



▲EGIS

BUDGET NEWSLETTER 2024

BEYOND OIL

SHAPING A DIVERSIFIED TRINIDAD AND TOBAGO



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Acknowledgements



We extend our heartfelt thanks and deep appreciation to our dedicated Aegis team for their remarkable contributions in bringing forth this National Budget Newsletter.

We want to take a moment to recognize the exceptional teamwork, leadership, and unwavering commitment exhibited by the following team members in delivering timely and valuable information to both our colleagues and cherished clients:

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Your collective efforts, mutual support, and dedication have made this newsletter possible. Thank you all for your outstanding contributions and for being there to support one another throughout this endeavor.



MESSAGE FROM OUR CHAIR

“

***Beyond Oil** is not just a theme; it's a promise. It represents a Trinidad and Tobago that is dynamic, diverse, and prepared for the future. Together, as stakeholders, partners, and citizens, we will shape this new chapter in our nation's illustrious story.*

”

-Angela Lee Loy, Chairman Aegis Business Solutions Limited



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Message From Our Chair



We appreciate the opportunity to present an overview of the fiscal measures proposed in the 2023/2024 Budget Statement, titled "Building Capacity for Diversification and Growth," by the Honourable Colm Imbert, Minister of Finance, on October 2nd, 2023.

As we embark on a new economic era, we are pleased to introduce our theme for Trinidad and Tobago, encapsulated in "Beyond Oil: Shaping a Diversified Trinidad and Tobago."

Our nation's journey, historically rooted in the oil and gas sector has been transformative. However, as global dynamics change, we recognize the need to diversify and explore new avenues of growth. Our commitment is not only to adapt but to lead in this transformative era, ensuring a sustainable and prosperous future for all.

Our focus on diversification goes beyond a mere shift from our petroleum legacy; it encompasses a broader vision. We are investing in promising sectors such as technology, renewable energy, agriculture, and tourism. By fostering innovation and entrepreneurship, we aim to create a robust ecosystem where businesses thrive, and our citizens reap the rewards.

Substantial budget allocations have been prioritized for initiatives, technologies, and manpower to significantly reduce crime rates. Our fiscal commitments demonstrate our resolve to create a safer and more secure environment.

Taxation plays a pivotal role in this journey. Our tax policies must be transparent and conducive to business. As the country embraces this diversified vision, our tax strategies must align with our broader economic goals, incentivizing sectors that align with our nation's new direction.

"Beyond Oil" is not just a theme; it's a promise. It represents a Trinidad and Tobago that is dynamic, diverse, and prepared for the future. Together, as stakeholders, partners, and citizens, we will shape this new chapter in our nation's illustrious story.

I extend my gratitude to our team members who have worked diligently from their homes, committed to delivering excellent client service in producing this publication.

To our readers, we hope you find our publication valuable, and we welcome any questions or feedback you may have. Please feel free to reach out to us.



Executive Summary

Executive Summary



The Honourable Colm Imbert, Minister of Finance, acknowledged the country's economic challenges spanning eight years, including oil price collapse in 2014, pandemic-induced global economic slowdown, and supply chain inflation due to Russia's invasion of Ukraine, all beyond government's control. Nevertheless, the economy exhibited resilience, with 1.5% growth in 2022 and an estimated 3% for 2023, surpassing many Caribbean neighbours. The Minister described the recovery as gradual but steady. Consequently, the government's current focus is to solidify current gains and prepare for future growth, guided by the theme for this year's

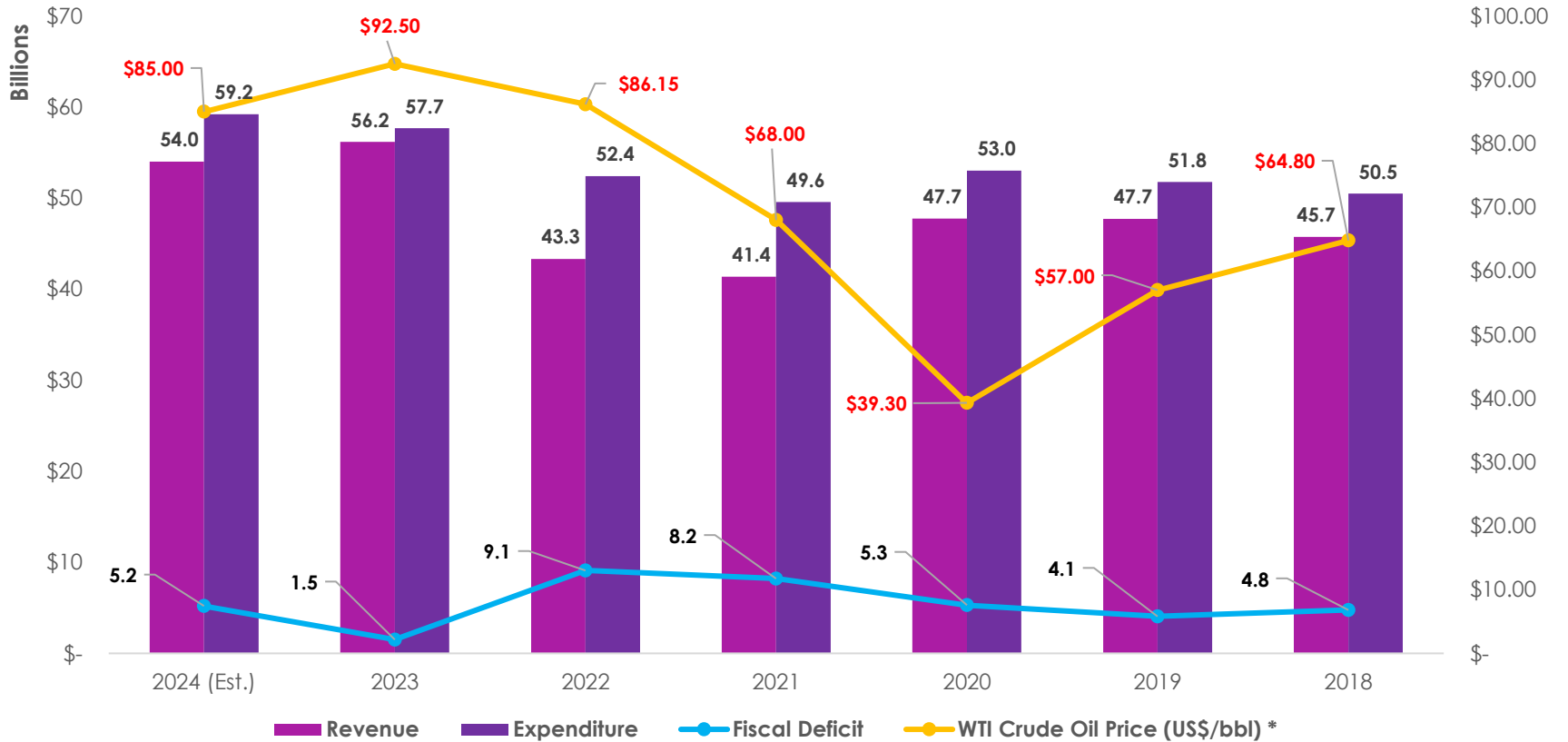
Budget presentation: *"Building capacity for diversification and growth within a world of challenges."*

Economy Review: In 2022, the domestic economy staged a remarkable comeback, largely driven by a robust non-energy sector, which surged by 5%. Projections for 2023 indicate continued growth at a 3% rate. This resurgence was facilitated by the government's adept monetary policies and unwavering fiscal discipline, resulting in a surplus for 2022. The 2023 outlook anticipates a fiscal deficit of 1% of GDP, comfortably within the globally accepted 3% margin. This success is underscored by improved investment

grade outlook ratings from both Standard & Poor's and Moody's.

As Trinidad and Tobago prepares for the impending global energy transition, the energy sector will remain a pivotal driver of growth in the near to medium term. Recent successful negotiations with the United States and Venezuela in September 2023 have paved the way for production from the cross-border Dragon gas field, boasting an estimated 4.2 trillion cubic feet of reserves, scheduled to commence operations by 2028.

Revenue, Expenditure, Fiscal Deficit & Oil Prices (2018-2024)



Executive Summary



Concessions will be extended to incentivize exploration and development by small operators in shallow waters.

Turning to renewable energy, a 102MW solar project is on the horizon, representing 10% of the country's power needs. Coupled with ongoing exploration of wind turbines for electricity generation, this initiative aims to reduce greenhouse gas emissions, aligning with Trinidad and Tobago's Sustainable Development Goals commitments.

Imperatives: The framework for economic growth consolidation relies on key pillars, including institutions

and relevant legislations. The Minister of Finance provided updates on vital agencies, such as the Trinidad and Tobago Revenue Authority, which aims to address a TT\$10 BN tax gap.

The Amended Public Procurement and Disposal of Property Act now allows public bodies to contract with prequalified bidders. However, initial challenges have arisen, with some micro, small, and medium-sized enterprises (MSMEs) failing to meet prequalification requirements.

The property tax collection framework has been established, with collected taxes contributing to

local corporation revenue for enhanced resident services.

The Trinidad and Tobago Financial Centre has initiated various measures, including foreign exchange allocation strategy development, preferential forex access to SMEs and export-oriented companies, and E-money issuance order amendments.

Recognizing the National Insurance Board's funding challenges, the government is nearing the end of stakeholder consultations on the proposed retirement age increase from 60 to 65.

Executive Summary



Lastly, plans are in motion to establish a transfer pricing regime to ensure equitable pricing among multinational corporations, with an anticipated completion timeline of 24 months.

Crime and Security: As Trinidad and Tobago aims to strengthen its economy, addressing crime and security is a priority to restore trust among citizens and the business community.

The Finance Minister's proposed measures include tripling the annual police officer recruitment to 1,000, procuring four inspection scanners for port containers, allocating an

extra TT\$80 MN for police vehicles and equipment for increased community patrols, and establishing a Coastal and Riverine Patrol Unit. The government has also received four naval assets from the United States to support crime prevention. Additionally, implementing technical and vocational training programs for at-risk youth is expected to deter crime.

Digitisation and e-payments: In July 2023, "One Fintech" was introduced, representing one of the Caribbean's most versatile technologies. This innovation has streamlined e-cash usage within the Ministry of Trade for facilitating

payments. Additionally, TTbiz Link serves as a unified electronic gateway, granting businesses and individuals access to various government trade and business services. Its implementation is expected to yield cost reductions for businesses. The adoption of online payment systems has extended to several other ministries, including Health, Works and Transport, Agriculture, Housing, and National Security. Despite these advancements, Trinidad and Tobago faces several obstacles on its path towards becoming a cashless society.

Executive Summary



These include the limited ownership of bank accounts among businesses, insufficient equipment for digital transaction processing, and a general lack of familiarity with digital technology.

To address these challenges, a national financial inclusion roadmap has been devised, with the Central Bank slated to spearhead a financial literacy program. The envisioned digital economy also encompasses initiatives such as citizen digital skills training, the provision of free broadband in densely populated areas, and the issuance of a national digital ID. To support its digital transformation, the

Government of Trinidad and Tobago (GORTT) is collaborating closely with the government of India.

Growth Sectors: With the end of the COVID-19 pandemic, attention has now shifted towards capital investments, with the Ministry of Works anticipating over 500 projects in the next 2-3 years. These initiatives are poised to enhance citizens' quality of life and create significant employment opportunities.

Recognizing the decline in agriculture and the critical importance of food security, the government is committed to revitalizing the sector and increasing

agricultural production. This includes implementing legislative reforms to make the sector tax-free, launching initiatives to encourage youth participation in farming, rehabilitating access roads, revitalizing the coconut and cocoa industry, and expanding community gardens and green market programs.

The recent agreement among CARICOM heads for the free movement of people and businesses presents opportunities for entrepreneurs within the region.

Executive Summary



The manufacturing sector is expected to gain further momentum through concessionary funding initiatives, support for MSMEs and creative industries. Tourism and culture have been identified as pivotal for diversification and growth, with expectations of increased visitor arrivals through participation in trade shows and conferences, investments in accommodation upgrades, and the expansion of Caribbean Airlines' fleet to meet rising demand.

Social protection and safety nets: In an attempt to ensure that no one is left behind, the government plans to allocate an annual budget of TT\$ 5 BN for

social safety nets. These programs encompass initiatives like remedial and vocational education, providing book grants to needy students, supporting the school feeding program, and sustaining existing public assistance schemes. Additionally, there is a proposed 17% increase in the minimum wage.

Conclusion: Trinidad and Tobago remains a small open economy, subject to unexpected changes of the global market. Financial prudence is required as the country consolidates its recovery and chart its path to economic growth.





Apprenticeship Programme

TT\$ 6.75 MN earmarked for the Yachting Marine Apprenticeship Programme to expand and enhance technical skills within the sector.



Enhancing Digital Strategy

Creating a national financial inclusion roadmap to help citizens and businesses embrace digital banking and payments.



National Insurance Fund

Retirement age to increase to support pension adequacy.



Green Manufacturing

An allocation of TT\$ 5 MN to support local manufacturing in adopting and enhancing green manufacturing practices.



Foreign Exchange Supply

Targeting repatriation and implementing SME forex facility in 6 months to cut credit card demand.

Highlights

“

As a priority, we must continue to build and develop our non-energy sector while strengthen and preserving our ageing energy sector.

- Honourable Colm Imbert, MP, Minister of Finance

”

Estimates Of Revenue & Expenditure

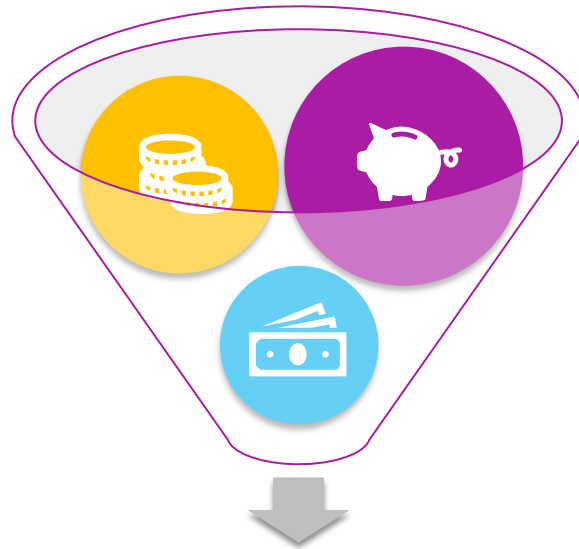
Revenue



Estimate Total

A revenue of **TT\$ 54.012 BN** is estimated for the next fiscal year, marking a **3.0% decrease** from the 2023 estimate. The Finance Minister cites a conservative stance on 2024's oil and gas prices as the reason.

Oil is projected at US\$ 85.00 per barrel, down from 2023's US\$ 92.50, and natural gas at US\$ 5.00 per MMBtu, compared to US\$ 6.00 in 2023.



\$

Oil Revenue

TT\$ 16.709 BN

\$

Non-oil Revenue

TT\$ 35.547 BN

\$

Capital Revenue

TT\$ 1.756 BN

Expenditure



Net Deficit
9.62%

The fiscal deficit for 2024 is projected at TT\$ 5.197 BN, equating to 2.7% of the GDP. This figure is notably within the international benchmark of 3%, as highlighted by the Finance Minister.

For 2023, the total expenditure stands at an estimated TT\$ 59.209 BN. Delving into the distribution, a significant portion, 37.74%, is earmarked for core sectors: education and training, health, and national security. On the other hand, TT\$ 11.912 BN is set aside for social grants, works and transport and public utilities. The balance, amounting to TT\$ 24.954 BN, will be channeled into various other initiatives, including rural development and local government, agriculture and housing.



Education and Training
TT\$ 8.022 BN



Health
TT\$ 7.409 BN



National Security
TT\$ 6.912 BN



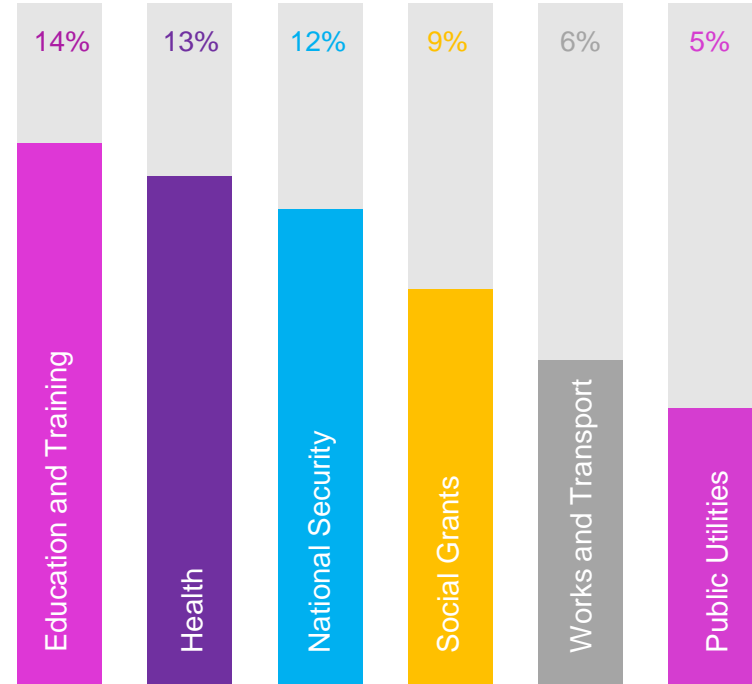
Social Grants
TT\$ 5.500 BN



Works and Transport
TT\$ 3.394 BN

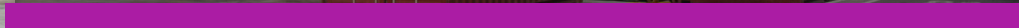


Public Utilities
TT\$ 3.018 BN





Fiscal Measures



Fiscal Measures



Corporation Tax

Exempt Income: Expenditure Earned

Effective January 1st, 2024, an amendment to the tax legislation will be introduced to remove ambiguity from the treatment of expenses associated with exempt income.

Public and Private Schools: Corporate Sponsorship

Manufacturing companies that have approved registration with the Ministry of Trade and Industry, will receive a tax credit valued at the maximum of TT\$ 50K.

Investment Tax Allowance: Cybersecurity

Effective January 1st, 2024, a Cybersecurity Investment Tax Allowance will be implemented to incentivize companies to invest in cybersecurity,

subject to certification by iGovTT. This allowance, amounting up to TT\$ 500K, will cover expenditures on cybersecurity software and network security monitoring equipment. The incentive will be applicable for a two-year period, concluding on December 31st, 2025.

Export Sales of Manufacturing Companies: Business Levy Charge

Effective January 1st, 2024, local manufacturing businesses involved in exportation will be granted an exemption from Business Levy charges on export sales only, for companies whose gross receipts fall within the 30% tax bracket.

Fiscal Measures



Energy Sector

Supplemental Petroleum Tax

Effective January 1st, 2024, the sustainability incentive on the rate of Supplemental Petroleum Tax (SPT) for any mature or small marine oil fields will increase from 20.0% to 25.0%.

The Finance Act, 2023 will allow for adjustments to the SPT regime for shallow water areas, including a new TT\$ 75 per barrel threshold for small shallow water producers. Adjustments will be made to capital expenditure allowances for small shallow water producers, where viable.

Other Fiscal Measures

Tourism Accommodation Upgrade Projects: Small Hotels

The Tourism Accommodation Upgrade Project incentive expired on September 30th, 2023 and will be reinstated for another three years, from November 1st, 2023. This will allow for the continuation of reimbursable grants to eligible Tourism accommodation facilities.

Minimum Wage

Effective January 1st, 2024 the minimum wage will be increased by 17.0% from TT\$ 17.50 to TT\$ 20.50 per hour.

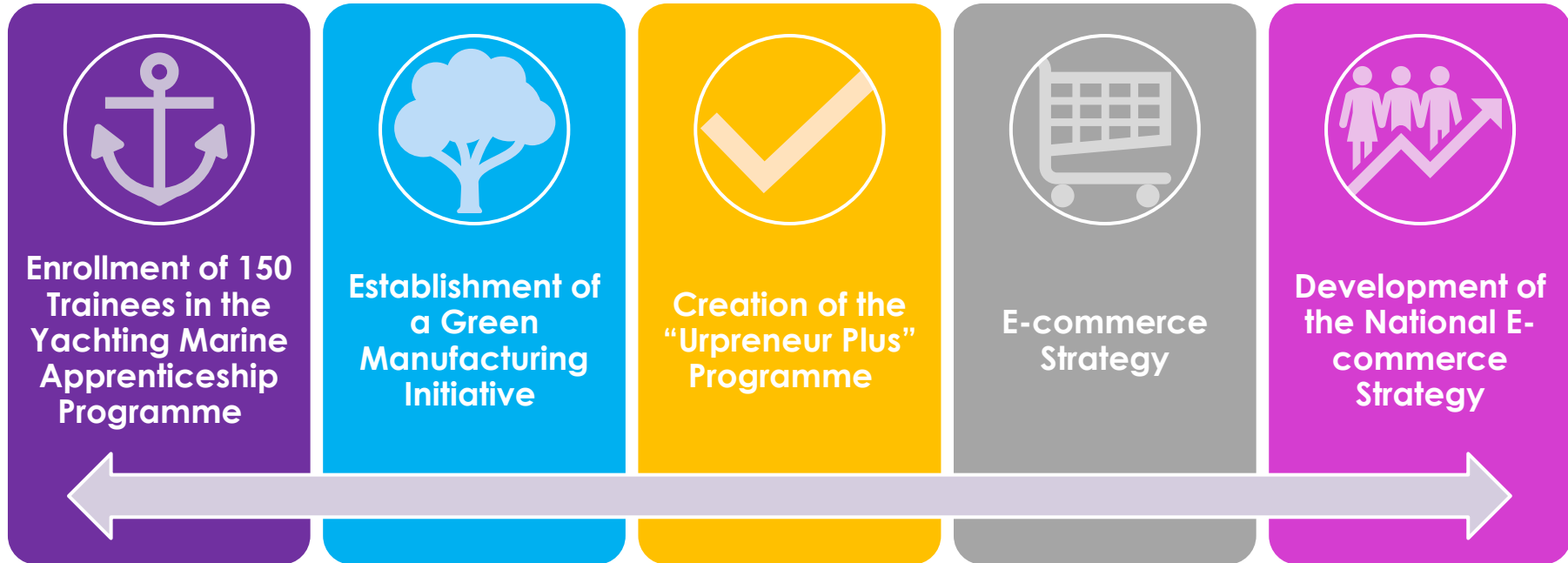


Trade, Social & Other Initiatives

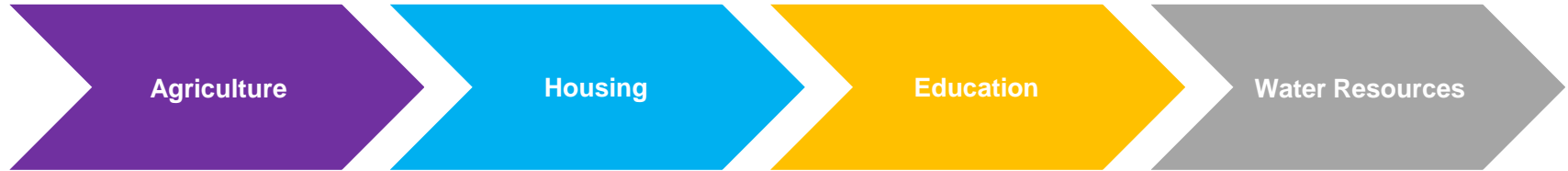
Trade Initiatives



Ease of Doing Business



Social & Other Initiatives



- Emphasis on youth-development with Programmes such as:
- Youth Agricultural Homestead Programme;
- Youth Agricultural Shade House Project
- Youth Aquaculture Project
- Establishment of community garden and green market projects

- Construction of 430 units.
- Construction of 88 units under the Design-Build-Finance-Programme.
- TT\$ 1.5 BN government guaranteed loan aimed at reducing outstanding debt to housing contractors, TT\$ 350 MN of which will assist with new construction projects.
- Financing to be accessed in 2024 to construct 500 to 600 units.
- Construction of 275 units under the Housing and Village Improvement Programme.

- Expansion of free Wi-Fi access in schools with a digital transformation agenda.
- Continuation of remedial and vacation programmes.
- Standardization of textbooks from 2024.
- TT\$ 1,000 School Supplies and Book Grant for needy primary and secondary school students
- 2,400 Laptops to be distributed to 94 secondary schools

- Capital injection of TT\$ 1.05BN over a 2-year period towards providing sustainable water and wastewater services.

Other Initiatives



Industrial Relations

- Settlement of back-pay of public sector workers, who accepted the CPO's 4% wage increase for the periods 2014-2019.
- One-time Lump-sum payment of TT\$ 4,000 to public sector workers who retired due to ill health between 2014 and 2016.

Digital Economy

- TT Wi-Fi with free broadband access in highly-populated areas.
- Digital skills training for 10,000 citizens
- TSTT is investing in expanding its fibre network.
- Telecommunications Authority of Trinidad and Tobago to issue a Type-2 concession to Starlink Internet Services Trinidad and Tobago Limited to address any broadband deficit

The logo for AEGIS, featuring a stylized purple triangle to the left of the word "AEGIS" in a bold, purple, sans-serif font.

AEGIS



Tobago

Tobago Allocation



Expenditure

4.4%

The budgetary allocation for the upcoming fiscal period stands at TT\$ 2.6 BN, marking a growth of 2.5% from the previous year's allocation of TT\$ 2.5 BN. This sum constitutes 4.4% of the national budget.

Beyond the main budget, an extra TT\$ 678.5 MN has been designated for multiple ministries and state agencies with the aim of spearheading significant projects. A noteworthy inclusion in this allocation is the Tobago Airport Terminal Project, which has been allotted a substantial TT\$ 400 MN.



Recurrent Expenditure

TT\$ 2.3 BN



THA Development

TT\$ 300 MN



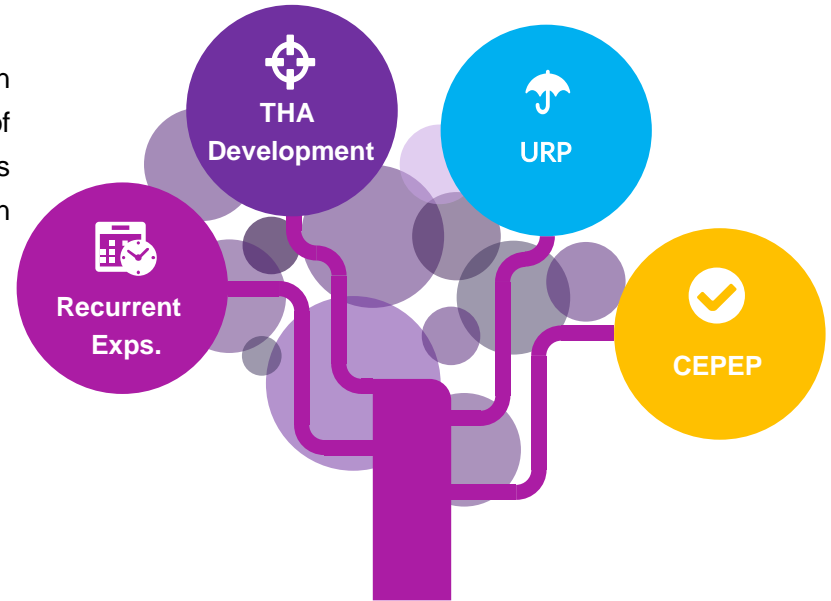
URP

TT\$ 18 MN



CEPEP

TT\$ 9.2 MN



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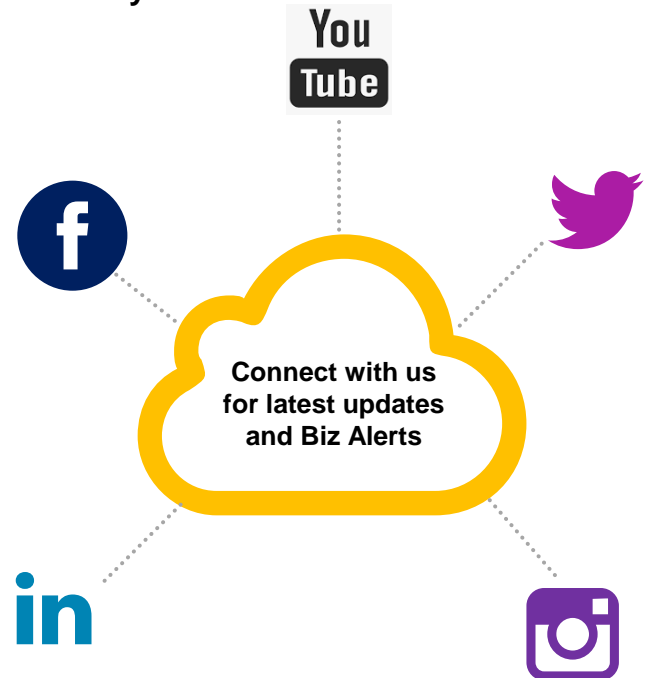
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