insurance (NI) System deficit during the financial year. During the period, the global economy continued to cope with the lingering effects of COVID-19 and the ongoing war between Russia and Ukraine. These factors contributed to a high inflationary environment globally within the advanced and emerging markets and forced Central Banks globally to adopt an aggressive stance to tighten monetary policies by increasing rates to curb inflation.

11. NIBTT's **Equity Portfolio** accounted for the largest asset class (61.0 per cent) of the total fund which stood at \$17.1 billion at the end of financial year 2023, with 75 percent of the portfolio invested in Trinidad and Tobago, and the remaining 25 percent internationally. The two primary sector exposures were Financial (37 percent) and Sovereign (19 percent) as at June 2023.

This market value represented a decline of \$1.75 million or 0.01 percent when compared to the prior financial year.

12. With regard to the **Fixed Income portfolio**, this portfolio increased by 9.3 percent or \$745 million to \$8.8 billion with a weighted average purchased yield to maturity of 4.6 percent.

13. The NIBTT's **Investment Holdings** recorded a net unrealised investment loss over the period of \$290 million resulting from unrealised losses in equity investments, mutual funds and fixed income respectively. Conversely, total realised investment income amounted to \$933.0 million, with its key drivers being interest income from local bonds of \$386.7 million, dividend income from local equities totalling \$370 million and foreign equity holdings \$93 million.

14. It is also noted that implementation, monitoring and evaluation of the relevant strategic initiatives and goals of the **Strategic Plan**, which was revised in 2021, have continued throughout the financial year 2023. In the new financial year, planning will commence in anticipation of the new cycle for the years 2025 to 2029.

15. Regarding the **waiver on penalties and interest**, the National Insurance (Amendment) Act was assented to by the President on July, 2022 for a waiver of all penalties and interest due and applicable in respect of any contribution outstanding as at June 30, 2022. For the financial year ended June 30, 2023, the Total Contribution in Arrears received in response to the waiver amounted to \$123.8 million.

16. In the area of **digital transformation**, during the financial year, the NIBTT continued the thrust for digitization of contribution records and an additional 3,000 square feet of warehouse space was acquired to facilitate data clean-up and digitization.

17. Finally, in the area of **manpower, staff training and welfare**, during the financial year, 180 positions were filled compared to 44 in 2022. As at June 30, 2023, the approved staff complement stood at 755 with a permanent staff headcount of 656.