



MEDIA RELEASE

September 19, 2017

National Budget Recommendations 2017/2018

The President and other senior members of the Trinidad and Tobago Chamber of Industry and Commerce met recently with the Honourable Minister of Finance, Permanent Secretaries and advisors of the Finance Ministry, with a view to presenting the Chamber's recommendations for the upcoming National Budget presentation early next month.

While the Budget is a one-year plan, the T&T Chamber firmly believes that it must form part of a broader multi-year strategy, which extends beyond the term of office of any one administration. This becomes even more critical in a climate of contraction, with the attendant decrease in revenue and cash flow and increase in fiscal deficits.

Consultation with our membership led to focused attention on the following key areas: - national efficiency and competitiveness; the establishment of TT Revenue Authority; support for business innovation and start-ups; incentivizing exports; transformation and diversification; value for money, exchange rate management.

For our domestic goods and services to become more competitive, there must be an increase in national efficiency. Therefore, we need to implement clear strategies to encourage productivity and efficiency through management of make-work programmes and over employment by the public sector.

We believe that broadening the tax net through the introduction of the TT Revenue Authority would yield additional revenue to help close the budgetary gap. Government should consider this alternative, as opposed to the continued application of higher taxes to those who are already compliant.

The T&T Chamber recommendations include a call for support for an innovative business ecosystem, through significant tax incentives for investment in business start-ups. We suggest the implementation of co-funding arrangements with organizations possessing the proven capacity to execute on development initiatives and by matching funds for venture investments.

Yet another item for consideration is that of encouraging increased export of goods and services through significant tax incentives which would be paid based on the increased foreign exchange

earned over prior year. Tax incentives will only be paid based on increased investments and foreign exchange earnings.

To reduce our country's long-standing dependence on the energy sector, economic diversification is urgently required. To achieve this, we advocate a total transformation of the local business environment through incentivization of non-energy sectors such as manufacturing, agro-processing and tourism.

A far more critical review of 'value for money' initiatives is required to foster greater transparency and accountability in government expenditure. For the past two years, National Security has received the largest budgetary allocation while we remain uncertain about whether the country has derived the best return on its investment.

Despite the apparent lack of accountability, the T&T Chamber acknowledges that we must prioritize dealing with crime through effective legislation, full support of the Judiciary, enabling the Police Service Commission and advocating the appointment of a permanent Commissioner of Police.

Finally, the Chamber is calling for more dynamic management of the exchange rate in tandem with an inflation goal. At present, the current exchange rate appears to be overvalued and unsustainable. This in no way fosters diversification of our economy and competitiveness in the export of goods and services.

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