

**Employers' Consultative Association
Of Trinidad and Tobago**



#17 Samaroo Road,
Aranguez Roundabout North
Aranguez
1 (868) 675-5873, 638-6463
638-9394, 674-2368
Email: communications@ecatt.org
Website: www.ecatt.org

FOR IMMEDIATE RELEASE

**ECA'S INITIAL REACTION TO 2022-23 NATIONAL BUDGET
PRESENTATION**

[ARANGUEZ, 27 September 2022] — As we continue to navigate our path to recovery, the Employers' Consultative Association of Trinidad and Tobago (ECA) understands that our actions must be carefully considered and intentionally implemented, particularly within the context of continued geopolitical tensions that are impacting commodity prices, fuelling inflation globally and threatening the recovery efforts of many economies. In this regard, the ECA wishes to acknowledge what it considers a modest attempt at continuing to rebalance our economy while attempting to address some long-standing issues that have been left to flounder for too long.

Indeed, we have been fortunate, given our mature energy sector, to have benefitted in some way from the increases in energy prices since the end of the first quarter of this year, an opportunity that should not, and must not be wasted.

The ECA is pleased to share its initial reactions to yesterday's national budget presentation for the fiscal year, 2023.

What we Liked

- The projected budget deficit of \$1.51 billion dollars, which is the lowest deficit since 2015. Although we recognise the current influence of energy prices on our revenue projections and the volatility of these prices, we believe this attempt to present a relatively balanced fiscal package is a notable accomplishment.
- The efforts geared towards improving the ease of doing business. This year's presentation contained several enabling measures which can help to improve the business environment, particularly for micro, small and medium businesses (MSMEs) who continue to drive employment and economic activity in T&T. The SME Mentorship Programme, Grant Fund Facility administered by ExpOrTT, Export Booster Initiative and the adjustment to the VAT registration threshold are all valuable initiatives for boosting MSME performance and encouraging growth. The Long-Term Loan Guarantee Scheme for SMEs is also a noteworthy program, which we hope will see a better uptake than similar opportunities presented during the heights of the COVID-19 pandemic.

- The much-needed digitalisation of government services is also a welcome step in the right direction. We look forward to the ongoing, rapid implementation of relevant systems and processes, with the requisite training and capacity development, to further enhance the ease of doing business for organisations and individuals.
- Even as we acknowledge the importance of oil and gas to our economy, economic diversification and the creation of diversified, sustainable revenue streams is equally important if we are to improve our resilience against future commodity market shocks. In this regard, we commend the ongoing support to promote the development of the non-energy sector, such as the manufacturing tax credit (up to a maximum \$50,000) for companies investing in new machinery, production lines and equipment, and the establishment of the Trinidad and Tobago Trade and Investment Promotion Agency (TTTIPA).
- Incentives for the greater use of renewable energy in various sectors. The rebate of up to \$25, 000 for the implementation of renewable energy in agriculture is a progressive step in encouraging the use of renewables. We also look forward to the outcomes of the discussed Megawatt Solar Photovoltaic project along with the outcomes on the various other projects to include renewable energy in the electrical supply mix.
- Developing our human capital is critical to the development of a country and therefore, improving the access to education through adjustments to the criteria for accessing GATE is commendable. We also welcome the promotion of apprenticeships through the School-to-Work Apprenticeship Allowance for businesses. Employers have continued to express the need to improve the workforce readiness skills of students coming out of the education system and apprenticeship programmes are an effective tool for achieving this objective while also learning required technical skills as we continue to try and bridge the gap for a smoother transition for young people into the world of work.
- Increase in the Personal Income Tax Allowance. This adjustment, which saw an increase in previous exemptions, from \$7,000 to \$7,500 will have a direct benefit on low-income earners, who will stand to be most impacted by the rising cost of living due to inflation, fuel price adjustments and the loss of income and jobs that many experienced during the past two (2) years.

What are Our Concerns

- The hike in fuel prices, though unavoidable, will undoubtedly have a negative impact on the citizens of Trinidad and Tobago, especially given that this is the second increase in 2022, coming out of a difficult pandemic period for many. While we understand the high cost of subsidising fuel, we must also be cognizant of the social cost when fuel prices increase. The access to transportation is a necessity and citizens will need to make further sacrifices, some with already limited resources, to absorb the cost of this increase.
- The protracted nature of ongoing public sector negotiations is a continued area of concern. More importantly, we are seeing the disadvantage to both parties when negotiations are not conducted in a timely manner or within the period they are due.

- With the third largest allocation going to National Security, we are concerned with the continued escalation of serious and violent crimes that continue to plague both businesses and citizens. There is immense fear among the business community of operating beyond certain hours, which ultimately translates into a loss of taxable revenue for the State. It is also not useful to develop a national tourism product if safety and security is not assured. In this regard, we hope to see further elaboration on how the fiscal allocation will be put to use in arresting the spiralling criminal activity.

What is Missing

- It is commendable that approximately 4 billion dollars in VAT refunds were paid in 2022. However, the bigger issue of the efficiency of the VAT refund system remains unresolved. We note the continued efforts towards operationalisation of the T&T Revenue Authority, which is long overdue, but we can only hope that these efficiency issues are address within the TTRA so that future VAT refunds are issued in a timely manner.
- The modernisation of our Labour Legislation and Labour Market Policies unfortunately seems to remain on the backburner. This cannot remain the case, especially within a world of work that has been fundamentally redefined in the last two (2) years. The emergence and growth of remote work is just one example of why there needs to be urgent attention towards updating our existing legislative and policy frameworks.
- There continues to be a fundamental disconnect between our education curriculum, the skills that employers and the future of business require and development objectives of the Government. As we have stated in the past, we believe that the private sector can certainly contribute to the creation of synergies in determining the links between education, training and the world of work now, and for the future, so inclusive stakeholder dialogue must be urgently undertaken. This also can benefit the State immensely in determining where best to allocate resources for further development

We expect that much more detail on specific allocations, programmes and initiatives will be made available in the coming weeks as the budget debate ensues and supporting documents are released. The ECA will outline a more detailed review of the Minister's budget package following an assessment of the proposed fiscal measures.
