

**AMCHAM T&T**

**Budget Submission**

**2023/2024**



## **Introduction**

Recent economic activity in T&T has shown signs of recovery due to high global energy prices and the rebound in the non-energy sector in 2023. Despite the increase in inflation - reaching 8.7 percent by the end of 2022 - economic growth in 2023 is projected at 3.2 percent with inflation expected to slow by the end of the year to 4.5 percent and will continue declining with international prices.

All of this augurs well for T&T's economic prospects in the immediate future. The IMF has recommended important measures such as prudent management of the energy revenue windfall, avoiding procyclical spending, and rebuilding fiscal buffers while providing targeted support to the most vulnerable during this period to sustain increased economic recovery and growth.

However, even with optimistic growth projections, systemic issues such as rising crime, foreign exchange shortage, supply chain bottlenecks, and food security continue to threaten the nation's economic stability, the rate of recovery, and the standard of living our citizenry enjoys. Therefore, our economic policymaking at this time must take an approach that underscores a mixture of proposals to address debt sustainability, economic diversification to boost the non-energy sectors, the effectiveness of tax collections, and incentives for foreign direct investments across all sectors.

Against this backdrop, AMCHAM T&T is grateful once more for the opportunity to provide recommendations to the Government of Trinidad and Tobago (GORTT) for the upcoming national budget. Through increased engagements and collaborations on these important matters of national interest, AMCHAM T&T believes we can provide assistance and support to help facilitate the development and transformation of Trinidad and Tobago.

As a chamber representing nearly 300 organizations that play differing but vital roles in the economy, we consider it our duty to advance measures that are focused on rebuilding and

stabilizing the economy, increasing our country's resilience, enhancing social development, and strengthening the business environment to improve the overall quality of life for every citizen. In this vein, we look forward to engaging more with GORTT on these recommendations which are outlined to have clear objectives to ensure the quality of life and social harmony are prerequisites to building a more attractive business environment and sustaining long-term economic development.

### **Suggestions for stimulating growth in the short - medium term.**

- 1) Develop a Progressive Economic Development Fund with an independent Board to mobilize private capital through the provision of future tax credits (over a period of 3-5 years) for expenditure in this fund similar to the art and culture tax allowance or sport sponsorship tax allowance.
- 2) Widen the tax net by enforcing the existing tax laws for non-compliant businesses. Collaborate with the Financial Intelligence Unit and utilize technology such as GIS maps to cross reference overlay of population and building data, Artificial Intelligence and Fraud Detection Tools and Professional Accreditation Bodies and Associations to identify businesses that are not BIR compliant, and to bring more people into the tax net by December 2023, but make it clear that no penalties for past periods will be applied.
- 3) Incentivise Venture Capital and Private Equity initially by amending regulations to allow institutional and private investors to invest a portion of their capital in such funds.
- 4) Consider allocating less than 5% of the Heritage Fund for investing in Private Equity as an Investment Asset Class, alongside the Private Sector and the State, in revenue generating projects and diversification centric investments, on the basis of transparent evaluation and investment criteria.
- 5) Green light approvals for all existing projects awaiting State land sales/transfers, land leases, operating permits, construction permits, once State Board or Recovery Committee approved

as fitting the criteria of generating foreign or local direct investment in the designated sectors of trade, logistics, manufacturing or IT.

- 6) It is important that Government settles its debt to private companies. Many companies have granted Government credit terms for goods and services which are past due. It is important that Government pays its obligations as many companies are struggling to obtain positive cash flow which reduces their tax contributions.
- 7) Articulate and share a comprehensive energy sector strategy that addresses the entire value chain for the monetization of the nation's hydrocarbon resources, and transition to renewable sources of energy and fuel (see recommendations under energy sector).

#### **8) Develop a Nearshoring Strategy for Trinidad and Tobago.**

It is well known that Trinidad and Tobago cannot continue to depend so heavily on the revenue from the oil and gas industry and that diversification remains on the forefront of the Government's agenda. It is important that we plan and mobilise quickly to ensure that we capitalize on the unique economic circumstances created by the COVID-19 pandemic in the eastern Hemisphere, worldwide impacts from the Russian invasion of Ukraine, and the geo-political instability in other countries that may be competitors for these investments.

Recommendations for immediate focus and action:

- i. Focus on Information Technology Enabled Services (ITES). Rather than reinvent the wheel, look to Jamaica as a benchmark from which to leverage learnings and best practices from their success and growing Business Process Outsourcing(BPO)/Offshoring industry, which is a prioritized sector under their National Export Strategy (NES), and build on recent successes of InvesTT in this regard.
- ii. Government must develop a deliberate strategy for Nearshoring to fulfil a national objective of job creation opportunities with ITES as phase 1 and Robotics Process

Automation, Software Development, ICT Platforms and Services, Energy Engineering Services, Education Training and Manufacturing in phase II.

- iii. Implement a National Task Force with a specialized team, budget and mandate around a five-year National Strategy for the Development of Trinidad's Nearshoring Industry. There must be a solid vision with Government support for sector development.
- iv. Formal engagement of the multilaterals during the development of the strategy is required in order to secure technical and financial support for implementation.
- v. NES should be around Quality of labour pool versus Quantity i.e. develop and promote higher value-added Nearshoring segments such as:
  - a. Knowledge Process Outsourcing (KPO) with business consulting, business analytics, legal services
  - b. IT Outsourcing - IT consulting, software research & development (R&D) innovation
  - c. Industry verticals:
    - i. Services in Banking, Financial Services & Insurance (BFSI) research in investments, private equity, risk analytics;
    - ii. Energy - risk management, digital solutions; and/or
    - iii. Health/Pharma (R&D, Clinical Trials).
- vi. Combined and collaborative Government efforts and initiatives to create industry presence and to build strong support for human capital development. – This should encompass all ministries with responsibility for Trade, Commerce and Industry, Education and Human Resource Development, Economic Growth, Job Creation and Innovation supported by a strong legislative and regulatory framework.
- vii. Refocus/expand technological parks to reflect and include Government's commitment to sector development i.e. areas of skills development and training, support for incubator start-ups for R&D in software development, health/pharma, IT consulting, etc.

## **Digital Transformation**

We applaud the work being done by the Government to develop a National Digital Transformation Strategy and like to recommend the following inclusions and supporting actions to ensure its successful and effective implementation.

### **RECOMMENDATION – Create and implement an ICT skills development and education policy which enables global ICT competitiveness in select sub-sectors.**

Studies have been done, including by AMCHAM T&T, to identify the gaps in capabilities and competencies needed to support digital transformation. The next step would be development of programs to provide training to fill these gaps. These programs should span primary schools, secondary schools, tertiary level institutions and workplaces, e.g. programmes should be reviewed to include digital/ICT training.

Private Sector organizations like AMCHAM T&T and Universities can then be engaged to develop programmes to quickly develop the critical mass of designers, coders, and analysts required. There should also be a focus around development of digital/ICT for current members of the workforce – both in the public and private sectors - to maintain employability, facilitate digital transformation in their organizations and maximize benefits from, and keep abreast of, the ever-changing business landscape.

### **RECOMMENDATION – Key considerations for a National Digital Transformation Strategy to support innovation within the Government**

There are a number of digital strategies, policies and frameworks which impact GORTT's digital transformation initiatives. A unified and co-ordinated approach to the completion and adoption of the following policies and the establishment of any new ones required should be incorporated. While we have seen some advancement of the policies and strategies, i.e. Data Strategy, Policy and Framework, Remote Working Policy Suite and Change Management Policy, we would like to

impress upon the Government the importance of the development of some important policies to advance and support its digital strategy.

- ▶ GORTT Asset Management
- ▶ Open Government Policy
- ▶ Cloud Computing (Cloud options for WoG)
- ▶ e-Government Omnibus Technical Standards (e-GOTS)
- ▶ e-Government Interoperability Framework (e-GIF)
- ▶ ISO/IEC 27000 series
- ▶ Open Source Policy

Ultimately, an effectively implemented strategy should allow for the registration and effective use of all government services online.

#### **RECOMMENDATION – Establish and operationalise a data interoperability framework**

The goal is to help the GoRTT find the optimal strategy that is sustainable and appropriate for a small island developing state and factors in resilience. An interoperability framework is a set of standards and guidelines that a Government uses to specify the preferred way that its agencies, citizens and partners interact with each other vs. interoperability via architecture, e.g. national enterprise architecture which is a strategic planning framework that relates and aligns Government ICT with the governmental functions that it supports. This will allow for greater participation from the private sector in developing solutions to support citizen service delivery and accelerate the Government's digital transformation agenda.

#### **RECOMMENDATION – Design of a comprehensive change management strategy and communications plan for engaging stakeholder groups within and outside the government that may be affected by the implementation of e-services.**

This will include an inclusive, gender-informed communications plan to address the need to communicate with the people affected by the process, system and structural changes created by the implementation. The informed Communication Management Plan will be developed to address the specific communication needs of each stakeholder group, which include the design of communication methods, messages, and structures. The communications plan will include a targeted public education campaign and behavioural change communication to help citizens become aware of the benefits and practice the learnings from the trainings to use digital tools and platforms.

Inclusive of capacity building and training to address the training requirements of employees of the government and end-user/citizen groups to build knowledge levels in the use of digital technologies and enhance digital literacy to enable them to operate effectively in the new environment.

### **RECOMMENDATION – Implement a National Unique Identifier and Legal Digital Identity**

The introduction of a National Unique Identifier was announced in the 2022 National Budget Address and we understand that work has been done in the development of the framework for its implementation. We recommend that the Government takes advantage of the digital transformation occurring in different divisions of the public sector to begin the implementation of the e-ID. Citizens have PINs associated with their ttconnect, Companies Registry Online System (CROS) and e-tax accounts, as well as their birth certificates. It would be very convenient and beneficial if there could be one verified e-ID that would eliminate the need for tracking all of these individual PINs to conduct business with the Government.

Once the Government use cases are successfully implemented, we expect to see private sector use cases follow.

### **RECOMMENDATION – Develop a National Cyber Security Strategy**

An important part of the country's digital transformation journey is ensuring data privacy and security. As the Government moves towards digitizing processes and records, there needs to be a Cyber Security Strategy in place to ensure that the data generated is kept secure and unauthorized access is prevented. The strategy should include:

- An updated cyber security policy – There have been significant changes in the technology and the digital landscape since the development of the National Cyber Security Strategy in 2012. As such, an updated policy to govern how data is collected, used, stored, and secured is needed. This will also contribute to building the public's trust and increasing uptake and usage of the digitized services available.
- Development of a specific register of critical infrastructure assets of the country to ensure plans for cyber resilience are developed. This is based on the recent attacks on local institutions



- Update of the Cybercrime bill to be laid in Parliament with suggested private sector amendments.
- Capacity-building –In order for the cyber security policy to be effective, it is necessary that training is provided for persons implementing, using and being affected by the policy. This would include the following groups of persons:
  - Cyber security policy administrators – the persons with the responsibility for implementing and enforcing the policy should be adequately equipped to do so.
  - Public Servants – As more and more Government services become digitized, the public servants administering these services must be trained to secure the data and any personal and sensitive information with which they will be interacting.
  - Public – Human error is a major point of weakness for cybersecurity. It is therefore necessary for persons to be trained in recognising cyber threats and how to protect sensitive information and recognize signs of malicious threats, phishing etc.
- Appointment of Cyber Security Officer in each public sector division to collaborate, implement and report on the controls, policies and processes for cyber security. This would also provide a structure for reporting and addressing cyber security risks and threats identified by employees of the public sector and the users of the public services.

**RECOMMENDATION: Implement a Digital Nomad Visa.**

Digital Nomad Visas are permits that allow foreign nationals to live and work in the country. Digital nomads are often entrepreneurs that can manage their businesses remotely or are employed by a company which mainly works remotely.

With the wide range of technologies available for remote work and the COVID-19 Pandemic providing proof of concept for remote work, the digital nomad population is growing and will continue to grow in the coming years. Trinidad and Tobago is well positioned to take advantage of the opportunity presented by this growing population of digital nomads given our location, climate, readily available telecommunication services, and our culture and warm, welcoming environment. Digital nomads spend more than tourists since they stay in a country longer and generally have more spending power. Digital Nomads tend to stay and work in a country for 3 -

12 months and contribute to the economies of those countries through their expenditure on rentals - living and work accommodations, food and social activities during their stay.

Key considerations for the implementation of the of Digital Nomad Visa or Policy:

- Requirements for eligibility - This includes employment status, minimum income, KYC, Certificates of Character, insurance, originating country etc.
- Visa Validity/Stay Period - Most countries offer one-year visas with the option to extend in some cases.
- Fees - Most digital nomad visa programmes have an associated application fee
- Policy on dependents - Would dependents be allowed and how would their accompaniment affect the fees, minimum income, required arrangements, etc.
- Taxation - Would digital nomads be charged a tax, or conversely, exempt from certain taxes.

## **DATA FOR DECISION MAKING**

### **RECOMMENDATION - Prioritize the National Statistical Institute (NSI) and its resource requirements.**

To attain better quality data sets on the national economy and to improve the frequency of such data update/delivery the CSO – and more pointedly its full transition to the National Statistical Institute (NSI) should be prioritized. Accurate, relevant and real time data on trade and the economy is very important, not only for Government planning but also business planning.

Deficiencies in data collection and reporting were highlighted as one of the primary factors affecting the country’s credit rating. The National Statistical Institute is therefore a critical component of the effective planning for the future. The NSI, in our opinion, ought to bring better functioning to our national statistical system with modern and improved data collection and reporting.

### **RECOMMENDATIONS - Establish an “Accountability Council” to engage and account to the public and our external stakeholders on the country’s transformation plan.**

Transformation efforts, although well-intentioned, are often derailed by various roadblocks known or unknown at the time. Without constant communication, such roadblocks lead to unmanaged expectations and broken promises on a large scale. Accountability drives focus and therefore potential for real action. We have seen the success of the current administration in its management of the Covid-19 epidemic by formulating policy based on data and science, taking quick and decisive action, and creating a forum for those accountable to engage with the national population at a cadence we have never seen before, which created a strong sense of alignment in the nation around this issue. We believe true transformation can only occur in the right climate, and that is one in which we have an aligned “management and engagement” of the country’s transformation agenda with the people who are accountable to make change happen. We see this as a joint effort with Labour, Civil Society, Government, and Private Sector reporting (at the most senior levels) to the public on a regular cadence on what is being done and why, with opportunities for citizen engagement and responses to questions and concerns. **Creating these high-level objectives, specific milestones, pre-defined metrics of success and communicating the progress are the ever-present responsibilities and job of leadership, and it is only through collaborative engagement can we be responsible and accountable for this and make it real.** This can be achieved by re-purposing existing tri-partite institutions such as the NTAC or through the creation of an additional body.

**RECOMMENDATION - Adoption and Implementation of an internationally recognized public sector accounting system such as International Public Sector Accounting Standards (IPSAS).**

As Trinidad and Tobago works toward Vision 2030 and becoming a developed nation, we continue to urge the government to consider the implementation and adoption, on a phased basis, of accrual accounting standards. The adoption and implementation of International Public Sector Accounting Standards (IPSAS) would allow for more comprehensive and transparent reporting of assets and liabilities, which would in turn lead to better decision making for resource allocation and expenditure.

We are aware that work is ongoing in this regard so a public update and path forward with timelines, would be a useful first step.

## Ease of Doing Business

Ease of Doing Business continues to be an area of discontentment for many of the business people in Trinidad and Tobago. More must be done to improve the business environment in Trinidad and Tobago, not only to allow our local companies to be able to expand, but also it allows investors to see the country as attractive for their investments.

### **Customs**

Worldwide, the express parcel industry is the fastest growing transport sector. Studies have shown that this industry is necessary to support growing industries and significantly impacts the competitiveness of companies, as companies operate very lean models and imports are needed 'just-in-time', while exports need to be sent to the relevant markets on a timely basis as well. AMCHAM T&T believes this industry is an important component to our competitiveness, and shipments should be able to be processed within 24 or at a maximum of 48 hours from the beginning of the last-mile process to the end. This should be a benchmark of service for Customs and the MoF should hold the Division accountable for achieving this.

We recommend that the Trinidad and Tobago Revenue Authority be charged with Customs reform and focus on the following as key performance indicators:

1. Improve the security of the border through collaborative intelligence and risk management- for example, Modernization of Non-intrusive Inspections; Improve risk assessment/Reduce need for physical inspection by customs
2. Optimize revenue collection through modernize technology and best practice standards
3. Improve trade facilitation through streamlining of customs procedures in accordance with international standards including the Harmonized System Implementation 2022
4. Improve the professionalism and well-being of staff
5. Increase automation and digitalization for effective and efficient customs supervision

**RECOMMENDATION – Fully automate the Customs’ process and functionally integrate with TTBizLink and revamp Customs hours and redesign locations to increase the efficiency at the Piarco International Airport firstly, and then the Sea Ports.**

It is very important that we use the ASYCUDA system to its full potential. With international trade increasing, it is alarming that despite the country making significant investments in an ASYCUDA system, that some modules are still to be deployed, and a manual system is still being used. AMCHAM T&T believes that as the country embraces digital transformation, this would also be done at our borders.

**RECOMMENDATION Customs immediately implement and use the risk assessment module of ASYCUDA-**

ASYCUDA greenlights particular shipments based on the data collected over the years by the system. It is counterproductive, that despite shipments getting a green light by ASYCUDA, they are still subjected to 100% inspections. Currently, courier companies are reporting delays of over five days for shipments (and longer if there is a minor disruption of any kind) - this backlog not only negatively impacts businesses by the delays, but businesses have to pay storage costs, and we have been advised that the physical capacity to hold these items at the bond areas is lacking, so shipments are sometimes left outside and subjected to the elements.

**RECOMMENDATION – Re-implement 2011 procedure of clearing commercial shipments valued at TTD\$ 20,000 or below without an entry.**

This will result in significant improvements in the speed of processing the clearance of items without any loss of revenue to the state. The last two years have seen an increase in the prices of commodities, shipping rates and at the border charges. Whilst we understand that T&T cannot impact the product prices and shipping rates, we do believe that the additional taxes imposed are burdensome and create an unnecessary burden on not only the business community, but also the wider public.

**RECOMMENDATION - Replace Online Purchase Tax (OPT) with implementation of a flat \$40 fee**

**RECOMMENDATION - De Minimis value set at \$400 USD.**

A de Minimis value of USD\$400, below which duties are not charged, will ensure a much more efficient system and would lead to increased collection of much needed revenue. Further, the Ministry of Trade and Investment and the Ministry of Planning and Development collaborating on updates to the SEW have included a risk analysis component, which works well with this recommendation, and would keep both the customer and courier company honest and dissuade them from undervaluing invoices and cheating the system. A number of countries within the Caribbean have already implemented a de minimis value, including French Guiana, Martinique, Guadeloupe, Guyana, Bonaire, Bahamas and Jamaica.

**Global Entry & Pre Clearance**

Global Entry is a program initiated by US Customs and Border Protection which allows expedited clearance for pre-approved, low-risk travellers upon arrival in the United States.

In the instance of preclearance, the United States, through US Customs and Border Protection officials, facilitates Immigration and Customs inspections at a number of airports prior to passengers boarding the aircraft or vessel in their port of origin. A facility such as this would allow travellers to clear Customs and Immigration in Piarco, for example, prior to boarding their flights, and not have to be searched a second time upon entry to the US. It is in this vein that we strongly suggest Trinidad and Tobago enter into such negotiations.

**RECOMMENDATION: Establish a professional standards bureau within the Customs & Excise Division.**

## Cross-cutting EoDB Issues

### **RECOMMENDATION – Develop a comprehensive migration policy with a view to meeting the needs of increased development without over-burdening social services.**

Given that the birth rate in Trinidad and Tobago has been less than two (2) births per woman since 1995, we believe that net inward migration is the most viable means of population growth. With an aging population and falling labour force participation rate, inward migration and population growth is needed for long term growth and stability. Population growth would also increase the availability of labour and go a long way in addressing the underfunding issues in the National Insurance System.

To achieve the goals described above, a comprehensive national migration policy and strategy that address economic migration, refugees and asylum seekers, and integration of migrants into local life is required. Given the range of considerations necessary, development of such a policy would require Inter-ministerial collaboration and must be underpinned by research; both of best practice and of the current situation of the country.

### **RECOMMENDATION – Support R&D in private companies through the allowance of a write-off of 75 % of the working capital used to support innovation against chargeable income tax, up to a limit of 2% of a company’s annual revenue in the prior year.**

### **RECOMMENDATION - Implement a procedure for Advanced Tax Ruling System**

In light of more complex tax issues coming to the forefront, certainty of treatment as it relates to tax liability is necessary. Unfortunately, this has not been the case and these policies have not been forthcoming from the Board of Inland Revenue within recent years. The Advance Tax Ruling system allows companies to clarify and better comply with tax regulations, increasing revenue collection and contributing to the creation of a transparent tax regime and increased confidence in the tax system. Therefore, taxpayers should be reasonably confident that they can rely on these rulings. To implement this proposal, the Government could introduce regulations which:

1. Set out the parameters for creating and publishing tax policies on the tax treatment of issues;

2. Specify that the Board of Inland Revenue will adhere to the published policies until such policies are revoked or amended;
3. Stipulate a timeframe within which a response to a request for an advanced ruling will be delivered.

Notwithstanding the above, such regulations should also set out criteria for individual taxpayers applying for and obtaining rulings on issues that may arise.

**RECOMMENDATION - Alternative Dispute Resolution of Tax Disputes.**

Amend the Income Tax Act in respect of the objection process to allow for mediation and other Alternative Dispute resolution mechanisms and to allow for Alternative Dispute Resolution (other than mediation) at the Tax Appeal Stage.

**RECOMMENDATION - Address the VAT Refund System**

While we acknowledge the efforts being made to pay off some of the outstanding VAT refunds, the current system does not allow for the timely settlement of VAT refunds. We recommend that VAT refunds be handled using a separate system from income and corporation taxes to ensure that funds are available from the VAT collected to issue VAT refunds.

**RECOMMENDATION - The Automatic application of refunds.**

AMCHAM T&T is concerned about the automatic application by the Board of Inland Revenue of refunds to taxes owed, especially where there is improper information provided by the Board of Inland Revenue in applying these refunds or the records are not updated. We view this as a significant impediment to the cash flow of businesses and we submit that this should not be done arbitrarily. We therefore recommend that the Board of Inland Revenue:

- (a) Send notices indicating taxes that are outstanding on its system and providing the Taxpayer with an opportunity to respond;
- (b) Consider the response of the Taxpayer;
- (c) Upon three consecutive notices being served and having received no response, it may then apply the refunds against taxes that are shown as outstanding.
- (d) Provide notice of its application of the refunds and provide details of the taxes outstanding.



**RECOMMENDATION - The implementation of an effective transfer pricing (TP) regime AFTER stakeholder consultation.**

AMCHAM T&T is of the view that meaningful consultation with stakeholders, particularly the business community, is essential prior to the implementation of a transfer pricing regime. Only after consultation would AMCHAM T&T welcome the introduction of an effective TP regime to add fairness, certainty and consistency to the tax environment.

**RECOMMENDATION: Proactive reporting on Government's Ease of Doing Business reforms;** there is the need for clear targets, structure/timelines, and accountability.

**RECOMMENDATION: Implement digital solution to make the On-the-Job Training (OJT) Program more effective**

There is a large number of persons registered with the OJT program and there are employers that are interested in utilizing the program but the matching process is done manually and is therefore very slow. The program could benefit from implementing a technological solution for matching potential candidates with employers to speed up the process. A technological solution can also allow for tracking the beneficiaries of the program to determine the efficacy of the program.

**RECOMMENDATION: Implement the Special Economic Zone legislation, inclusive of the development of the appropriate regulations, taking into consideration private sector input to ensure practicality by October 2023.**

## National Security

AMCHAM T&T continues to be concerned about the crime situation and its significant and growing negative impact on the business activities of our member companies, and the lives of citizens of Trinidad & Tobago. Addressing this issue of crime must be a priority of the Government. As such, we recommend the following initiatives for tackle crime in the short term:

a) The Police Service Commission should set targets for the Commissioner of Police and rigorously measured and reported on, on a quarterly basis. Additionally, put in place leadership management, performance management and other types of training for the TTPS.

b) Achieve state of the art DNA testing on a routine basis, update equipment at the Forensic Science Centre and develop higher qualified staff. Introduce modern investigative techniques and retrain current officers accordingly;

(i) Ensure the dedicated DNA lab that meets international standards and is equipped with the latest tech and equipment for DNA analysis and testing with appropriately trained staff with the right skills to handle the complex procedures to ensure legal challenges will be met and observed.

(ii) Develop a comprehensive and centralised database with DNA profiles from all convicted offenders, suspects missing persons as well as victims of crime. Do both these things in collaboration with countries like the US who already have all this set up and seek advice from their experts to ensure legal and ethical compliance in accordance with international standards.

c) A proper maintenance plan for all equipment used for crime detection and enforcement – Motor Vehicles – CCTV System – Speed Guns – Breathier Equipment – digital fingerprint system.

### **RECOMMENDATION – Resourcing for the Homicide Bureau of Investigation of TTPS**

The Homicide Bureau of Investigations, and by extension the TTPS, is in need of digital transformation. TTPS currently operates on a paper-based system where the officers are required, in most cases, to write reports by hand. Cases files are not available digitally which hinders the flow and oversight of investigations. We recommend beginning the digital transformation journey of the TTPS by:

- Procuring of state-of-the-art software for the managing the flow and oversight of investigations.
- Furnished the Bureau with hardware, specifically laptops, for the officers' use.
- Provision of cloud storage for files and CCTV footage.

As with any digitalization efforts, these need to be supported by training in the use of the hardware and software and cybersecurity protocols to protect case file data.

### **RECOMMENDATION – Invest more into Community Policing**

We have observed that the youth of the nation are being recruited by gangs and getting involved in crime at younger ages. Additionally, we see the need for the TTPS to build trust and confidence within the community. To combat this, we recommend increased investment into community policing and community centric activities, particularly the Trinidad and Tobago Police Youth Clubs. Create a program where local police officers regularly meet and interact with members of their communities, building trust and cooperation. These investments support proactive policing within the nation.

### **RECOMMENDATION: Strengthen the Judiciary**

A high and seemingly out of control crime rate is a major deterrent to Foreign Direct Investment and business in general. Our drawback in Trinidad and Tobago is not, in most cases, the lack of legislation, but an inefficient enforcement system and Judiciary. We believe that strengthening the Judiciary and the rehabilitation of convicts will go a long way in improving the crime situation in Trinidad and Tobago. Our recommendations for doing so are as follows:

1. Set targets and publish data around the turnaround time for cases to be heard - reduce the gap between arrest and sentencing. Using a digitized platform, establish clear timelines for the hearing and conclusion of cases by category.

2. Implement performance appraisal system for Court Officers (Bench and Clerks) for the efficient management of cases. This should be done by an independent oversight body, comprised of accomplished, competent and experienced business management professionals.
3. Digitization of Case files with option to transfer cases from one Justice to another in the event of death, retirement etc. To ensure the efficacy of this proposed digitized system, the end users should be comprehensively trained, both at implementation and on an on-going basis. There would also be a need for the implementation of cybersecurity and data protection measures. These should include encryption, password protocols, biometric access, firewall protection and two-person verification for sensitive and/or high-profile cases.
4. Release of inmates detained in remand for a period that meets or exceeds the maximum sentence for offences for which they were charged.
5. Mandatory upskilling included in sentences: We recommend that all convicts attain EITHER CSEC certification of at least 5 passes, including Maths and English, grades I to III OR Attain a vocational skill qualification that allows for immediate employment. May include but not limited to: Farm work and operating Agricultural equipment, masonry, welding, electrical, plumbing etc. The philosophy around the prison system has to be reformed and this must be institutionalised, not left up to the views of individual Prison Commissioners.

### **White Collar Crime**

In managing white collar crime, it would be beneficial if a national policy is created and implemented for both public and private sector organizations to adopt for whistle blowing. Additionally, greater training for joint collaboration with the Financial Investigations Unit (FIU) and the Judicial system to adopt international best practices or best practices in the interest of the national community.

1. Digitized encrypted whistle blower platform, with mandatory sections that require uploading of documentary evidence, photos, audio and video recordings.
2. Expansion of the capabilities of the FIU to robustly manage these reports.

3. Revocation of professional licences, as is the case with disbarment of attorneys involved in such activities.

It is also imperative that the Human Resources be put in place to enable implementation of these measures.

**RECOMMENDATION: Appoint a substantive director of the Financial Investigations Unit (FIU) and ensure adequate resourcing of the Unit.**

**RECOMMENDATION: Strengthen the Fraud Squad:** through the provision of training and resources to improve the detection rate. In addition, we recommend strengthen the supporting legislation to enable immediate recourse for the victims, particularly for victims of fraud below the \$15,000 threshold.

**RECOMMENDATION: Address inadequate resources in the Fraud & White Collar Division of the TTPS;** including maintenance and upkeep of the facilities, vehicles, printers, computers with effective databases.

**RECOMMENDATION: Address resourcing deficiencies of the Office of the Director of Public Prosecutions.**

More than half of the positions in the DPP's department remain unfilled. This has a negative impact on the criminal justice system and access to justice. Government must place priority on ensuring that these vacancies are filled.

## **Energy Sector**

**RECOMMENDATION: Implement a National Energy Policy**

A national comprehensive energy policy is necessary and should include measures to maximize productivity and profitability in the short term and promote transition to renewable and energy efficient practices in the medium to short term.

Recommendations of maximization in the short term:

1. Measures to accelerate the development of oil resources, on and offshore in the shortest possible timeframe. This should include further incentivization of private capital and partnerships to support development of resources held by Heritage Petroleum.
2. Measures to increase exploration and development work in shallow water maturing gas fields.
3. Measures and incentives to increase exploration in deep-water.
4. Measures to support and promote energy services as an export product.

Recommendations to position T&T to be well placed in the energy transition:

- Measures to incentivize existing operators in the upstream and downstream to make investments required to reduce emissions with a view to creating less carbon intensive energy exports
- Measures to support R&D and investment in carbon capture and storage
- Measures to support further development and investment in hydrogen
- A national plan for the introduction of EV's and the phasing out of ICE vehicles over time
- Measures to support the development of EV charging networks across the islands
- Measures to incentivize investment in energy efficiency, e.g. reduction or removal of taxes on LED bulbs
- Establish or participate in a regionally recognized carbon pricing/trading scheme to incentivize investment in low carbon opportunities
- Establish and staff an energy transition authority or arm of the ministry of energy to coordinate the various government agencies required to support investments in renewable

## **Environment, Social, Governance (ESG)**

One inescapable reality is that decarbonizing the economy is a monumental task, with far-reaching economic trade-offs that will challenge industries, companies, and individuals. ESG is a growing movement that would force companies, industries and Government to seek more sustainable ways to create economic value by taking into account not only profit, but also people and planet. AMCHAM T&T believes that the following should be implemented for the promotion of ESG Best Practice:

## TAX INCENTIVES

A. **Green Investment Tax Credit:** Establish a tax credit program that incentivizes businesses to invest in environmentally friendly projects and technologies. Companies that make qualifying investments in renewable energy, energy efficiency, clean transportation, carbon storage and/or sequestering, or sustainable infrastructure would be eligible for a tax credit based on a percentage of their investment amount. This incentive would encourage private sector participation in the transition to a low-carbon economy while reducing greenhouse gas emissions and promoting sustainable development in alignment with national renewable energy policy, Feed-in Tariff policy and low carbon hydrogen industry strategy. Additionally, there should be **Green Infrastructure Investments:** Allocate a significant portion of the national budget towards green infrastructure projects such as renewable energy, sustainable transportation, waste management, and water conservation. This promotes environmental sustainability and creates green jobs.

B. **Social Impact Tax Deduction:** Introduce a tax deduction mechanism for businesses that demonstrate a measurable positive impact on society. Companies that implement programs or initiatives targeting social issues such as poverty alleviation, education, healthcare accessibility, or workforce diversity and inclusion would be eligible to deduct a portion of their expenses related to these activities from their taxable income. This incentive would encourage businesses to proactively contribute to social development and address pressing societal challenges.

C. **Green Building Tax Incentives:** Provide tax incentives for developers and property owners who design, construct, or renovate buildings that meet specific environmental standards. This incentive could take the form of accelerated depreciation for energy-efficient equipment, property tax rebates, or reduced tax rates for certified green buildings. By promoting sustainable construction practices, energy conservation, and the use of renewable materials, this incentive would contribute to reducing the carbon footprint of the built environment.

D. **Research and Development (R&D) Tax Credit for Sustainability:** Introduce a tax credit for companies engaged in research and development activities focused on sustainable technologies, renewable energy, climate change mitigation, or resource efficiency. Businesses that invest in R&D projects related to ESG objectives would be eligible for a tax credit based on a percentage of their qualifying R&D expenses. This incentive would spur innovation, accelerate the transition to a low-carbon economy and encourage the development of technologies and solutions that address pressing environmental and social challenges.

F. **Natural Resource Conservation:** Allocate funds for the conservation and protection of natural resources, including forests, biodiversity hotspots, and water bodies. This can involve investing in land restoration, protected area management, and sustainable agriculture practices

## **Implementation and Monitoring**

To implement these tax incentives effectively, the following steps are recommended:

1. Develop clear eligibility criteria and guidelines for each tax incentive program, ensuring they align with national ESG goals and international best practices.
2. Establish a dedicated unit within the tax authority or relevant government agency to oversee the implementation, administration, and monitoring of the tax incentives. This unit should have the necessary expertise to evaluate applications, verify compliance, and ensure the proper utilization of tax incentives.
3. Conduct regular assessments and audits to verify the ESG compliance and impact of the recipients of tax incentives. This would ensure the incentives are being utilized as intended and contribute to the desired outcomes.
4. Promote awareness and provide guidance to businesses, organizations, and individuals regarding the availability and benefits of these tax incentives through public campaigns, workshops, and online resources.
5. Continuously evaluate and update the tax incentives based on the evolving ESG landscape, technological advancements, and emerging sustainability priorities.

Application of ESG principles to the existing national budget context

1. These incentives may be best considered in the context of the Special Economic Zones regime to bolster the transparency and accountability objectives of the regime in response to the negative effects of blacklisting imposed on the country.
2. Existing tax credits should be amended to reflect the importance of ESG best practice:
  - a. The Manufacturing Tax Credit should be available to manufacturing companies who invest in machinery and product lines that reflect an improvement on the environmental and social impact of what it is replacing. This disclosure will provide valuable impact data to the government on progress being made towards sustainable development goals.
  - b. The Energy Investment Tax Credit should to be limited to capital expenditure towards projects that can demonstrate progress towards the just transition.
  - c. The reduction of Petroleum Profits taxes in previous years should be reversed over time to incentivize alternative renewable energy development incentivized by the green investment tax credit. Similarly, the Supplemental Petroleum Tax threshold should also be reduced over time.



- d. The tiered system of Supplemental Petroleum Tax for new oil wells in shallow waters should be removed to remove the incentive for development new small onshore and shallow marine water wells that often have a far more significant and lasting environmental impact than they do economic gain.
  - e. Increase the Renewable Energy Rebate for agriculture to a sum that reflects a commercially viable incentive. The current \$25,000 for wind and solar energy is insufficient to serve as an effective incentive.
  - f. Continue the process of liberalisation of the fuel sector.
3. Substantive increases in penalties for illegal activity resulting in environmental and social degradation such as timbering, quarrying, and pollution (consider a percentage of company revenue here rather than a fixed fee).

## FRAMEWORK PROPOSAL FOR INCORPORATING ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) FACTORS INTO NATIONAL BUDGET DETERMINATION

The government should consider allocating budget to begin developing a framework that systematically evaluates and integrates ESG factors into the formulation of national budget recommendations as part of a wider commitment to ESG engagement in the public sector. This framework will serve as a guideline for government agencies and decision-makers to prioritize investments and allocate resources towards sustainable development, social inclusivity, and effective governance.

### **ESG Integration and Analysis:**

- A. Develop a comprehensive methodology to evaluate the ESG performance of budget proposals, projects, and programs. This methodology should encompass quantitative and qualitative indicators, such as carbon emissions, social impact assessments, and governance practices.
- B. Collaborate with relevant stakeholders, including academia, civil society organizations, and private sector experts, to establish a standardized set of ESG metrics and rating systems that can be applied across different sectors and budgetary domains.
- C. Create an ESG evaluation unit within the Ministry of Planning and/or Office of the Prime Minister responsible for assessing budget recommendations. This unit should consist of multidisciplinary experts with a deep understanding of ESG principles and their application in financial decision-making.

### **Capacity Building and Training:**

- A. Develop training programs and workshops to enhance the capacity of government officials in integrating ESG considerations into the budgeting process. These training initiatives should aim to increase awareness, knowledge, and skills required to effectively assess, prioritize, and implement ESG-related projects.
- B. Establish partnerships with reputable institutions and organizations to facilitate knowledge exchange, access to best practices, and technical assistance in ESG integration. These partnerships will enable the government to tap into global expertise and leverage international experiences in ESG budgeting through the multinational corporations and their global resources accessible in Trinidad & Tobago.

### **Reporting and Transparency:**

- A. Implement a robust reporting framework that ensures regular disclosure of ESG-related budgetary decisions and outcomes. This will enhance transparency, accountability, and public trust in the government's commitment to sustainable development and social responsibility.
- B. Develop a public dashboard or website that provides accessible and user-friendly information on ESG-related budget recommendations, including project details, ESG ratings, and performance indicators. This platform will enable citizens, investors, and other stakeholders to track progress, provide feedback, and actively participate in the budgeting process.

### **Incentives and Recognition:**

- A. Establish incentives and rewards for government agencies that excel in integrating ESG factors into their budget recommendations. This can include recognition programs, performance-based bonuses, or additional resources allocated to exemplary agencies, encouraging others to follow suit.
- B. Encourage public-private partnerships and innovative financing mechanisms that promote ESG objectives. Explore options such as green bonds, impact investing, and social impact bonds to attract private capital towards ESG-aligned projects.

### **Expected Outcomes and Benefits:**

- A. **Enhanced Sustainability:** By integrating ESG considerations into budget recommendations, we will prioritize investments that contribute to sustainable development, such as renewable energy infrastructure, climate adaptation, and eco-friendly initiatives.
- B. **Improved Social Inclusivity:** The proposed framework will ensure that budgetary decisions address social inequalities, promote access to quality education, healthcare, and basic services, and support marginalized communities, hereby fostering social inclusivity.

C. **Strengthened Governance:** Incorporating governance principles into budget recommendations will enhance accountability, transparency, and effective public financial management, leading to more efficient use of resources and reduced corruption risks.

D. **Investor Confidence and Economic Growth:** By aligning budgetary decisions with ESG objectives, we will attract socially responsible investors and foster economic growth through sustainable and responsible investments.

#### IMPLEMENTATION PLAN:

To successfully implement the proposed integration of ESG factors into national budget recommendations, we recommend the following 5 simple steps:

1. Establish a task force comprising relevant government officials, experts, and stakeholders responsible for designing and overseeing the implementation of the ESG framework.
2. Allocate sufficient resources, including funding, human capital, and technological infrastructure, to support the establishment of an ESG evaluation unit and the implementation of capacity-building initiatives.
3. Pilot the ESG framework within select government agencies and assess its effectiveness and feasibility. Based on the lessons learned, refine the framework and scale it up across all relevant budgetary domains.
4. Continuously monitor and evaluate the impact of the ESG integration on budgetary decisions and outcomes, making adjustments and improvements as necessary.
5. Regularly communicate the progress and results of the ESG integration to the public, stakeholders, and international partners through reports, dashboards, and other communication channels.

Incorporating ESG factors into national budget recommendations represents a crucial step towards ensuring sustainable, inclusive, and responsible economic development. By embracing this proposal, our government will demonstrate its commitment to addressing environmental challenges, promoting social equity, and strengthening governance practices. We urge you to consider this proposal seriously and initiate the necessary steps to integrate ESG considerations into our national budgeting process.