

Government of the Republic of Trinidad and Tobago

Ministry of Finance



Feature Address at ICATT's 2024 Conference

Pioneering Excellence

"A Resolute Trinidad and Tobago"

**Presented by the Honourable Colm Imbert,
MP, Minister of Finance**

November 22, 2024, Hyatt Regency

Distinguished colleagues, good morning. Speaking to such a prestigious group of financial experts at this year's ICATT conference is an honour.

I am grateful for the chance to serve as the featured speaker at the 15th Annual International Finance and Accounting Conference of the Institute of Chartered Accountants of Trinidad and Tobago.

This morning, I would like to acknowledge:

Ms. Marissa Quashie, ICATT President

ICATT's Chief Executive Officer, Ms. Marsha Caballero

Chair of the Conference: Mr. Dial, Desmond

Auditors, Accountants and Financial Analysts

Other Distinguished Guests

Overview

As we explore the theme of "Pioneering Excellence," we acknowledge the importance of being ahead of the curve during rapidly changing economic paradigms, regulatory environments, and technological advancements. Both the opportunities and the challenges we face are complicated.

The International Financial Reporting Standards, or IFRSs, are a fundamental concept in the financial community. They assist businesses in identifying and disclosing material information about risks and opportunities that could affect their cash flows, cost of capital, or access to financing.

The idea of integrated thinking—looking at the connections between business activity and stakeholders, society, the economy, and the environment—is crucial.

As we can see from IFRS S1 "General Requirements for Disclosure of Sustainability-related Financial Information," a business depends on and influences relationships and resources (human, intellectual, financial, natural, manufactured, and social) across its value chain. These

resources and relationships may be preserved, regenerated, and developed, or reduced and depleted. A company's prospects may be impacted by sustainability-related risks and opportunities that arise from its dependence and effects on its resources and relationships. Increasingly, investors and international capital markets require this information to make informed investment decisions.

The Government fully supports the important work of ICATT, accountants, auditors, and others involved in broader financial work. We believe your work is essential to our national development.

We all know that global events significantly impact our domestic economy.

Global Economy

Geopolitical tensions, supply chain disruptions, and a slowing Chinese economy have all contributed to the current state of uncertainty in the global economy. These difficulties, made worse by the ongoing situation in Ukraine and the conflict in Gaza, pose severe hazards to the world energy market and adversely affect freight prices and the country's overall economy.

Like many other countries, we are negotiating challenging economic headwinds, including continuing global inflation, high interest rates, and geopolitical unrest. Economic activity is also still impacted by the COVID-19 pandemic's aftereffects, such as labour shortages and supply chain interruptions worldwide.

The local economy

Following a 1.5% expansion in 2022, we saw a 1.3% growth rate domestically in 2023. Real GDP growth has increased to 1.9% in 2024. This is the third consecutive year in which real growth has been positive, indicating a rebound in economic activity, a boost in confidence, and an optimistic path towards a more favourable economic environment.

Although we are still an energy-dependent economy, our economic growth has been reinforced by the non-energy sector, which has grown steadily, increasing by 2.5% in 2023 and 2.2% in 2024. These encouraging indicators show that we can build a more robust and diversified economy by encouraging consistent strategic investments and full support for our non-energy sector.

Many thought we would never recover from the severe adverse effects of the pandemic. However, in the 2021-2023 period, there was a notable change in our economic environment after the pandemic-related period of high inflation and global shortages. Our economy quickly rebounded because of the resilience of our people and the determination of local businesses, coupled with the fiscal support and incentives that the Government introduced in 2020. Our current economic indicators are thus sound, with the unemployment rate at about 5% at the end of June 2024 and the inflation rate further down to 0.2% by October 2024, almost the lowest in the world

Budgetary buffers

Additionally, as of October 2024, our foreign reserves are still healthy at US\$5.5 billion, which is enough to fund over 7 ½ months' worth of imports. Furthermore, despite significant withdrawals totalling more than US\$1 billion during the COVID-19 period and its aftermath, the Heritage and Stabilization Fund is still strong at just over US\$6 billion, a testimony to the Fund's prudent and careful administration. Indeed, despite multiple economic shocks and the need for withdrawals during the pandemic, the HSF's value is higher now than when we took office in September 2015.

On this note, we intend to introduce legislation in 2025 requiring export businesses in the energy sector to pay all their taxes to the Government in US dollars to strengthen our reserves even more. Even though all oil, processed gas, and petrochemicals are exported, only 50% of energy sector taxes are currently paid in US dollars. This has had an adverse effect on the availability of foreign exchange, which we intend to fix

Digital Interventions That Are Strategic

The Port Community System

Improving our infrastructure to facilitate global trade is still of utmost importance. To create, implement, and manage a comprehensive Port Community System for Trinidad and Tobago, the Government hired an international service provider in 2023. This integrated solution is intended to streamline import and export processes and improve interagency communication by interconnecting the IT and online systems used by many parties involved in clearing commodities.

By September 2025, the Port Community System is expected to be completely operational and ready for deployment. When the system is

fully operational, it will improve traceability and transparency throughout the supply chain, including the movement, storage, and clearance of commodities. As a result, lead times will be significantly shortened, bottlenecks will be reduced, and Trinidad and Tobago's ports will become more attractive to the global community.

Digital Transformation

Ladies and Gentlemen, as you may be aware, we have a comprehensive digital transformation strategy focused on modernising government services, promoting economic growth, and improving residents' living standards. Our objective is to build a more effective, open, and inclusive digital society, utilising cutting-edge technologies and creative solutions.

As part of our plan for digital transformation, we have implemented several projects and initiatives. The Trinidad and Tobago International Financial Centre is key to this effort and has been very instrumental in furthering the Government's goal of a cashless society.

However, it is crucial to remember that there are still major obstacles to overcome, as the TTIFC's National Financial Inclusion Survey Report

shows. According to the report, a significant proportion of the population has no access to basic bank accounts, jeopardising their ability to manage their finances. Additionally, the survey has revealed that 77% of MSMEs are still unbanked or unable to take digital payments, which limits their ability to expand and access new markets. Furthermore, 82% of people primarily use cash for transactions, and 56% of people find it difficult to understand financial information and mobile banking apps. The National Financial Inclusion Strategy Roadmap is being created in partnership with the Ministry of Finance to solve these issues. This roadmap is designed to allow us to achieve our objective of ensuring that everyone, regardless of socioeconomic background, has fair access to financial services like loans, credit union services, banking, and fintech solutions.

The following government organisations are implementing digital innovations:

Ministry of Finance: First Citizens clients can now use First Citizens' Online Banking and Mobile App and Republic Bank's online banking platform to pay their property taxes. LINX service is also now available

at all district revenue offices.

A new Certificate of Environmental Clearance (CEC) Customer Portal has been made available by the Environmental Management Authority (EMA). By removing paper-based procedures, this digital platform allows CECs to apply and pay online;

The Ministry of National Security and the TTIFC also launched a state-of-the-art e-Portal platform in April 2024. This cutting-edge solution completely transforms the procedures for applying for and paying for student permits and e-Visas.

The Licensing Division and the TTIFC have collaborated to establish a citizen-centric kiosk program. This creative project gives people the ability to pay for temporary permits at kiosks, providing a practical substitute for conventional cashier services;

The TTIFC was also engaged by the Ministry of Agriculture, Land, and Fisheries and the Trinidad and Tobago Bureau of Standards (TTBS) to create their respective digital payment systems. The pilot stage of implementation is presently underway for both entities.

In fact, several online payment solutions have been successfully implemented in the public sector by the TTIFC. Both domestic and foreign consumers can now access these digital platforms, which makes transactions easier. The Ministry of Trade and Industry's updated Single Electronic Window and TTBizlink platform simplifies trade-related services across several government agencies, the Judiciary's improved CourtPay System, and the Housing Development Corporation's ePay platform are notable initiatives.

The TTIFC is continuing its work with several other projects to provide digital payment systems for credit unions and smallholder farmers in collaboration with the European Union and the United Nations Capital Development Fund. These innovative initiatives are intended to address important issues that the region's people confront.

With the implementation of regulations and policies, including the FinTech Policy (2019), E-Money Issuer Order (2020), Draft E-Money Policy (2018), and Simplified Due Diligence Requirements (2021), we have achieved tremendous progress in the digital transformation space. These projects have established the groundwork for financial innovation and inclusivity.

Further, to operate as a central point of contact for FinTechs and streamline licensing procedures, especially for E-Money Issuers, major financial institutions set up a Regulatory Innovation Hub in 2020.

In 2025, more than 150 businesses will get focused assistance to implement digital technologies and improve operational effectiveness to close the digital gap.

TTBizLink is a fundamental component of our digital transformation plan. TTBizLink has become a driving force behind change in Trinidad and Tobago's business environment. Businesses and people can now more easily circumvent regulatory obstacles thanks to this cutting-edge technology, which has greatly simplified and optimised the business process.

Over 4,800 businesses and more than 45,000 persons have used TTBizLink to handle transactions related to licenses, permits, certificates, and other critical regulatory approvals, demonstrating the platform's high level of participation to date. With 11 new e-services in August 2024, the platform now offers over 45 e-services. By facilitating company operations and creating a more dynamic and user-centric regulatory environment, these new features will further establish

TTBizLink as a transformational force.

Strengthening of Institutions

Ladies and gentlemen, with the creation of the TTRA, we are establishing a foundation for tax administration, we can now deal effectively with chronic and seeming insurmountable problems such as difficulties in accessing our tax payment system, understaffing of the Inland Revenue Division and unacceptable delays in assessment and refunds. This will significantly alter the national community's financial situation and auditors, and accountants are essential to the TTRA's operationalisation.

With the recent Privy Council decision confirming the validity of the Trinidad and Tobago Revenue Authority Act, we are now expediting the Authority's formation and growth and updating our revenue collection operations. Our top priorities include closing the large tax gap, caused by tax evasion and making it much easier for the general public to access online tax services and making the Inland Revenue Division more accessible and user friendly.

A major step forward for our country, the Revenue Authority opens the

door to better revenue administration, economic stability, and a more efficient business environment. We also expect a significant increase in tax collection, without having to impose new taxes, through streamlined and modern processes and much better enforcement

Diversification

The Government is resolute in its determination to carry out revolutionary reforms that would diversify the domestic economy and spur expansion in non-energy industries. According to recent estimates, the manufacturing sector accounts for over 17% of the country's GDP, underscoring its critical role in promoting economic activity, job creation, and general prosperity.

Facilitation of Trade and Promotion of Investment

To establish Trinidad and Tobago as a top investment destination, we have implemented several initiatives. Effective promotional trips to China and India have strengthened business relationships and shown exciting prospects in industries like e-commerce and manufacturing. We are already seeing real outcomes, such as contracts to provide Chinese wholesalers with unique rums and local chocolate.

Special Economic Zones

The Special Economic Zone (SEZ) incentive program aims to make Trinidad and Tobago a more appealing business destination. Examples of these incentives are a 15 percent corporation tax rate, exemptions and waivers from value-added tax, customs charges, and other taxes, as well as non-fiscal advantages like expedited regulatory clearances to promote ease of doing business, are so

Industrial Parks

I am happy to share our significant advancements in building our industrial park infrastructure, a key component of our economic plan. We opened Phoenix Park Industrial Estate, a cutting-edge facility with sophisticated 5G networking capabilities, in January 2024. Nine foreign direct investments and sixteen local direct investments have been made in the park as of September 2024, taking approximately 65% of the available space. When the businesses at the Park reach full operational capability, they are expected to create jobs for an estimated 1,330 people, with a total investment value of about TT\$642 million.

We are aggressively promoting growth at other important industrial parks in addition to Phoenix Park. For example, the Ministry of Trade and Industry and e TeckK collaborated to create the Factory Road Park in Chaguanas, which spans over 67 acres and includes 12 property lots with first-rate services and infrastructure.

In conclusion

Ladies and Gentlemen, we must embrace digital change and give sustainability top priority if we want to maintain our success and relevance in this fragile climate. Together, we can protect our country's financial stability and influence the future of our profession. Given this, the Government is nevertheless committed to fostering a vibrant and competitive economic climate. In order to accomplish this, we are putting innovative ideas into practice to simplify rules, cut down on bureaucratic red tape, and facilitate corporate transactions. Our goal is to establish a flourishing environment that encourages investment, entrepreneurship, and economic growth by utilising digital technology and implementing best practices. By implementing these reforms, our country will become a global leader and realise its full potential.

In closing, let's embrace the spirit of creativity and excellence as we set out on our journey towards a future empowered by digital technology. We can make Trinidad and Tobago a global leader in the digital economy and improve the lives of our most vulnerable residents at the same time by utilising cutting-edge technologies and making human capital investments. Together, let's usher in a new era of expansion, wealth, and sustainable development.

Thank you.