



**Welcome Remarks to be delivered by**

**Mr. Robert Trestrail**

**President, Trinidad and Tobago Chamber of Industry and Commerce**

**on the occasion of**

**Trinidad and Tobago Chamber of Industry and Commerce**

**Post-Budget Analysis Meeting**

**Monday October 3, 2016**

**8.00 a.m. – 11.30 a.m.**

**Hyatt Regency, Port of Spain**

## **SALUTATIONS:**

- The Honourable Colm Imbert, Minister of Finance
- Senator, The Honourable Paula Gopee-Scoon, Minister of Trade and Industry
- His Excellency John Estrada, US Ambassador to the Republic of Trinidad and Tobago
- Her Excellency Carla Hogan Rufelds, Canadian High Commissioner to The Republic of Trinidad and Tobago
- Other Members of the Diplomatic Corps
- Dr. Sandra Sookram, Deputy Governor, Central Bank of TT
- Professor Brian Copeland, Pro Vice Chancellor & Campus Principal, University of the West Indies, St. Augustine
- Past Presidents
- Members of the Board of Directors & Executive Management of the Chamber
- Our Distinguished Panellists and Moderator
- Corporate Investors & Sponsors
- Members of the Business Community
- Members of the Media
- Ladies and Gentlemen

Good Morning.

On behalf of the Trinidad and Tobago Chamber of Industry and Commerce, I would like to warmly welcome you all to our Annual Post-Budget Analysis 2016. I must also say a special “good morning” to our viewers and listeners tuning in on CTV/CNMG and on Sky 99.5FM.

The T&T Chamber is pleased to have once again secured the commitment of the Honourable Colm Imbert, Minister of Finance, who graciously accepted our invitation this year. We look forward to listening to his address, and allowing you, our members, the opportunity to pose your burning questions to him. The portfolio of Minister of Finance carries a heavy responsibility, so we are truly grateful for Minister Imbert’s support of this T&T Chamber event.

I wish to welcome our esteemed panellists and moderator who have kindly consented to provide expert analysis and commentary this morning and a very special ‘thank-you’ to our Corporate Investors for partnering with us this year.

The Trinidad and Tobago economy today remains one that is highly dependent on the hydrocarbon sector. For the fiscal year ended 2014, it is estimated that oil and gas contributed approximately 48% of Central Government Revenue, 36% of GDP and 85% of exports. Fast forward to recent data from the July 2016 Central Bank Economic Bulletin, and the findings paint a different picture; the sector has become a mere shadow of its past, in terms of what it has contributed to the economy; a somewhat grim reality for all of us today.

Our economy has now evidenced negative growth for the last seven quarters. However, as the Minister of Finance indicated in his statement, Trinidad and Tobago is not alone in this predicament; many other economies are facing slowing growth and the resulting social impacts.

The latest Global Competitiveness Index saw Trinidad and Tobago drop significantly by five points lower down the scale, moving from a disappointing ranking of 89<sup>th</sup> last year, to an even more disturbing 94<sup>th</sup>.

One of the major issues which continues to affect business confidence is that of crime and criminal activity. Organised crime appears to be gaining a stronger hold on our society, driving much of the underpinnings of both blue collar and white collar crime. As has occurred in the past, the Ministry of National Security received the largest budgetary allocation overall. This attests to the fact that the government recognises - and I quote the Minister - *"that the safety of our citizens is an absolute imperative if we are to maximize our economic potential and enjoy the fruits of our labour"*. End quote.

This year, the Minister addressed issues of transnational crime and boosting the efficiency of intelligence-gathering, among other areas. Having spent almost \$20B over the past 2 years, and with an expected spend of a further \$7B this coming year, I ask myself;

Are we as citizens any safer?

Are we any closer to stemming the tide of lawlessness that pervades our land?

Are we, as citizens, truly getting the returns from the investments made in this critical area?

Well I think we all know the answers to these questions.

Clearly the issue remains one of 'value for money'. We recognize, as do many others in society, that most of our public institutions are in a state of structural failure. We are of the view that under the current governance and operational structures, successive administrations – no matter the party in power - have proven themselves institutionally incapable of effectively addressing the issue of crime. More money does not buy us a permanent Commissioner of Police. If you ask the average man in the street, there is a universal cry that contrasts the huge sums spent over the past years of plenty, with the level of service delivery that the community experiences.

On Friday evening, I was on a panel to discuss the Budget Presentation and the theme was: "Taxing Times". Saturday's newspaper headlines screamed: "Tax Pains", "Tax on Rich" and "Taxman Cometh".

We at the T&T Chamber are of the firm view that the increase in the effective tax rate for individuals and companies will serve only to penalise those who are already complying with the tax laws. Let me say that again...

We expected that more stringent measures would have been developed to detect people who currently evade paying taxes, and hold them to account. However, given our current constraints with respect to detection and conviction, we are not entirely satisfied that there exists the capacity to follow through successfully on this.

The easier option was to increase taxes on those already compliant, and almost simultaneously, call upon the business community to invest, to expand, and to become more innovative. These things require capital, and this new tax regime will restrict the availability of this capital.

We at the Chamber are in support of the Revenue Authority. We demand a well-resourced Revenue Authority which will not only improve the efficiency of tax collections, but will also impact positively on the detection of criminal activity. However, we can only be guardedly optimistic, fearing as we do, that in the absence of fundamental reforms, worthwhile and positive initiatives such as the Revenue Authority, might well fail. We look forward to the next steps in the creation of the Revenue Authority.

Several recommendations for harnessing the potential of Public-Private Partnerships have borne fruit with incentives for investments in this regard. Almost every sector can benefit from such investment, including: agriculture, the creative industries and medicine. The T&T Chamber looks forward to the full operationalisation of the Public Procurement and Disposal of Public Property Act that would, no doubt, lend credence to these P-PPs.

Tourism, the mainstay of Tobago, appears to have received a welcome boost, and certain key projects were also identified to safeguard the future of the island. Once they are properly managed and executed, we are confident that they will be able to stimulate business out of the current slump. The Sandals project is one example that is likely to present numerous opportunities to enhance Tobago's attractiveness as a premier tourist destination, and build downstream industries to support the tourism sector.

Similarly, agro-processing has been recognised as a sector worthy of being incentivised. We must bear in mind, however, that a reliable supply of local raw material would be necessary to sustain production,



and greater focus must be placed on developing the agriculture sector. Perhaps there is room here for exploring the use of technology in farming.

The T&T Chamber commends the Honourable Minister for continuing on the path of divestment. We have actively lobbied for Government to relinquish ownership of businesses that could be more efficiently run by the Private Sector. With regard to state entities earmarked for further divestment, we recommend strongly that Government move expeditiously to complete this. This is critical in light of the fact that the divestment forms part of the plan to decrease the anticipated budgetary deficit. Noticeably absent, however, were any clearly articulated plans to deal with unprofitable state enterprises. The Minister singled out Petrotrin, WASA & TTEC as institutions that must be aggressively reformed.

The business sector remains heavily reliant on the availability of foreign exchange to allow for timely payment for goods, services and capital purchases. Foreign exchange contributed by the energy sector has significantly decreased, and the Central Bank has been attempting to

make good the shortfall. We support the call for our manufacturers to become net earners of FX; but getting to that point requires investment in plant and equipment - most of which requires foreign exchange to purchase. For more than 18 months, the issue of a reliable supply has persisted as a challenge; yet, there was no indication of a clear way forward to bridge the gap, nor to hasten towards the goal of becoming net foreign exchange earners.

Diversification of our economy, in a manner that makes us significantly less dependent on the rents of the energy sector, is not a short-term project. As such, our country will continue to remain dependent on the energy commodity for at least another decade. We were disappointed that the Honourable Minister was silent on the completion date for the long-awaited Gas Master Plan, and the progress made on the review of the supplemental petroleum taxes. These two issues impact on investment decisions to be made by the energy companies.

Ladies and gentlemen, the Minister of Finance recognised the need to encourage innovation in business. He indicated that awards will be given to five projects to facilitate the development and implementation

of business concepts. We believe, however, that Innovation – as a key area - was not sufficiently addressed in last Friday's presentation. Using the Global Competitive Index as a benchmark, it is an area in which we have consistently registered a low score, yet it remains a critical area if we are to transition and transform our economy. It would be good to focus some more effort towards development in this area, paying particular attention to the use of ICTs to enhance the various sectors.

Underpinning all of the above, ladies and gentlemen, is an urgent need for reform of the Public Service. The cumbersome machinery that currently exists has severely impeded successive administrations. This has negatively impacted upon doing business in T&T, and has diminished our attractiveness as an investment destination. Again, as citizens... are we being provided with value for money?

As mentioned earlier, we are of the firm view that many of our institutions are in a state of structural failure. In such an environment providing more money or even the same as the previous year will not add value. Doubling the amount of money allocated to one ministry is not likely to lead to a double in value to the citizens. We have seen this

to be true in the case of crime, in the case of our health sector, in the provision of local government services like garbage collection. You name it... more money does not mean more value. A vibrant approach to a tripartite model, along with a comprehensive industrial relations system will put us on sound footing towards achieving a properly functioning model for the public sector.

Ladies and gentlemen, the private sector is being challenged to use this opportunity to wean itself away from reliance on Government as the main purchaser of goods and services, and to reach out to foreign markets, beyond the traditional ones. We feel confident that the business community can rise to this challenge to achieve that objective.

This year's budget reiterated a number of proposals outlined in previous budgets. Execution, therefore, will be the key determining factor for many of the plans outlined. The Government will be left to demonstrate that it can deliver on what it has set out to deliver, and should share measurable targets and time-frames for getting it all done.

Strong and determined leadership is now required to take Trinidad and Tobago forward despite international and geopolitical forces that are growing increasingly unpredictable. I refer here, not just to leadership at the political level, but leadership from within the private sector and on the labour front. Our citizens are known for their resilience and creativity, but it will be up to those who lead to chart the way forward and set the tone for all of us to follow. We at the T&T Chamber remain very hopeful and will continue to work diligently with all key stakeholders to make our collective success a reality.

Ladies and gentlemen, I thank you and do enjoy today's session.