“BUILDING THE PILLARS FOR ECONOMIC SUCCESS, RESILIENCE AND FISCAL STABILITY”

BUDGET STATEMENT 2014

DELIVERED BY

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PRIME MINISTER AND MINISTER FOR FINANCE, ECONOMIC AFFAIRS, PLANNING & SOCIAL SECURITY

TO SUPPORT

THE APPROPRIATION BILL

FOR THE FINANCIAL YEAR ENDING MARCH 31, 2015

Parliament Building, Castries, Saint Lucia
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1. CONTEXT & PRIORITIES

Mr Speaker, I rise this evening, at a critical juncture in our country’s history, to deliver the third Budget Address since the General Elections of November 28, 2011. This has been a difficult Budget Statement to craft; indeed it is arguably the most challenging I have worked on since my first address in this Chamber on November 4th, 1997.

However, during the long days and nights while this Address was taking shape I was guided by the philosophy espoused by Africa’s first elected female Head of State, Ellen Johnson Sirleaf, the President of Liberia and the 2011 Nobel Peace Prize Laureate.

In her Nobel Peace Prize acceptance speech, President Sirleaf said:

“History will judge us not by what we say in this moment in time, but by what we do next to lift the lives of our countrymen and women. It will judge us by the legacy we leave behind for generations to come.”

I am painfully aware, Mr Speaker, of the fact that we have a small window to do what is necessary and what is right to put our country back on a path of viability and prosperity. This is no time for timidity or dithering. The decisions we take in the next few months will determine the type of legacy we leave behind for the generations to come.

Mr Speaker, this Appropriation Bill seeks to authorise the Government of Saint Lucia to spend $1.252 billion for the 2014/15 Financial Year.

The agenda underpinning the Appropriation Bill is four-fold. We are seeking:

(a) To set our country’s economy on a path of higher and sustained growth and employment;
(b) To create sustainable, fulfilling jobs, particularly for our youth;
(c) To steer our country’s public finances away from a fiscal cliff; and
(d) To build resilience, so that we can bounce back faster from future economic and natural shocks.

In essence, Saint Lucians are being asked to plan for tomorrow, by making adjustments today. This evening, I wish to outline the Government’s policies to realise this.

Our stark reality is that our current economic situation remains very fragile.

However, even while this may be so, Mr Speaker, I want to state unequivocally and sincerely that Saint Lucia will become a peaceful, prosperous and progressive nation, but only if we are determined to make it so.

Mr Speaker, I remember the enormous challenges we faced in 1997, when the Labour Party had just formed Government for the first time in 15 years. We found a rapidly deteriorating banana industry, a manufacturing sector in decline, worryingly high levels of unemployment and a tourism plant that had stagnated. However, by 2006, when we demitted office, we left a progressive country that was experiencing healthy growth of 8.7 percent, with unemployment around 14 percent and trending downwards. Unfortunately, when we were returned to power in 2011, it was déjà vu. The problems of pre-1997 had returned, only this time much more seriously and severely.

1.1. COMMON UNDERSTANDING OF THE PROBLEM

Mr Speaker, Budget Statements such as these are rightfully followed with much interest by Saint Lucians far and wide, those who care for one party or another, and those who care for no party at all. Indeed, given these even sterner times, the public interest is undoubtedly heightened, across all sectors and walks of life.

This evening, I am ever mindful of this, and I have fashioned this to be a speech of plain, straight talk. As such, this Statement is not only for productive sector interests, or the economists, market analysts and potential investors. I am anxious that it is understood by every Saint Lucian citizen: the working class individual; the unemployed youth; the struggling professional; the
single mother; the retired grandmother concerned about her pension. All, I am sure, are worried about the future of their children and grandchildren.

I want our people to understand what the realities are, what the options are, and what this Government proposes as the best way forward.

We must all understand; we must be on the same page as to where we are, why we are at this point and what is necessary to get us to where we should be.

What I will discuss with you, this evening, are the issues that have been presented to numerous stakeholders over the course of the past few months.

They have been discussed at the Retreat on the Economy, which involved the private sector, the trade unions and other interests.

They have been presented to our trade unions.

These issues have been presented to the media, so that they too may understand our challenges. In the next few days, they will be presented to other civil society groups.

This evening, I wish to present and discuss them with you.

Mr Speaker, the first truth we must accept is that while the year 2008 caused major disruption in our economic directions, our social and economic challenges did not begin with the Global Financial & Economic Crisis. The underpinnings of our small, open economy have always presented us with a challenge.

We had a State that was buoyed by an agricultural sector cultivated upon the soils of preferential market access. We now know these soils to have been shifting sands, and in the wake of its sinking, the bed of foreign subsidies has turned to quicksand, filled with the unemployed, particularly in our once thriving agricultural communities.
And while it is true that we made tremendous progress over the intervening years – with growth buoyed by tourism, services and construction – our peculiar realities always throw at us deepening challenges. We have not managed to modernise our economy sufficiently and extensively to be able to realise sustainable high growth rates, lower unemployment and enduring fiscal surpluses.

1.2. THE FUNDAMENTAL CHALLENGES

Understanding at least the basics of the problem is important for each and every Saint Lucian and I feel obligated to remind everyone, through you, Mr Speaker, of what the troubling fundamentals are.

There are four basic challenges that confront us.

The first fundamental challenge is one of economic competitiveness. It presents through low economic growth rates. We know very well that our natural resources are simply not sufficient to sustain what we would like our standard of life to be. It means that we must, therefore, export products and services that are largely independent of natural resources to be able to afford our quality of life.

If what we produce and the services that we sell are not of sufficient quantity, quality and reliability, then we will not grow. Compounding this problem is that, while we can consume more of what we can produce, we will always remain largely dependent importers. Our ability to trade, how well we do business, will determine our future.

The second nagging and vexing problem with which we are confronted is persistently high unemployment, especially among our youth. We shall discuss this in more detail later.

The third fundamental challenge is that of inherently high vulnerability due to economic and natural shocks. This challenge is amplified; it is made more serious because of our small size and
location. Most of our Caribbean countries face this classic problem. Natural events such as Tropical Storm Debbie, Hurricane Dean, Hurricane Tomas and the Christmas Eve Trough are a feature of our lives and often cause massive damage, relative to our size. Economic shocks such as a sharp rise in food and oil prices, 9-11 and most recently the 2008 Economic Crisis qualify as major disruptions requiring replacement of damaged infrastructure or major stimulus requirements.

The fourth challenge is one of fiscal deficits and high debt levels faced by the Government. In effect, the operations of Government are not sustainable in the long run, without adjustments. These operations are characterised by high levels of borrowing; Government is spending much more than it earns in revenue. As a consequence, the debt burden of Government moves upwards, with more and more Government revenue going towards debt repayments.

To make this clearer, let us consider these simple facts:

1.2.1. Low Growth

During the 1980s, growth was buoyed by bananas, grants and concessionary borrowing. The 1990s saw a change in fortunes, with the advent of the WTO, the loss of preferential access of our bananas to the United Kingdom market and a shift in focus of donor funding away from the Caribbean.

Over the past fourteen years, or since 2000, economic growth has averaged a mere 1.2 percent per annum. That is to say, even with some points of high growth, this growth has not been consistent. The record shows that Saint Lucia has experienced tempered growth.

1.2.2. High Unemployment

Since 1992, our labour force, that is the number of people actively looking for work or who are working, has continued to expand. This is because we have had more young people joining the labour force than retirees leaving it.
Furthermore, the economic shocks associated with the major decline in agricultural output associated with bananas in the 1990s added to increased unemployment, particularly in rural communities.

Thus, unemployment has been persistently high. The lowest that the unemployment rate has probably ever been since Independence is 13.6 percent, which was achieved in the Financial Year the Labour Party demitted office.

With our generally low economic growth, we have not been able to keep up with the natural increase in the size of our labour force and the major changes in rural employment.

1.2.3. Natural Events

Within less than half a decade, events such as Hurricane Tomas and the Christmas Eve Trough have caused combined losses and damage in the region of 40 percent of Saint Lucia’s current annual economic output. These events have had a devastating impact on the very productive sectors we expect to create growth, and on the infrastructure that is meant to facilitate economic activity. We are, therefore, forced to spend more of what we do not have to replace infrastructure, plant and equipment.

1.2.4. Economic Shocks

The impact of the 2008 Global Financial and Economic Crisis on our economy has been significant. It required real policy shifts that we have only now begun to take, through the introduction of VAT and other reforms. The year 2008, therefore, serves as a watershed in our economic fortunes.

Let us carefully consider the following:

(a) In the five years prior to 2008 (2004-2008), our growth rate averaged +3.4 percent per year. Since 2008 (2009-2014), growth has averaged -0.4 percent per year.
(b) In the five years before 2008, unemployment was trending downward and averaging 17 percent. Today, the proportion of the labour force that is unemployed is trending above 21 percent.

(c) On the fiscal side, in the five years before 2008, Government’s current account balance averaged $110 million. In the five years since 2008, it has averaged $25 million;

(d) In the five years before 2008, our total debt rose by $550 million. However, because our economy was experiencing fairly good growth, our debt-to-GDP ratio inched up from 55.6 percent to 55.8 percent. The sand beneath our feet then appeared fairly stable. In the five years since 2008, our total debt has risen even faster, by an incredible $900 million. By contrast, with our average negative growth during that period, our debt-to-GDP position worsened, from 55.8 percent to 73.6 percent;

(e) At the end of 2013, total public debt stood at $2.693 billion;

(f) Between 2004 and 2008, our fiscal overall deficit averaged 3.8 percent. In the five years since 2008, our fiscal deficit has averaged 5.9 percent. Simply put, we have been sinking faster into the sand.

(g) Mr Speaker, if we do not continue our course of reform and adjustment, if our economy remains stagnant and we continue to borrow at this rate, our debt-to-GDP ratio would reach 100 percent in less than five years.

1.2.5. Lessons from the Economic Crisis

Mr Speaker, we need not look far to see countries that have reached that deep into the quick sand. They have little chance of being pulled out by their own might. The sand will begin to claim any treasure or savings that they may have left in their hands as every effort is dedicated to simply keeping their head above ground.

When you get to that point, the average person would not venture near you to provide a hand because they will fear that they too will be pulled in and suffer your fate. In other words, investors will no longer buy your bonds, nor will financial institutions lend you money because it becomes too risky for them as well.
At that point, Mr Speaker, only agencies such as the IMF will intervene. I do not believe I have to say much more about these consequences. We just have to look at the fate of the other Caribbean islands that have had to resort to such bitter medicine: Jamaica in the 1980s and now recently 2012, Trinidad & Tobago in 1991, Dominica in 2005, St Kitts & Nevis in 2012, and Grenada is now hammering out their agreement with the Fund. The results of IMF packages are a mixed bag, because the medicine will no longer be voluntary, but enforced.

The real question is whether we have the collective will and courage to do this on our own by putting our differences aside?

I would like to believe that we have the will and fortitude to pull ourselves out by our own hands and back onto solid ground. However, any effort to reach solid ground will mean collective sacrifice. It will even mean some discomfort.

Mr Speaker, shocks such as the World Economic Crisis must be managed. They must be fought with prudent fiscal management and smart, and sometimes even unpopular decisions. Policy responses by the Government cannot take the approach of “business as usual.” We cannot bury our heads in the sand and hope that our problems will go away when we resurface. Unfortunately, life just does not work that way.

1.2.6. Fiscal Imbalances

Mr Speaker, I think by now the third challenge I wish to speak to is fairly clear, that of high and increasing debt.

High debt does causes two negatives to an economy:

(a) It slows down growth as interest and principal payments continue to rise, reducing on the Government’s space to induce growth; and

(b) It makes any further borrowing difficult. Your lenders see you as a bag of risks. Put another way, Mr Speaker, your bank would always be willing to lend you more if they knew you were in a healthy position to pay back. As your debts pile up, fewer will lend
you money, or they may lend you money for shorter periods and at higher interest rates, so as to avert their risk. As you sink further into the quicksand of debt, the grip of debt tugs even more. This is why, Mr Speaker, there comes a point where you cannot borrow your way out of debt. You cannot consume your way out of this situation. You must cut back, as hard and painful as this reality may be. In effect, you stare bankruptcy in the face.

1.3. RESPONDING TO THE CHALLENGES

It is difficult for small States such as ours to provide public services at the same level found in large States. However, we live in a modern, connected world. Our people have come to expect a certain array and standard of government services and Government has had to respond to try to provide these services. Additionally, having to respond to economic shocks has also thrown Government’s accounts into an unstable place.

Without any policy shifts to improve revenue and reduce spending, Government ended up in a situation where it was borrowing, not to invest in growth, but merely to maintain the cost of its operations. This was the situation we found ourselves in by 2012, where there was a large deficit between what Government took in from revenue versus what it had to spend on its operations.

1.3.1. HOW HAVE WE BEEN SPENDING?

Before adjusting, you would, of course, ask: what are the causes of such fiscal imbalances?

An imbalance exists if your money coming in exceeds the money you’re paying out, to the extent that you can no longer meet your commitments through borrowing.

If we would first consider current spending over the past decade. We observe:

(a) Between 2003/4 and 2013/14, wages and salaries increased by $156.49 million, an increase of 69.0 percent. Mr Speaker, within that period, the Public Sector has grown in size by less than fourteen percent (13.7%). This growth has been driven by a 26.1%
increase in the number of Police Officers, a 25.8% increase in Fire Service officers, a 16% increase in doctors and a 10.1% increase in Civil Servants. However, between 2003/4 and 2013/14, Public Servants between Salary Grades 1 and 18 received cumulative salary increases of 30.5%. The other factor is that many within the Public Service would also have received promotions, which would have moved them into higher salary bands over time. All this accounts for the nearly 70% increase in wages and salaries that we have seen in a little over ten years!

(b) Mr Speaker, Interest payments more than doubled between 2004/5 and 2012/13, from $67 million to $137 million, or by about $70 million annually;

(c) A massive increase in the amount spent on subsidies to maintain the price of items such as flour, sugar, rice, fuel and cooking gas. In 2004/5, Government spent about $1 million on subsidies. By 2011/12, this figure reached $29 million;

(d) Between that same period, 2004/5 to 2012/13, current transfers such as NIC contributions and pensions moved from $47 million to $76 million, an increase of $29 million;

(e) The total of these increases on annual recurrent expenditure is in the region of $280 million. This is further compounded by the fact that we have had to make principal payments on debt as well.

By contrast, while it is true that other classes of spending increased over the decade 2004-2013, the total increase of all these heads is relatively small in comparison to the headline items I mentioned earlier.

Consider these net increases on the consumption of goods and services by Government:

(a) Utilities: In 2004, $14 million was spent. Last year it was, $31 million; an increase of $17 million;

(b) Communications, which is primarily telecommunications: In 2004, $8 million was spent. Last year, $11 million was spent, an increase of $3 million;
Travel & Subsistence, a matter that gets lots of attention in the minds of some as an area of great savings: In 2004, $8 million was spent. Last year, $12 million was spent, an increase of $4 million. However, unlike what many believe, international travel accounts, under the passages head, was only $700,000 last year.

1.3.2. REDUCING EXPENDITURE, BUT NOT FAST ENOUGH

Mr Speaker, we are making reductions, but the impact on our overall deficit will not be sufficient. Later on in this Address I will make mention of the ways we plan on making further reductions, for example the cost of Government rentals. However, let me remind you of some of the steps already underway.

Through the Ministry of Sustainable Development, we have begun investing in LED street lighting, to help reduce the approximately $10 million spent on electricity for this item. We are retrofitting buildings to make them more energy efficient. This year, we will see the roll-out of solar electric systems being introduced to a number of public buildings.

In terms of cuts to our telecommunications use, we are renegotiating many of our current service arrangements and are making purchases in equipment that will reduce Government’s phone bill.

Mr Speaker, even if we were to cut increases on these spending classes by half, this would result in only $12 million in savings. The reality is, however, that we have been generating savings already under many of these heads, and we must continue to do so.

Mr Speaker, we are even introducing a vehicle fleet tracking and management system to monitor Government’s fleet and reduce on operating and maintenance.

Furthermore, Mr Speaker, if you were to lament over the cost of international travel, you would be pleased to note that passages will be capped at $500,000 this Financial Year.
Mr Speaker, these are not figures that the Minister for Finance has imagined. They are real and telling about the true cause of our situation.

Mr Speaker, Saint Lucia has a spending problem.

It would be nice to believe that we can simply go out there and make more money immediately, but making more money will mean gaining new skills, becoming more marketable, finding more jobs. We cannot do this overnight. Our first step must be to cut back on expenditure. We have to become thrifty and reduce our expenditure until such time that we can do better.

1.3.3. INCREASING TAXES NOT ALWAYS THE ANSWER

Mr Speaker, some may argue that the Government should increase revenue to balance the equation. But as you know, Government’s current revenue is largely from taxes and charges on transactions within the State. Last year, Government’s current revenue as a percentage of GDP, was 24.2 percent.

Over, the past year, we have undoubtedly made strides in the expansion of our revenue base through the VAT. VAT compliance is estimated at well over 90 percent. However, over-taxing any economy discourages economic growth.

In fact, more and more countries are moving to adjust their tax systems to become low tax economies. Increasing taxes is never popular. Mr Speaker, Government is very much aware that increasing taxes cannot be a solution by itself. It must be balanced and tempered by reductions in overall spending. The tax dollar is a burden on the entire State, and the State must earn the money it collects by providing quality services.

1.3.4. WHERE WE ARE, WHERE WE NEED TO BE?

Mr Speaker, I want the country to know where we should be and where we are right now. If we were to look at the major economic indicators, we would get a fair idea of the extent of the challenges:
(a) Where are we with economic growth? Our current growth rate is trending negative. We would like to be growing at a minimum of 5 percent per year and higher over an extended period. In fact, if we are to merely maintain our already high unemployment rate so that it does not increase further, the Ministry of Finance estimates we would have to grow by about 3 percent per annum;

(b) Where are we with unemployment? Our unemployment rate is 23.3 percent. For this Government the target would be a maximum unemployment rate of ten percent;

(c) Where are we with debt? Our debt level is around 73.6 percent of annual economic output. We would like that to be around 60 percent and lower.

(d) How much are we borrowing? Our overall deficit level this year is 5.7 percent of GDP. We would like it to be in region of 3 percent and lower.

(e) Of all our indices, only inflation, that is the increase in prices, is within our target range, at 1.4 percent.

1.3.5. Simultaneous Solutions Required

Mr Speaker, each of these challenges requires solutions. We must seek solutions through economic competitiveness, resilience and fiscal stability. However, we are currently faced with all three economic challenges at the same time. We do not have the luxury of time to solve them sequentially. Solutions will not be reached if we do not address all three challenges simultaneously and methodically.

Our fiscal problem will not go away just by growing our economy. The stark reality is that just to maintain the current debt levels and not allow it to increase any further, our analysis indicates that we would have to grow by an average of 7 percent per year.

If we were to reduce our debt-to-GDP ratio to the prudential 60 percent level by the year 2025, we would have to grow at an average of 10.5 percent per year from now until 2025. It would mean that foreign direct investment would have to be 55 percent of annual output, every single year. FDI flows are currently one-fifth of that. These growth rates and foreign investment inputs would be extremely difficult to attain and sustain.
Honourable Members, we need growth, but the reality remains that for us to grow, we also must immediately take action on Government’s fiscal position.

1.3.6. Fiscal Policy Suggestions From the Public

Mr Speaker, you would appreciate that there have been many suggestions about how Government can address its fiscal imbalances. Some of these have come from the Ministry of Finance; however, many have come from the everyday citizen.

Over the past few weeks, advice has come in from many quarters. It seems that everyone has an idea on what can be done, and this is good and healthy. However, I know that sometimes there exist many who are unaware of what the realities are. I wish to share some of the suggestions we have heard.

They go like this:

(a) Let’s close down our Embassies. We have too many Foreign Missions doing nothing at all;
(b) Let’s make fewer overseas trips;
(c) Let’s cut the salaries of the senior management and reduce the number of consultants;
(d) Let’s save more on utilities and telephone use;
(e) Let’s reduce waste in the Public Service, like the use of Government vehicles; and
(f) Let’s engage in debt-for-nature swaps.

Let us look at some of these suggestions:

(a) The Government of Saint Lucia has a total of seven Embassies, Missions and Consulates, which are run at a cost of about $12 million annually. They represent Saint Lucia and are engaged in a number of initiatives related, not only to our foreign representation, but also in seeking aid and investment for Saint Lucia. For instance, thanks to their efforts, we received good support from the international community after the Christmas Eve Trough;
(b) With respect to fewer overseas trips, as I indicated earlier, the vote will be reduced from $700,000 to $500,000, or nearly a 30 percent reduction. However, I need to point out there are several important international meetings that take place on critical issues that impact our development, which we are not able to attend due to funding constraints. Currently, many of the overseas meetings that we do attend are funded by external agencies and there is the inherent danger in this arrangement of compromising our independence and sovereignty;

(c) On the question of top-level management, or grades 19-21, top-level management represents only 1 percent of the total staffing and 3 percent of total salaries and wages. If we were to eliminate completely all of the 51 positions at Grade 19, the 26 positions at Grade 20 and the 6 positions at Grade 21, or a total of 83 positions, we would realise a savings of $14.4 million. So, stripping the Public Service of its entire senior management does not resolve the problem;

(d) With respect to reduction on consumables like utilities, communications, transportation and rental of property, I have already spoken at length about these, and I will announce some further measures in this Budget Statement later. However, these initiatives have medium to long term impact, and none will give us the immediate reductions that we need;

(e) With respect to vehicle use, this Government has been bold and innovative. We expect the Automated Vehicle Fleet Monitoring System that we recently instituted to have a medium-term impact of increasing efficiency and reducing wastage in the use of the SLGs.

(f) With respect to debt-for-nature swaps and other funding mechanisms that capitalise on climate change adaptation, the Ministry of Sustainable Development is pursuing such matters, but these take time to be developed and the international financing instruments are still short of the levels of capital promised and required.

Government agrees, however, that savings on every item matter and will assist in reaching our fiscal targets. However, we need major savings, and that means we need to also adjust on the major classes of spending. There is no other feasible way in the short term.
Mr Speaker, paying our debts is a must. Defaults on debt payments will only lead to further hardship because we would damage our reputation and make it difficult for us to borrow money in the future.

Nor is it conscionable to hold back on NIC contributions and pensions.

1.4. CENTRAL GOVERNMENT OPERATIONS

Mr Speaker, I have attempted to frame the issues underpinning our way forward very broadly. I have done this so that we all may have a comprehensive picture of what Saint Lucia faces today.

I will now focus on the efforts of Government to manage public finances over the past year.

1.4.1. REDUCING THE DEFICIT

In keeping with Government’s efforts towards fiscal consolidation, the fiscal operations of the Central Government recorded a marked improvement in 2013/14:

(a) The overall deficit narrowed to $208.8 million in 2013/14 compared with $328.8 million in 2012/13, a reduction of 36.4 percent.

(b) As a ratio of GDP, the overall deficit narrowed to 5.7 percent, compared with 9.2 percent in the previous fiscal year.

(c) The current account deficit also narrowed to $1 million from $52.6 million in 2012/13.

This represents a tremendous effort in putting our finances on a stronger footing. There are not many examples of a country undergoing this degree of adjustment without an IMF supported programme. This shows the commitment of this Government to deal with our long-term challenges.

1.4.2. CONTAINING EXPENDITURE

Let us now look at expenditure.

Total expenditure declined by 6.9 percent to $1,126.7 million.
Capital expenditure declined to $258 million. However, current expenditure increased by 0.4 percent to $868.8 million driven mainly by increases in interest payments.

1.4.3. Revenue & Grants

Total revenue and grants increased by 4.1 percent, driven by a 6.7 percent rise in current revenue. Receipts from VAT showed an increase to $298.6 million.

The budgeted revenues reflected a degree of caution that had to be exercised in the forecast, given that this was the first full year of VAT, with uncertainty as to the exact size of the new tax base. The results from the VAT are not unduly surprising.

This result is basically due to the widening of the tax base and is a feature experienced in most countries during the initial year of implementation. The broadening of the tax base involves broader coverage of activities within the tax net in contrast to what existed prior to the VAT. However, it should be noted that revenue from other sources such as taxes on income and Import Duty declined.

1.4.4. Public Debt

At the end of the fiscal year, the total stock of public debt stood at $2,692.7 million, representing an increase in nominal terms of 5.2 percent. The debt-to-GDP ratio was 73.6 percent, up from 72.1 percent in 2012. This represented a marked slowdown in the pace of debt accumulation.

1.5. National Development Agenda

Mr Speaker, times like these call for a national agenda, a national call to action. But we must have a plan that draws on consensus and the input of the nation.
If we are to collectively overcome our fundamental challenges, we must plan carefully our every step to get there. The entire country, public and private, local and national, secular and spiritual, must be part of forming these steps.

Beyond the daily efforts of the State, there are several initiatives that will inform the national development agenda:

We launched the National Vision Commission to help frame the dialogue so that we can arrive at a common vision for the future of our island for the next twenty to thirty years;

This dialogue will find manifestation through work being done, through the assistance of the Commonwealth Secretariat, at detailing a National Development Plan; and

We will soon debate in Parliament the report of the Constitutional Reform Commission and begin to take the next steps at re-crafting our fundamental legal basis for justice and good governance.

While the dialogue must be futuristic in outlook, Government is keen to pick out opportunities for quick wins through these consultative mechanisms. The Caribbean Growth Forum (CGF) and the National Council on Productivity & Competitiveness, both nascent bodies, have already generated interesting proposals that can have short-term, actions. For instance, the Caribbean Growth Forum which was launched in Saint Lucia in 2013 as part of a region-wide push towards returning to economic growth, has focused on three core action areas, namely: improving logistics and connectivity, the investment climate, and skills and productivity.

2. ECONOMIC PERFORMANCE

Mr Speaker, against this background just outlined, allow me now to place our economy in its global and regional context.
Since 2008, the world’s economy has continued to grow. Growth has largely remained through expansion in the extractive sectors, but also through stimulus-driven consumption in countries that have the savings and the ability to borrow large sums, because of their low debt profiles.

2.1. GLOBAL ECONOMY

Focusing on the past year, performance data for the global economy indicate a reduction in the rate of economic growth. In 2013, the global economy grew slower than expected, by 2.9 percent, after expanding by 3.2 percent in 2012.

Advanced economies showed signs of recovery from the effects of the crisis. However, this recovery remains uneven. The USA, Canada and Japan have been expanding at an average growth rate of 2.1 percent from 2010 to 2013, while growth in the Euro Area averaged only 0.6 percent during the same period.

Recovery of the US economy has been bolstered by unconventional monetary policy, which has kept interest rates at record lows. A measure of the improvement of the US economy is the recent announcement of a slight shift in the policy stance of the Federal Reserve of gradual interest rate increases from 2014.

The Euro Area has emerged from recession, but growth prospects remain weak due to competitiveness issues.

In a similar manner, the emerging economies observed a marked slowdown in their growth momentum. This reflected tighter financial conditions, weak external demand, increasing vulnerabilities and lower commodity prices.

2.2. REGIONAL ECONOMY

Most Caribbean countries recorded growth in economic activity in 2013, with the best performers mainly concentrated among the commodity-exporting countries. This performance
was in sharp contrast to that of the service-based economies, which continued to lag behind, albeit showing some signs of improvement.

Guyana and Suriname continued to enjoy robust growth rates of over 4.5 percent, driven by high commodity prices. Despite a decline in oil production, real GDP in Trinidad and Tobago increased by an estimated 1.6 percent in 2013, led by increased activity in the construction and manufacturing sectors.

After declining by 0.7 percent in 2012, growth resumed in Jamaica at 0.8 percent in 2013, influenced by increased activity in tourism, agriculture and mining. Barbados recorded another year of decline, this time by 0.7 percent in 2013.

The member countries of the Eastern Caribbean Currency Union (ECCU) recorded mixed performances. The sub-region as a whole is estimated to have grown by 0.7 percent in 2013, after marginal growth in 2012 and three years of consecutive contractions prior to 2012. Grenada, St Kitts and Nevis and St Vincent and the Grenadines experienced growth of 1.9 percent, 2.0 percent and 2.8 percent respectively in 2013. Increased activity in the construction and tourism sectors accounted for the improved performances. The economies of the other ECCU countries contracted, reflecting lower activity in their main productive sectors.

**2.3. DOMESTIC ECONOMY**

Saint Lucia’s economy declined by an estimated 2.3 percent in 2013. While there was growth in the agriculture and tourism sectors, this was offset by lower activity in the construction, manufacturing, wholesale and retail sectors.

**2.3.1. EXPANSION IN TOURISM**

The tourism sector is estimated to have expanded by 5.7 percent, associated with increases in the number of stay-over visitors and cruise ship passengers. Stay-over arrivals grew by 3.9 percent to a record 318,626 visitors. The number of cruise ship passengers increased by 3.9 percent to 594,118. The performance of the stay-over segment of the industry was mainly the
result of growth in arrivals from the US and Caribbean markets. Following two years of contraction, arrivals from the US expanded by 11.5 percent in 2013, supported by increases in airlift from some of the major US carriers such as Delta and Jet Blue.

2.3.2. Modest Improvement in Agriculture

The agriculture sector recorded moderate improvements in 2013, largely reflecting increases in banana output and exports. The volume of banana exports to the United Kingdom rose by 0.6 percent to 12,202 tonnes, earning an estimated $21.1 million in revenue. Domestic purchases by supermarkets of other fruits and vegetables are estimated to have increased by about 15.5 percent during 2013. Chicken production increased by 13.4 percent to 1,643 tonnes but pork production was down by 16.8 percent to 151 tonnes.

2.3.3. Decline in Construction

Activity in the construction sector is estimated to have declined by 10.6 percent in 2013. Private sector construction activity experienced a drop, due to the completion of a number of projects and lower Foreign Direct Investment since the crisis.

However, residential construction activity, supported by the construction stimulus package, is estimated to have remained stable, as evidenced by the number of housing approvals and mortgage loan disbursements. Public sector construction activity is estimated to have declined, owing to the winding down of work on the New National Hospital project. However, work continued on the St Jude Hospital, the Financial Administrative Building, and various community-based projects.

2.3.4. Decline in Manufacturing Output

Preliminary estimates indicate that the value of manufacturing output declined by 11.4 percent to $285.3 million in 2013. The sector continues to be adversely affected by a fall in both domestic and external demand.
2.3.5. **Expansion in Business Services**

While credit growth was still weak, there was a surprising growth of 3% in business services in 2013. This growth is probably concentrated in the small business sector. Undoubtedly, this is a welcome and positive signal.

2.3.6. **Unemployment**

Despite Government’s effort with the creation of thousands of new jobs, in part through NICE, STEP and the Constituency Development Programme, the rate of unemployment crept up to 23.3 percent in 2013 compared to 21.4 percent in 2012. This was on account of a large influx of new entrants into labour market, compounded by a decline in domestic activity, which led to layoffs within the private sector.

2.3.7. **Slowdown in Inflation**

In line with the slowdown of economic activity and a fall in global commodity prices, the rate of inflation in Saint Lucia declined to 1.5 percent in 2013 compared with 4.2 percent in 2012. The reduction was on account of lower prices in the housing, utilities, gas and fuels, clothing and footwear and transport categories.

2.4. **Achievements in 2013/14**

Despite all the fiscal challenges, Government realised a number of successes on its policy and programme agenda during the past year. I discussed this in the Debate on the Estimates, but I will highlight some of these this evening.

2.4.1. **Supporting Business Growth & Investment Facilitation**

Over the past year, we have made steps towards improving the ease of doing business in Saint Lucia, as well as attracting foreign direct investment. For instance:
(a) We completed the arrangements for the establishment of a Commercial Division of the High Court, which will increase the ability to enforce contracts. This Court will commence operations before the end of the year;
(b) We amended the Income Tax Act to make it less costly for the transfer of assets in mergers and acquisitions;
(c) We held the first ever Saint Lucia Investment Forum just last week, which promoted Saint Lucia as the number one place to do business in Caribbean; and
(d) We hosted a number of groups that were interested in pursuing investment in Saint Lucia.

2.4.2. TRANSPORT INFRASTRUCTURE

In terms of reconstruction and rebuilding of national and secondary links, I wish to highlight:

(a) The completion of the famous Soufrière Bridge on the West Coast Road;
(b) The completion of a 4-lane wide bridge at Bonne Terre on the Castries-Gros Islet Highway at a cost of $5.5 million. Another bridge of similar vehicle capacity is under construction at Bois D’Orange at a cost of $11.1 million;
(c) The widening of the northbound lane of the Castries-Gros Islet Highway between Sunny Acres and Choc;
(d) The completion of bridges in Soufriere at De Ville and Mocha at a combined cost of $4.8 million and at Cresslands for $3.1 million; and
(e) The completion of road reinstatement works atSlides 2 and 3 along the Barre de L’Isle.

2.4.3. COMMUNITY INFRASTRUCTURE

Community Infrastructure also received a major boost:

(a) Through the Constituency Development Programme, over $24 million was spent in every constituency. This programme allowed for each constituency to enhance the condition of their communities through projects ranging from the construction of all-weather concrete roads and drains, to sporting facilities;
(b) Community infrastructure was also boosted by the completion of the Gros Islet Municipal Building on Marina Street in the town of Gros Islet and the opening of an enhanced Independence Square on Clarke Street, in the town of Vieux Fort; and
(c) The Ministry of Youth Development & Sport completed construction works, installing sports lighting at five recreation grounds at La Ressource in Dennery, Anse la Raye, Marchand, Grande Rivière in Gros Islet, and the Phillip Marcellin Grounds in Vieux Fort.

2.4.4. **Public Service Modernisation**

We undertook many initiatives in the area of improving access to public services:

(a) We vastly improved the operations of the Civil Status Registry, including moving the operations to more spacious and user-friendly premises;
(b) We established a new Government web portal at [www.govt.lc](http://www.govt.lc), providing real-time information on a range of government services. We also improved Government’s social media presence;
(c) We opened a new Digitisation Centre to allow for the digital conversion of the large volumes of government documents and reports and for their easier retrieval by public and private sector agencies;
(d) We successfully implemented electronic filing of Income and Tax returns, or tax e-filing;
(e) A contract has been awarded to implement an Electronic Data Management System, to be piloted across five Government agencies. This will eventually eliminate the wasteful practice of several SLG vehicles criss-crossing the city, delivering mail from one Government agency to another; and
(f) Better management of the Government vehicle fleet will now be possible through an automated vehicle tracking and monitoring system. A contract has been awarded for the procurement and installation of GPS tracking devices on three hundred “SLG” vehicles;

2.4.5. **Education**

In the Education sector:
(a) We completely refurbished four primary schools at Dennery, Dernière Rivière, Desruisseaux and Saltibus at a cost of $3.8 million;
(b) Work was completed on the Micoud Infant School, which was amalgamated with the Micoud Primary School;
(c) Every child entering Form Four was provided with a laptop computer, in the first phase of our Technology in Education Programme;
(d) Over 200 single mothers received training through the SMILES Programme, at a cost of $0.5 million; and
(e) Over 2300 students entered secondary school last year, and they received a $500 bursary to assist them to meet the cost of school supplies and uniforms.

2.4.6. Crime Prevention & Citizen Security

In the Justice sector:

(a) We saw the opening of the Babonneau Police Station in July, 2014, at a cost of $3.62 million;
(b) We enhanced the protection of our judges by establishing a special team under the Royal Saint Lucia Police Force, a decision that we feel even more justified in taking in recent weeks;
(c) We saw new equipment being provided to the Forensic Laboratory at a cost of $115,000, adding to the capacity of that institution to support criminal investigations;
(d) We enacted new anti-gang legislation to aid the police in tackling crime in hot spots; and
(e) We saw an improvement in the detection rate up to 49% in 2013, and a general reduction in crime, including a reduction in the homicide rate.

2.4.7. Agriculture

Highlights under Agriculture included:

(a) Continued management of the Black Sigatoka disease through the provision of oils, the clearance of abandoned fields and the provision of fertilisers to aid in plant recovery;
(b) The provision of 5,000 coconut plants at a subsidised rate to support the replanting of approximately 70 acres on estates; and
(c) Continuing work on the National Meat Processing Facility. This, we shall hear more of later.

2.4.8. LEGISLATIVE ACTIVITY

Mr. Speaker, Last year, I expressed some disappointment with the pace of legislative reform. This year, I am pleased to report some improvement in legislative activity.

Honourable Members will recall that prior to its prorogation, this House enacted several amendments to existing Acts, too numerous to mention.

The House approved Anti-Gang legislation, and made amendments to the Police Force Act, Cap. 14.01.

Most importantly, the House gave its blessing to a novel Tourism Stabilization and Incentives Bill to lure new investment into the Tourism Sector. The House also confirmed amendments to the current Tourism Incentives Act to allow investments in villas to qualify for incentives. Additionally, a revised Act was passed to govern the affairs of Invest St Lucia and to confine its business to investment promotion.

Despite our differences in encouraging farmers to engage in farming activities on the banks of rivers and waterways, we enacted for the first time ever, an Agricultural Incentives Act. This Act confirms the incentives that are available to the Agricultural Sector.

The House also revisited the Civil Status Act and introduced badly need changes to facilitate rectification of Civil Status Records.

With the resources at the disposal of the Legislative Drafting Unit, I expect increased legislative activity this budgetary cycle.
3. AGENDA FOR ECONOMIC GROWTH

Earlier, Mr Speaker, I made the point that our economy must grow if we are to prosper. How then do we plan to grow our economy?

Mr Speaker, our growth agenda will be focused on the following:

(a) Continuing our investment in infrastructure that will support future development and investment;
(b) Strengthening public and private sector competitiveness and boosting exports and investments;
(c) Maintaining social peace and inclusion; and
(d) Strengthening fiscal stability as a means of economic resilience and promotion of growth; and
(e) Expanding our employment opportunities.

3.1. INFRASTRUCTURE FOR THE FUTURE

Mr Speaker, I turn first to our agenda to develop of infrastructure to meet our future demands, and to promote economic expansion.

3.1.1. NATIONAL INFRASTRUCTURE PLAN

In last year’s budget, the Government recognised that the future development of this country will require significant upgrades of current infrastructural assets, as well as the design and implementation of new projects to attract foreign and local investment.
In January of this year, a US-based company, Integral Gude Programme Management, was contracted to assess the feasibility of an integrated approach for the implementation of a number of key infrastructural projects, covering major new arterials routes, seaport upgrades, and water storage and distribution upgrades.

This firm, which is working closely with our Department of Planning and National Development, will advise the Government on the most feasible financing mechanisms for the implementation of the identified projects through public-private partnerships.

3.1.2. National Roads Infrastructure

Mr Speaker, we will continue to invest in providing resilient infrastructure that will support long-term growth. Our roads are like the arteries of our bodies. Our national road network is long overdue for a thorough analysis of its future requirement. We need a transport plan for the future that embraces not just the building of increased capacity, but one that can adapt to the likely impacts of Climate Change, reduce our carbon footprint and usher in more sustainable modes of transport.

Castries-Gros Islet Highway

Mr Speaker, I wish to turn to the issue of congestion on the Castries-Gros Islet Highway. You would recall, Sir, that in an earlier life, this Government upgraded the highway from Vigie to Choc. I am now in a position to return to “Kenny’s Folly,” as it was famously referred to in some quarters, and to complete the upgrade of the entire highway.

Mr Speaker, the Castries-Gros Islet Highway remains undoubtedly the busiest road link on-island. With over 20,000 vehicle trips per day, it has far exceeded its original design capacity and its junctions have become bottlenecks that cannot, from Marisule to Rodney Bay, handle current, far less future, traffic demand.
When the Labour Party Government first undertook a feasibility study to upgrade this arterial link, the impact from savings to the country would have been in the region of $1 billion, over the road design life. We undertook the first phase of dualising the carriageway along the Vigie to Choc section, albeit having to minimise the land acquisition requirements. However, as is experienced by commuters daily, the entire roadway requires upgrading, with particular care to relieve congestion, reduce travel times and improve vehicular and pedestrian safety. You would note, Mr Speaker, that this Government has insisted that all new bridges constructed along this route are being built wide enough to accommodate four lanes.

I am pleased to announce that, at its meeting in February 2014, the Board of Directors of the Kuwait Fund for Arab Economic Development (KFAED) has approved the granting of a loan to Saint Lucia for the upgrading of the Castries-Gros Islet Highway from the Choc to Gros Islet Junction. KFAED’s procedures for loan and technical assistance financing require that final amounts can only be agreed upon after the undertaking of an appraisal mission by KFAED.

Therefore, based on discussions with KFAED, an appraisal mission by their technical and financial team is expected in Saint Lucia during the second half of the year, to determine the level of financing and support required by Saint Lucia to undertake this long overdue project.

Subsequent to the appraisal mission, consultations will be held between the Government and KFAED to finalise the loan amount and the various components to be financed. Government is moving speedily to ensure that construction commences within the shortest possible timeframe.

**Southwestern Roads**

Mr Speaker, I am pleased to announce that Government has awarded contracts through a Design/Finance/Construct, or DFC, arrangement to tackle primarily roads in the Choiseul/Saltibus areas. These roads have deteriorated and have remained in a very poor condition for a prolonged period. The construction cost is in the region of $22 million, to be repaid within a period of five years, at an overall cost of $26 million, including interest payments. This financing package will be brought to Parliament for its approval.
The following roads will be completed:

(a) Southwest Coast Highway from Clarke St, Vieux Fort, to its junction with the St Jude Highway (2.5 km);
(b) Balca (1.3km);
(c) Daban (2.9km);
(d) Morne Jacques (0.8km);
(e) Fiette (2.0km);
(f) Also included in this project will be extensive roadside drainage works to be undertaken on the road leading to Saltibus through Parc Estate.

Mr Speaker, I should also point out that substantial remedial works were undertaken on the Playe-Saltibus Road over the past weeks to ease the plight of commuters.

Additionally, Mr Speaker, DFC contracts will be awarded this year for two major roads in Laborie that require urgent attention.

Approximately 10 km of road improvements will be done on:

(a) The Laborie to Banse-La Haut Rd; and
(b) The road traversing the Laborie Village Centre, which includes Testannier Highway.

Details of these contracts will be made available in the House in due course.

**North-South Link Feasibility Study**

Mr Speaker, I also wish to note that a contract will soon be awarded for a CDB-financed consultancy to undertake a feasibility study on options for connecting the northern and southern regions of our island. As you would appreciate, this is vital to our future development, given the spread of our population, economic opportunities and essential national assets.
3.1.3. National Health Infrastructure

Mr Speaker, modern health infrastructure is vital to the delivery of quality healthcare. By 2015, Saint Lucia will open two brand new hospitals, which stand as monumental investments in our future as a country. In fact, by the end of next year, Saint Lucians will have the most modern and perhaps best-equipped secondary health infrastructure in the Eastern Caribbean.

(a) The New National Hospital at Coubaril, a gift from the European Union, is being built at an estimated construction cost of $156.7 million. The building is essentially complete, and about $7.2 million will be spent this year to finalise accompanying works such as the kitchen and cafeteria. In addition, the EU has also agreed to support the procurement of furniture and equipment for the facility. This will cost a further $36 million. This year, it is estimated that $9.6 million will be spent to continue procurement. In fact, once commissioned, the combined development cost of this facility will be in the region of $200 million.

Works to be completed at the Hospital include the construction of laundry, kitchen and cafeteria areas, and the installation of equipment. The 116-bed facility will be outfitted with state-of-the-art equipment, which include fixed equipment for theatre; X-ray & Imaging equipment such as CT SCAN, Magnetic Resonance Imaging (MRI) and laboratory equipment; physiotherapy equipment; sterilization, operating theatres and related equipment; monitoring and cardiology equipment; and neonatology and critical care equipment.

(b) Mr Speaker, the scale of investment at St Jude Hospital is no less impressive. When the project was originally conceptualised after the tragic fire in September 2009, only a rebuilding of the Surgical Wing was envisaged, at an announced cost of about $6.0 million. The reality is that St Jude, upon its completion, will be an investment of over $120 million. This will create a 115-bed hospital for the south, also with the latest equipment.
3.1.4. **Hewanorra International Airport**

Mr Speaker, in the 2013/14 Budget Address, I outlined a readjustment in the policy approach to the redevelopment of the Hewanorra International Airport.

The Hewanorra International Airport faces capacity constraints, as a considerable number of flights arrive and depart within a short period of time, resulting in severe congestion in the terminal and the apron. This significantly limits the airport’s ability to support current and future growth in passenger traffic. The tourism industry is a key engine of our economy. By redeveloping the airport, we will be helping to support our country’s economic and social development.

With this goal in mind, my administration has chosen IFC, a member of the World Bank Group, to support the Saint Lucia Air and Sea Ports Authority and the Government of Saint Lucia in evaluating our options for redeveloping the Hewanorra International Airport.

IFC has more than 20 years of experience in offering advice to governments on structuring public-private partnership transactions in all infrastructure sectors including transport, power, water, health and education. They have worked on more than 300 private-sector participation transactions worldwide.

IFC’s evaluation will include a detailed technical, legal and financial analysis of the airport and a comprehensive assessment of development options. This comprehensive study will conclude with a presentation to Government of a recommended transaction structure for the sustainable development of the Hewanorra International Airport under a public-private partnership.

We believe a well-structured public-private partnership could leverage private sector expertise and capital and help our government enhance the quality and efficiency of services the airport is able to deliver for the benefit of the population and visitors to our island.

IFC will present its recommendations to Government no later than the end of this year. These recommendations will allow the Cabinet to make an informed decision regarding the public-
private partnership and the design of a transparent, competitive tender process to identify a suitably qualified private sector partner to help us achieve our goals.

It is vital, Mr Speaker, that we find an approach that causes no further increase to our debt-to-GDP ratio.

Further, Mr Speaker, the pre-construction of airport facilities to accommodate a Fixed Base Operator has also commenced with the signing of a lease agreement and the submission of designs to the DCA for approval. I do hope that actual construction of the FBO facility will begin during this fiscal year. The facility is expected to cost about US $2 million.

3.1.5. **Renewable Energy**

When we assumed office in 2011, our Government boldly announced its plans to reform the energy sector to lessen our reliance on fossil fuels for the generation of electricity and to reduce the cost of electricity to consumers. We indicated that our goal was to achieve 20% of our generation of electricity from renewable sources by the year 2020. Earlier this year, at a Creating Climate Wealth Summit hosted by Sir Richard Branson in the British Virgin Islands, I increased that ambition to 35% by 2020.

To realise that goal of transitioning to a cleaner, more sustainable energy future, we have strategically partnered with several important agencies to provide us with the necessary technical and financial support. Our government has signed Memoranda of Understanding with the *Clinton Climate Initiative* of President Bill Clinton and Sir Richard Branson’s *Carbon War Room*, as well as formed partnerships with the World Bank, the Organization of American States, the European Commission Delegation and the New Zealand Government, to name but a few.

This year will see significant activity in our sustainable energy programme. We will pilot legislation through Parliament for the establishment of a multi-sector regulator for the energy and water sectors. The National Utilities Regulatory Commission (NURC) will replace the Water and Sewerage Commission and will allow for the independent regulation of the electricity sector,
the setting of tariffs for renewable energy generation, the granting of licenses to independent power producers and consumer rights protection.

We will, belatedly, publish Requests for Proposals for the establishment of an 8-10 Megawatt (MW) utility-scale Solar Photovoltaic facility and a Waste-to-Energy plant. We have taken our time with this process so as to avoid the costly mistakes that have been made by some of our sister countries in the Caribbean. We also expect, at long last, to see some movement on the geothermal energy front. Our government hopes, within the next few months, to sign a new geothermal development agreement with one of the premiere global geothermal development companies to commence exploration for geothermal energy in Soufriere.

With the help of a World-Bank funded sub-regional project called ECERA, the Eastern Caribbean Energy Regulatory Authority, we will be amending the existing Electricity Supply Act which currently gives LUCELEC an 80-year monopoly for the generation, transmission, distribution and sale of electricity. This amendment will unbundle electricity generation from LUCELEC’s exclusivity and will make possible the entry of independent power producers in the renewable energy sector.

However, we want to encourage all members of the public to play their part in better managing our use of electricity. So, effective this year, we will remove the duties for a fixed period on a range of components and equipment of renewable energy systems to make these systems more affordable, reduce the pay-back periods and make it more attractive to invest in small solar and wind energy systems.

We also want to tame the demand for energy in the public and private sectors. One effective way of doing this is to encourage energy audits of buildings and create an environment where Energy Service Companies (ESCOs) can work with the owners of large buildings to retrofit their premises with energy-efficient systems that can be repaid from the savings realised.

As I indicated earlier, Government will take the lead in this area with the continuation of its Street Light retrofitting project, in which we will replace the existing energy-hungry streetlights
with LED lights in Castries, Vieux Fort, Gros Islet and Soufrière. Currently, Government spends almost $10 million annually on electricity for streetlights. We expect this figure to drop dramatically when this programme is completed. We will also install rooftop solar photovoltaic systems on the Wellness Centre and the headquarters of NEMO to reduce the electricity costs of these buildings as well as undertake a replacement of all of the lights in the Greaham Louisy Administrative Building to energy-efficient LED fixtures.

### 3.1.6. Broadband & ICT

Mr Speaker, Government accepts that information and communications technologies drive the transactions of the modern world, expanding our ability to integrate. ICT continues to be driven by ever-expanding bandwidth, faster computing power and the imagination and creativity at the fingertips of users. Since the liberalisation of the telecommunications sector, the mobile penetration rate shifted from 10 percent to over 120 percent. However, we must go beyond simply being a mobile society of consumers, using ICT purely for entertainment and leisure.

Islands like ours can be the greatest beneficiaries if we leverage the opportunities in education, commerce, facilitating business and content development.

Recently, our Government launched an exciting and innovative ICT Business Incubation and Training Grants programme that makes $2.5 million available in grant funds for training in ICT-business related activities and for ICT business start-ups. Grant funds for as much as $100,000 are available in this project. I want to encourage all of our budding, young e-entrepreneurs to take maximum advantage of this programme.

This year, we will expand this programme to provide training to young people in areas such as mobile app development, creating animations, scripting, video-camera usage, developing gaming applications, and the use of social media for marketing.

Consistent with our twin goals of increasing efficiency and cutting costs, Government will embark on a comprehensive reworking of our communication systems in the Public Service. This will involve replacing the existing, dated and expensive PBX that we are leasing with a modern,
unified and much more cost-effective communication system that we will own and which will allow for video-conferencing and the use of cheaper voice-over-IP protocols for communication, particularly between Central Government and our foreign missions.

In the area of ICT and education, our Government will significantly increase the bandwidth available to Government schools at all levels, from primary to post-secondary. This will augment the Schools Laptop programme which commenced last year.

By the end of June, we will commission the Government Contact Centre, which will provide a centralised call centre for information on the wide range of government services. The first phase of this service, which will also improve on the ease of doing business with government, will involve five critical government agencies.

**Making Saint Lucia a Wi-Fi Zone**

We have on previous occasions announced our intention of providing island-wide Wi-Fi to citizens and visitors to our country. The first phase of this initiative will be launched in the town of Soufriere in the coming weeks when we turn the Community Access Centre into a quarter-mile radius Wi-Fi hot spot. The next phase of this will see Wi-Fi hot spots created in the Castries city centre, the town of Vieux Fort and the village of Micoud, among others. Through the World-Bank funded CARCIP project, and with the help of the Universal Service Fund (USF) that is managed by the National Telecommunications Regulatory Commission (NTRC) and support from the Taiwanese Government, we intend to take concrete steps this year to begin the conversion of Saint Lucia into a Wi-Fi Zone.

This revolutionary movement will significantly augment our School Laptop programme by expanding the areas where the beneficiaries of these devices may access the Internet. Equally importantly, however, it will significantly improve Saint Lucia’s competitiveness, both as a tourism destination and as a prime place for doing business in the Caribbean.

**ICT and Education**
Last year, as I stated earlier, Government provided laptops to every child entering Form Four in our secondary schools. In March of this year, the Ministry of Education produced an Evaluation Report of the Schools Laptop programme. This Report indicated that 90% of parents, 82% of principals, 99% of students and 86% of the teachers were pleased with the Schools Laptop programme. Eighty-eight percent (88%) of parents and eighty-four percent (84%) of students confirmed that the laptops were being used to complete homework, while eighty-two percent (82%) of principals and sixty-seven percent (67%) of teachers indicated that the laptops have helped to improve teaching and education at their school. Ninety-two percent (92%) of teachers and eighty-eight percent (88%) of students reported being comfortable using the laptops.

The Report also provided some other interesting insights, such as the need for more teacher training to support the use of laptops for instruction, a preference for the pre-installation of more subject-specific software, and the insufficiency of the bandwidth available in the schools.

Mr Speaker, I am pleased to inform that this year, we will expand on this successful programme. In addition to providing laptops to Form Fours, like we did last year, we will also include the Third Formers in the distribution of laptops.

To respond to the concern about bandwidth, Government intends to significantly increase the bandwidth in all of our secondary schools during the course of this Financial Year.

3.1.7. WATER & WASTEWATER

Mr Speaker, I now turn to the all-important water sector.

*John Compton Dam Rehabilitation Project*

Mr Speaker, the reservoir of the John Compton Dam, which had a design capacity of 3 million cubic metres of water, is now estimated to have an available capacity of 1.5 million cubic metres of water.
The reduced capacity is due to an accumulated 1.1 million cubic metres of silt and debris deposits from Hurricane Tomas in 2010, together with an additional deposit of 0.4 million cubic metres following the recent Trough in December 2013.

Mr Speaker, in December 2013, the Government of Saint Lucia and WASCO engaged the Caribbean Development Bank to assist with this huge undertaking, and to date the following activities have been completed:

(a) Invitations for expressions of interest were issued for the John Compton Dam De-silting and Rehabilitation Study to define the problem, outline solutions, provide cost estimates and develop tender documents for the works. Responses were received and 13 firms were qualified for evaluation, of which 5 were shortlisted and received 'no objection' from CDB; and

(b) Request for proposals were subsequently prepared and were issued to the 5 shortlisted firms. The proposals are expected by early May 2014;

Mr Speaker, the outlook is that by the end of 2014, WASCO would have selected a firm to undertake the de-silting. This process necessitates finding solutions to contain and stabilise the upper catchment areas, stabilising the internal slopes of the reservoir, de-silting and disposing of silt and debris, rehabilitation of dam infrastructure, and the implementation of an operations and maintenance plan.

The containment of silt in the upper catchment areas and stabilisation of the slopes are absolutely necessary and critical. They are to be undertaken by Forestry Department in parallel with WASCO's de-silting and rehabilitation project.

Financing for the de-silting and rehabilitation project is provided by the allocation of 10.43% of water bills to a special account, which will accumulate over time to the amount required for the project. The on-going study will advise on the estimated cost of this project. However, the CDB will provide bridging finance and it will be repaid from the allocation.
Finally, Mr Speaker, preparatory works continue on new water supplies to Dennery and Vieux Fort. These are necessary to ensure that clean water is provided to these communities and also to support future economic activity in these districts.

The Vieux Fort and Dennery Water Supply Redevelopment Projects will be executed simultaneously in three phases. The first Phase, which is ongoing, concerned with the preparation of a Water Supply Redevelopment Plan for Dennery and Vieux Fort, the development of conceptual designs, and the preparation of bid documents for the selection of a turnkey contractor for the execution of the works.

The second phase will commence in January 2015 and it involves the detailed design of project components and the construction of water abstraction intakes, water treatment plants, water storage tanks, raw water transmission infrastructure, and potable water distribution systems.

This project will finally put an end to the water woes of the long-suffering residents of the Dennery Valley and Vieux Fort. The current phase of the Project is being funded by the CDB, the Government of the Federal Republic of Germany, the Government of Mexico and the Government of Saint Lucia.

In addition, through the 10\textsuperscript{th} EDF, a new intake will be constructed in Desruisseaux and a new filtration and clarification system installed at Micoud. This project will ensure that access of these communities to a quality water supply is improved.

3.2. INVESTMENT, BUSINESS & EXPORTS

Mr Speaker, let us now discuss policy efforts to improve business, exports and investment. Saint Lucia remains first in the English-speaking Caribbean in the World Bank’s Doing Business Report, a position it has maintained for a decade. However, our position depends on our competitiveness. Countries such as Trinidad & Tobago are not far behind, and we have been
surpassed by Puerto Rico. We remain 66th in the world. Island countries similar to ours are much higher placed.

You would, therefore, appreciate Mr Speaker that there is much progress to be made in a number of areas. This year, we will pursue a number of initiatives to improve the ease of doing business.

3.2.1. Starting a Business

One of the areas to be tackled this year is the ease of starting a business. We will broaden online services of the Registry of Companies & Intellectual Property to allow for the full registration of businesses online within 12 months. This will add to the number of online services now being offered, such as the online payment platform for the electronic filing of taxes. This will certainly make it easier for businesses to be incorporated.

3.2.2. Better Access to Land Information

Mr Speaker, Government will allocate $201,200 to continue efforts to computerize land registry information. Land information is critical to the physical and infrastructural development of this country. Currently, this important asset is not operating optimally as there is a significant reliance on hard copies of survey maps, cadastral sheets and other documents. This will also reduce business continuity risk and prepare the Registry for making information more easily available. Ideally, land information should be searchable for a cost online, anywhere in the world. In time, it would be good if the process of registration may also be possible online as well.

3.2.3. Improving Credit Information

Mr Speaker, the banking system continues to face stresses propagated by the global financial crisis and the slower growth in the domestic economy. The operational challenges faced by many businesses have affected their ability to service their loans, thus leading to a rise in the quantum of non-performing loans at domestic banks.
Mr Speaker, this has led to a tightening of lending procedures at banks in an effort to minimize their risk exposure, which in turn has made access to credit more difficult. This situation can be reduced by increasing information in the credit market.

Given the tradition of both Civil and Common Law in Saint Lucia, many credit transactions are founded on the basis of a “Bill of Sale.” However, Government is seeking to strengthen the use of movable assets through the establishment of a simple, central and Internet-based system of filing, registering and searching for security interests in movable assets.

Mr Speaker, this would ensure that potential lenders can easily discover if potential borrowers have any existing charges over assets which they intend to use as security.

Mr. Speaker, this will be achieved through the creation of a Notice Registry. It is different from a typical registry in that the property or asset is not registered. Rather, it is a notification or warning to other creditors that there is a security interest on that property.

This newly drafted legislation will work towards eliminating some of the uncertainty that exists with differing types of moveable property and will also establish the priority for resolving claims in the event of default.

Mr Speaker, this will also ensure that the newly established Commercial Court is not clogged with claims.

### 3.2.4. Trade Facilitation

Mr Speaker, “trading across borders” is yet another area Saint Lucia must improve in the delivery of Government services, so as to minimise cost and time in moving cargo. So far, our efforts have been focused on enhancing inter-agency information sharing, and the sharing of information with the private sector. Tangible improvements have been made by Customs and SLASPA in the automation, reorganisation and simplification of processes and procedures. In 2013/14, the Ministry of Commerce also stepped up in accepting online applications and approval of import licenses.
Two new initiatives are worthy of note in the coming year:

(a) The Saint Lucia Bureau of Standards, or SLBS, will come on board by automating their import clearance process and linking directly with Customs’ ASYCUDA platform; and
(b) Very crucially, Customs has committed to advancing its monitoring of trade transactions through intelligence-based, risk-sensitive inspection protocols. This risk management approach will reduce on the current brute force approach being applied towards inspections, thereby reducing time and cost to the productive sector.

3.2.5. **Diversifying Postal Services**

Mr Speaker, one area we do not often consider as being so critical to development in an age of online, mobile services and broadband is that of the Post. The term “snail mail” was born out of the slow time it takes mail to journey the world, in comparison to e-mail that our society is so familiar with today.

As a cost centre, or by itself, the Post Office would be making less than it costs to run, with a deficit of about $0.2 million last year. However, last year, there was also a marked improvement in revenue, suggesting that there is still life and value in our Post Offices. Our postal services need not be antiquated and confined to the traditional. We cannot allow them to be trapped in the past.

Mr. Speaker, in the year 2014, there are still Saint Lucians who are not able to access bank accounts because of where they reside. For example, residents of the communities of Canaries, Desruisseaux and Babonneau do not have community access to banking services and facilities.

In addition, we are noticing an increasing trend of banks consolidating branches, and replacing face-to-face transactions with on-line transactions. This trend has the worrying potential to exclude a major sector of our population who are unable to travel for long distances, and who cannot access the Internet.
Juxtaposed against this reality, we also have observed that Post Offices around the world have been reborn, providing new services:

(a) Financial services is one possible area of diversification, providing opportunities for money-transfers, credit and savings accounts, particularly in rural settings;
(b) Becoming documentation centres supporting small business needs; and
(c) Yet another opportunity lies in becoming access centres for Government services. Imagine being able to go to a Post Office that is a wireless hot-spot, with computer kiosks, where you can collect and submit Government forms and make payments.

This may still be a dream for many of our 41 Post Offices, but we must begin to rethink the possibilities of turning our Postal services into a modern, technologically-driven, relevant institution that the entire community, young and old, values.

This year, Government will begin to explore some of these possibilities and to determine a strategy on modernising the agency, and seeing where synergies might exist with other efforts being undertaken by Government. Of necessity, the Postal Services would have to be corporatized to allow it the freedom to become a financially sustainable and modern entity.

### 3.2.6. PRODUCTIVITY & COMPETITIVENESS

Mr Speaker, high productivity and competitiveness must be the mantra for our country and its people. Last year, we finally saw the launch of the National Competitiveness & Productivity Council, or the NCPC, which was first mentioned in the 2011/12 Budget Statement.

The work of the NCPC has begun and a national exercise to assess productivity levels in six productive sectors is ongoing. The sectors are agriculture, construction, manufacturing, hotels & restaurants, education and the financial sectors. This is the first time such an in-depth assessment of our productivity would be undertaken and so the results will assist us in benchmarking how competitive our workforce is. Additionally, five public agencies will be assessed as part of a pilot. This will include Customs, Inland Revenue, the Ministry of Infrastructure, the Ministry of Physical Development and the Ministry of the Public Service.
Furthermore, this year, Government will make available $500,000 towards the creation of a **Productivity & Competitiveness Fund** to promote innovative and creative ideas on a competitive basis.

### 3.2.7. PROMOTING EXPORTS

Mr Speaker, as I remarked earlier, our future growth is greatly dependent on our ability to attract investment inflows and our capacity to expand our exports. We must support our manufacturers and business service providers if we are to grow exports. Through the recently established Trade Export Promotion Agency, TEPA, the National Export Development Strategy will continue to be rolled out this year, focusing on market presence and visibility.

To date, marketing arrangements have been put in place for two of the country’s main markets, namely, the UK and Canada. Specific goods and services have been selected, based on their potential for market access and the consumer demand in these markets. Work has also started on formulating a definite strategy for the US market. Market intelligence research has started in seven (7) states within the US.

Twenty-three (23) local producers have already been provided with exposure. This intervention will ensure that selected products are able to meet all UK market entry requirements and are sufficiently promoted to gain market share and/or presence within that market.

Mr Speaker, in order to effectively and efficiently penetrate new markets, consideration must be given to the design and appeal of the respective products, in particular, those from the agro-processing and manufacturing sectors. In the light of this, under the Business Support component, selected companies that currently manufacture a variety of products and trade on the domestic and regional markets will participate in a rebranding, repackaging and relabeling initiative for their products. A total of $830,000 dollars will be allocated to this programme for fiscal year 2014/15.
3.2.8. Supporting Growth in Services

Mr Speaker, one such area where we may have some opportunities for competitive advantage is in the business and professional services. Indeed, as I have reported, we witnessed a 3 percent increase in output from this sector in 2013. Technological developments and liberalisation through bilateral and multilateral trade agreements, such as the Economic Partnership Agreement, the EPA, have increased the tradability of some services.

Therefore, Mr Speaker, Government has been keen to develop this sector in pursuit of private sector-led growth and economic diversification. The potential export services sector is broad: accounting, engineering, architecture, legal, Information Technology, to name a few. However, this sector, with the exception of tourism, travel-related services and financial services, is dominated by micro-enterprises, and in some cases even single employee firms. The structure of the firms, the dearth of functioning service associations and the lack of capacity to gather market intelligence make it difficult for these firms to leverage opportunities opened by trade agreements.

Hence, Government proposes to provide a subvention to the Saint Lucia Coalition of Services (SLCSI) for a period of two (2) years at a cost of $290,562. Mr Speaker, the Coalition has proven willing and able to leverage additional funding directed towards the development of the services sector. The Coalition of Services has also been active in sourcing other funds for the promotion of training, capacity building and regional linkages for the sector.

3.3. Tourism, Heritage & Creative Industries

Mr Speaker, I turn now to our primary economic driver and earner of foreign exchange - Tourism. Even with any major economic diversification, it is likely to remain the bulwark of Saint Lucia’s economy. Therefore, we have to remain globally competitive in a world where everyone is looking to tourism for expansion. It is for this reason, Mr Speaker, the Government requested
assistance from the International Finance Corporation (IFC) to examine and benchmark the island’s tourism competitiveness.

3.3.1. Tourism Competitiveness

According to the benchmarking analysis, Saint Lucia is already a leading international tourist destination for luxury, romance and nature. However, the island appears to have lost competitiveness over time. One of the factors cited is the insufficient utilization of our culture, specifically, our food, music, heritage, arts and crafts, to create a unique experience. Mr Speaker, culture is an international demand driver and a means to differentiate yourself in the marketplace. Therefore, Saint Lucia needs to develop the story-telling of the destination linked to its cultural expressions. This can range from carnival to rum, from our iconic architecture and built heritage to the experience of our local markets and military history.

Another key point raised in the assessment was the need to substantially enhance the overall service experience of the visitor, as customer satisfaction and building of customer loyalty through excellent consumer service are the core of any service-based economy.

Mr Speaker, an action plan has been developed in response to the findings. During this Financial Year, $1.0 million has been allocated to the Ministry of Tourism to implement priority strategic responses to the identified deficiencies, through the following:

(a) An Artisan Training Programme to support the development of our craft sector;
(b) A Quality of Service & Standards Programme targeted at hotels, sites and attractions;
(c) Development of new tours around themes, such as cuisine and unique tropical products; and
(d) New directional and informational signage, to be installed to encourage visitor travel on-island.
3.3.2. **NEW AIRLIFT**

Mr Speaker, Government has and will continue to invest considerable time and effort in making the island more accessible to our markets. Therefore, I am pleased to announce that after extensive negotiations with major airlines, airlift to Saint Lucia will expand as follows in 2014:

(a) Expansion out of the US market is expected through a 4 percent increase in seating capacity, or 6,664 additional seats. This will include:
   i. Delta Airlines introducing a once-weekly direct service from New York;
   ii. United Airlines introducing two (2) additional weekly flights from New Jersey; and
   iii. JetBlue adding a new direct weekly service from Boston; and

(b) With respect to the United Kingdom market, seating capacity is projected to grow by 11 percent (or 11,569), resulting from the introduction of projected increases in seats from British Airways, Virgin Atlantic and a new service by Thomas Cook, which commenced in 2013.

Mr Speaker, last year, I announced Government’s interest in actively seeking potential new markets such as Brazil, Panama and other countries in Latin America. To date, Government is in advanced discussions with Copa Airlines to provide a service out of Panama, which will significantly open up the South and Central American markets.

3.3.3. **EXPANSION OF HOTEL PLANT**

Mr Speaker, during this Financial Year, we expect to see the expansion of our hotel plant. The Government is encouraged by the gradual return of confidence to the industry. The following investments are on the cards:

(a) Windjammer Landings is expected to begin development of 28 new units;

(b) Le Sport Hotel intends to undertake a 100-room expansion;

(c) Freedom Bay Resort, at Malgrêtoute, Soufrière, has been granted approval for phase 1A of their development. A total of 11 villas will be constructed, to a scale in keeping with the UNESCO World Heritage Site’s *Limits of Acceptable Change* requirements; and
(d) The Harbour Club has begun construction at Rodney Bay and will include 100 rooms and a dive school.

3.3.4. **Future Opportunities in Canaries**

Mr Speaker, in addition to these, there are two proposed private investments that will augur well for future development and employment in Canaries. Canaries remains one of our smallest, socio-economically challenged communities. Yet, this West Coast community offers many picturesque vistas and eco-tourism opportunities:

(a) The first is the proposed development of **Dolphin Cove** at Anse Jambette. This development would provide an additional tourism attraction along the West Coast, ideal as a new stopping point for the many yacht excursion tours. It would also provide villa accommodation and visitor amenities. This is to be developed through interests out of Jamaica who own a similar investment there; and

(b) The second proposed development is to be located at Anse Mahaut, near Belvedere. The **Boka Group**, a UK-based interest, has already completed the purchase of the extensive property and is proposing the rollout of a plantation style development, which will be ecologically friendly and respectful to the peaceful ambiance of this region. The **Boka Group** has impressed upon us their desire to engage the local community, to utilise the potential of this work force and to invest in local skills and manpower with an ambition of a profit created with mutual benefit. This is a most welcome initiative.

Government will facilitate such developments as much as possible to ensure that greater opportunities are afforded for the people of Canaries and the West Coast.

3.3.5. **Le Paradis Update**

Mr Speaker, many extensive property developments were in train prior to the 2008 Economic Crisis. Several of these properties were highly leveraged by debt, and came to crashing halts in the wake of the recession. One of these was the Le Paradis property at Praslin Estate on the East
Coast. What has complicated any movement on this property is that its debt was held by CLICO Investment Bank, CIB, which was held in receivership by the Deposit Insurance Corporation of Trinidad & Tobago, an entity appointed by the Government of Trinidad and Tobago to protect the interest of insurers’ deposits. Their objective has been to get the best possible price for the property and not necessarily to jump start any new project, even though the original project was over 60 percent complete. The Deposit Insurance Corporation has decided to auction the property within a few weeks. Government sincerely hopes that this process will clear the way towards injecting fresh capital into this project.

3.3.6. Enhancing Castries Harbour

Mr Speaker, plans continue to be rolled out for the redevelopment of Port Castries, in partnership with Royal Caribbean. I am pleased to report, that in line with the advice of Government, a new financing partner/investor has joined the consortium of companies to redevelop the Port. A revised development agreement is also expected to be finalized within the next 6 months. Moreover, Mr Speaker, Government has made significant strides in addressing two of the main preconditions to the commencement of this project:

(a) Firstly, a local joint venture company, with ownership equally divided between SLASPA and the Government of Saint Lucia, has been established. This company will be vested with the assets of SLASPA and the Government, and will facilitate the participation of both parties in the consortium companies undertaking the redevelopment of the Port; and

(b) Secondly, an approach towards improving the disposal of wastewater and sewerage into the harbour has also been agreed upon. Technical assistance to facilitate this solution, as well as identifying a long-term solution for wastewater disposal for the City of Castries, will be provided by the French Agency for Development, AFD.

The proposed development is estimated at US $30 million and envisaged to be constructed along the Jeremie Street side of Port Castries, stretching from Cargo Sheds 4 and 5, all the way to the Vendors’ Arcade opposite the Castries Market.
Mr Speaker, one of the key components of the redevelopment is to pursue the creation of commercial opportunities, including initiatives to minimise displacement of existing vendors. The project is also anticipated to commence within the fiscal year with the demolition of the abandoned Fire and Police Stations as well as the removal of sheds 4 & 5.

3.3.7. Tourism Marketing

Mr Speaker, efforts at promoting Saint Lucia as a visitor destination will continue through the Saint Lucia Tourist Board. An amount of $40 million will be provided this year to continue with marketing efforts. I will only highlight a few this evening.

Brazilian Market

Efforts are continuing at penetrating the Brazilian market and the focus of the SLTB will be on Brazil’s largest city, São Paolo. These initiatives included participation in the World Travel Market Latin America in São Paolo in 2013. Mr Speaker, a representative has already been contracted in the marketplace to begin the process of generating awareness and driving business for Saint Lucia. SLTB has created brochures in Portuguese for distribution in the market, as well as establishing a web presence in Portuguese.

The SLTB also hosted a media launch in São Paolo to familiarise the Brazilian public with Saint Lucia, ahead of the World Travel Market Latin America 2014.

Support for Small Properties

During 2013, one of the priorities of Government was to provide assistance to small properties in Saint Lucia, because they form a very important part of the sector. Mr Speaker, a pilot project that sought to promote and market small properties in the French Caribbean (Martinique and Guadeloupe) was undertaken. Twelve (12) small hotels were selected to work with tour operators and travel agents in the French island of Martinique. The tour operators have
conducted a familiarisation trip to Saint Lucia to visit the participating properties. This initiative is also being replicated in France and Germany.

Moreover, Mr Speaker, the SLTB along with the Ministry of Tourism and the Saint Lucia Hotel and Tourism Association (SLHTA) will collaborate in providing needed assistance and training to these small properties. It is anticipated that training for small hotel owners will occur every quarter. Some of the assistance to be provided would range from enhancing the décor of the properties to increasing or establishing a web presence (marketing). This form of assistance will improve the marketability of the properties.

### 3.3.8. Heritage and the Creative Industries

Mr Speaker, we have just ended the Saint Lucia Jazz and Arts Festival, and earlier this year we enjoyed our 35th Anniversary of Independence. These events brilliantly showcased well our performing arts, our creative talents. This year, there will be a number of activities to support actions in Heritage and in the Creative Industries. These actions are important for the soul of our people, our pride, our sense of place, and sense of purpose.

**National Creative Arts Centre**

Mr Speaker, Government has engaged the Republic of China (Taiwan) in exploring design options for a National Creative Arts Centre. This activity is underway and we hope to be in a position to provide a more definitive statement on the site, scale and financing arrangements later in the Financial Year.

**Creative Industries**

During the year, under the Creative Industries, Government will undertake the following:

(a) A cultural mapping exercise, together with UNESCO, to identify tangible and intangible resources in all subsectors: theatre, dance, music, arts and crafts;
(b) An ambitious art-in-public-spaces programme; and dedicated programmes for subsectors such as dance, theatre, music, visual arts and film.

The Government has created a special purpose agency to handle the management of the Carnival.

**Heritage Investments**

We are also looking optimistically at two projects being undertaken by the Saint Lucia in the coming Financial Year:

(a) The Walcott Place Project on Chaussée Rd in Castries, which should reinvigorate that part of the city; and
(b) The restoration of the Pigeon Island National Landmark, to enhance the visitor experience and new revenue streams.

### 3.4. AGRICULTURE, FOOD & FISHERIES

Mr Speaker, our efforts at creating a modern, value-added driven agriculture sector will hopefully gather momentum this year.

#### 3.4.1. Agricultural Transformation Programme

The implementation of the Banana Accompanying Measures will continue in a concerted effort to transform our agricultural sector. Implementation last year was slow, but I have been assured that the $7.9 million allocated this year will be utilised on the following initiatives:

(a) Under the Youth Agri-Enterprise component, technology packages and guides will be developed to support skills capacity and training;
(b) Under the Agri-Enterprise Facilitation component, a value chain strategy will be developed, risk assessments of selected value chains will be undertaken and three to four incubation facilities will be retrofitted;
(c) Procurement of pesticides and fungicides as part of the response to Black Sigatoka Management;
(d) Assessment of rural feeder roads, which have been damaged by recent natural weather events, in preparation for reconstruction; and
(e) Finally, the start of the Agricultural Diagnostic Facility at Union to support technical services to advance quality and standards in agriculture.

3.4.2. YOUTH AGRICULTURAL ENTREPRENEURSHIP PROGRAMME

Mr Speaker, the roll out of the Youth Agricultural Entrepreneurial Programme will continue this year, and at a greater pace. A total of $3.96 million has been earmarked for expenditure this year. This will in part go towards agricultural equipment and plant such as tractors, greenhouses and support infrastructure. A livestock component has been added to complement increased demand once the Meat Processing Facility is complete. The Ministry of Agriculture has also finalised lease arrangements for 205 acres of land at Rivière Dorée, Beauséjour in Vieux Fort, Mabouya and Roseau. This will enable the creation of 78 successful youth-run agro-enterprises.

3.4.3. LAND BANK

Mr Speaker, since the decline in banana production, we have seen an abandonment of a substantial amount of farm land. Saint Lucia possesses about 6,000 acres of Class I and Class II land, which is ideal for agriculture. This represents only about 4 percent of our land area. If we were to include Class III lands and other generally flat lands, this would suggest that about 10 percent of our lands are cultivable. These are centred in our main valleys at Cul de Sac, Roseau, Mabouya, Marquis and Troumassée, and also on the plains of Balembouche/Rivière Dorée and Vieux Fort. However, Mr Speaker, these lands are becoming increasingly under threat from competing land uses from commercial, touristic and housing purposes.

Mr Speaker, the Blueprint for Growth intimated the need for a Land Bank. Therefore, if we are indeed serious about food security for our future, we must begin to conserve such lands now, and ensure that their use is maximised for intensive forms of agriculture.
Mr Speaker, the Government will now move decisively to establish a Land Bank. The Government will seek to enter into agreements that will allow it to gain access to abandoned farmland so that it may convert these lands to productive use.

### 3.4.4. Revitalisation of Coffee Production

Mr Speaker, last year we injected fresh life into the coconut industry with the propagation and distribution of coconut plants at a subsidized rate to farmers. This year it is our coffee industry that will benefit from a similar stimulus.

Those of us who grew up on local coffee have first-hand experience and knowledge of its unique captivating flavours and aromas. We believe it is opportune to develop a niche industry for our local coffee and we intend to execute the first phase of this with the propagation and distribution of local coffee plants to farmers, again at a subsidised cost. We are quite excited about the potential of this product.

### 3.4.5. Fisheries Development

Mr Speaker, two projects will be rolled out this Financial Year to support the Fisheries Sector. $1.1 million will be spent to realise deliverables under the Fisheries Development Programme. This will largely support planning, quality improvements, marketing and physical improvements. This Financial Year will also see the promised enhancement of fish landing sites at Savannes and Praslin.

### 4. Job Creation, Employability & Social Stability

Mr Speaker, I wish to now move to of our most critical challenges towards social stability and economic growth: that is employment, entrepreneurship and employability. At the heart of these issues are how well skilled and educated our citizens are. This, too, I shall discuss shortly.
4.1. JOB CREATION

Mr Speaker, a lot has been said about my Government’s response and achievements as they relate to meeting the firm public commitment made to the people of Saint Lucia before entering office: that is to provide jobs and reduce the level of unemployment.

Permit me, therefore, to spend a few minutes to clarify our approach, and to demonstrate that if this Government had not taken certain steps over the past few years, the pain and suffering of our people would have been far worse compared to what we are currently experiencing.

Job creation and job security has been, and always will be a central theme tied to every single policy decision taken by this Government, whether related to Heath, Education, Environment, Tourism, Agriculture, or building competitiveness in the private and the public sector. And so, the announcements that I have made in this Budget Statement are expected to have a positive impact on the labour market, whether directly or indirectly.

However, I am very much aware that the rate at which our economic reforms rollout may not be fast enough to create enough growth to counteract the rate of job displacements; in addition to the new entrants into the labour market at this time. Understandably, there is an increased level of impatience and unease. More worrying though, is the level of unemployment among our youth, which has risen to almost 40 percent, and particularly the upward trend of the proportion of those categorised as being long-term unemployed, that is, those who are out of work for more than six months.

This statistic is troubling, not just because job creation is a good indicator of the fiscal health of a country, but importantly, because of the negative impact of being out of a job for an extended period of time. People begin to lose their sense of self-worth as an individual. In addition, Mr Speaker, data suggest that when someone remains unemployed for an extended period of time, he or she is more likely to become unemployable as skills wane and become dated. If anything gives me sleepless nights, it is this reality.
4.2. **ACTIVE LABOUR MARKET PROGRAMMES**

It is for this reason that our Government feels justified in continuing to provide some measure of relief to the unemployed through the Active Labour Market Programmes, particularly those that support skills development.

### 4.2.1. NATIONAL INITIATIVE TO CREATE EMPLOYMENT (NICE)

During the fiscal period 2013-14, almost 3,000 people were provided with employment, through engagement in activities that provided support to the country’s human and social development. Without this programme, the painful increase in the rate of unemployment this year could have been frighteningly increased by 6 percent. So, Mr Speaker, as we try to contain these short-term effects of the transformation that this economy is going through, I cannot help but reflect on the wisdom of creating such a programme, to dampen the pain of unemployment whilst meeting our social needs at this time.

### 4.2.2. SHORT TERM EMPLOYMENT PROGRAMME

We will continue the Short-Term Employment Programme, STEP, at a cost of $3 million. We believe this is critical to ensure that the most vulnerable can still have an opportunity to generate income for themselves. This will continue to be implemented through the SSDF.

### 4.2.3. OPPORTUNITIES FOR TOURISM SKILLS DEVELOPMENT

Mr Speaker, I am also pleased to announce another job creation initiative, this time pioneered by the St Lucia Hotel and Tourism Association in collaboration with the Government of Saint Lucia.

The St Lucia Hotel and Tourism Association has advised the Government of Saint Lucia that it will embark on a skills development and employment initiative that will seek, over a period of 12 months commencing, July 1, 2014, to prepare 1500 to 1800 persons for full time employment in the private sector. The initiative will be funded through its Tourism Enhancement Fund (TEF), which was established last Financial Year.
The project will be supported by member hotels as a symbol of their on-going commitment to the development of a pool of highly efficient and productive professionals, dedicated to strengthening the competitiveness of our island destination. The aim of the SLHTA is to establish a “Virtual Academy.” The Tourism Enhancement Fund will commit approximately $0.4 million towards this initiative. The technical component of the training will be subsidised by support from hotels, while the SLHTA Secretariat will provide the administrative aspects of the initiative. The Government of Saint Lucia will match the amount by the SLHTA and contribute $0.4 million.

Additionally, the SLHTA will, as part of this initiative, organise an Industry Job Fair designed to facilitate career matching opportunities for job seekers and employers.

4.2.4. Establishment of the SLHTA Entrepreneurship Centre

Mr Speaker, I am also pleased to advise that the SLHTA has decided to establish an SLHTA Entrepreneurship Centre. Again, this will also be financed from the Tourism Enhancement Fund. The SLHTA is currently reviewing existing models in the region so that it may craft a model that is best suited to the needs of our local budding entrepreneurs.

The plan is “to engender the spirit of entrepreneurship through lecture series and training seminars for local artisans, manufacturers, producers and service providers. The training focus will be on marketing, product development, effective sales strategies, money management and interpersonal skills development.” It is the intention of the SLHTA that grant and other funding will also be captured and administered through financial institutions for access by this cadre of entrepreneurs to facilitate start-up costs and support by service professionals to nurture their creative and innovative business ideas.

The Centre is expected to be launched on September 1, 2014. The Government of Saint Lucia welcomes these initiatives. It believes that the SLHTA is moving in the right direction.
4.2.5. Cruise Sector Employment Support

Mr Speaker, many of you may not be aware of the extent of the impact of the NICE Programme on the various sectors it has touched. Though these sectors expand through Agriculture, Youth, Sports, Education, Healthcare and Welfare, I would like to focus for a moment on its impact on the Tourism Sector, through the development of a Cruise Sector Training and Employment Programme.

Mr Speaker, it is no secret that the many cruise ships that we see berthing at our ports each week employ thousands with well-paying jobs. However, the problem has always been with the inability of Saint Lucians to access these jobs because of the costs associated with meeting the requisite qualifications and other requirements.

We know all too well the unsuccessful, costly attempts made by Government in the past to provide support to local candidates to access these jobs. However, through NICE, the Government of Saint Lucia launched a pilot programme valued at $0.4 million during the past fiscal period to assist unemployed youth between the ages 19 and 35 years to access this employment. Unlike other similar initiatives in the past, this pilot programme has been carefully designed in conjunction with a training institution, a cruise line and the Saint Lucia Development Bank. The programme is specifically targeted for non-utility job opportunities within the Cruise Sector. With these types of jobs, Mr Speaker, successful candidates can earn as much as, and in some cases, in excess of US$3,000 per month.

Because of the unfortunate tradition of a high level of delinquency in servicing education and training loans in the past, in part due to the reckless way the programme was first introduced, the Government has had to lock-in very stringent repayment conditions to ensure that these loans are repaid within a short period of time. With the type of salaries associated with these positions, loan recipients would indeed be able to pay back their loans within 6 months, to allow for other new candidates to benefit from the facility.
Mr Speaker, the results so far, are very promising. Over the past year, about 229 unemployed Saint Lucians got job offers, with about 35 percent of that number benefiting from the pilot financing facility set up with the SLDB.

The cruise line partner is extremely satisfied with the quality of the Saint Lucian employees offered through this programme, and is eager to continue to work with to expand the job offers to 360-500 positions per year.

To ensure that our unemployed youth can take advantage of this employment offer, Government is willing to support this programme with a further $3 million during this fiscal period. This amount will allow for about 550 unemployed youth to gain employment within the Cruise Sector. This $3 million will be obtained from the NIC and made available to the SLDB for on-lending to prospective employees to meet the cost of the training.

It is worth noting that while employment in the Cruise Sector is often viewed as short term, the skills and experience that these employees gain during the period of employment would support our own local tourism industry once the industry is placed to absorb this skills base.

4.3. EDUCATION & EMPLOYABILITY

Mr Speaker, Education remains the best opportunity for our economy to become knowledge-driven and innovative. However, our Education system itself needs to modernize.

In the Throne Speech, Her Excellency announced new initiatives for language learning and for advancing tertiary education. If we are to attract better paying job opportunities to Saint Lucia, we must possess a work force that is well skilled and employable.

4.3.1. NSDC INTERVENTIONS

This Financial Year, we will continue initiatives towards youth-at-risk through the Youth Empowerment Programme and also for single mothers, through SMILES. These programmes will be implemented through the National Skills Development Centre.
4.3.2. **Basic Education Enhancement Project**

The civil works component of the Basic Education Enhancement Project should gain some significant momentum, as the tendering process will be completed during the first quarter of the fiscal year. Works are to be undertaken on seven schools around the island, including Clendon Mason Memorial Secondary, Corinth Secondary, Fond Assau Combined, Gordon & Walcott Methodist Primary, Vide Bouteille Primary, La Guerre Combined and Vieux Fort Infant.

The staff and students at these schools will finally receive some much-needed relief. This is to be completed at a cost of $19.5 million.

4.4. **Crime Prevention & Safety**

Mr Speaker, citizen safety and security are prerequisites for our island’s socio-economic wellbeing. This Government pioneered the investment and upgrading of our police, fire and emergency services. This was achieved through a partnership with the NIC to fund the construction of much-needed infrastructure for the Royal Saint Lucia Police Force and the Saint Lucia Fire Service. This was done because we believed in the dignity of the workplace, and that the members of our protective services required decent environments from which to operate.

In the coming year, we will see the commencement of works on the Babonneau Fire Station. Babonneau is the third largest constituency on the island. It is, therefore, important that this community, which is growing rapidly, has the necessary amenities to support the growing investment in housing.

I wish to indicate to that a new Northern Divisional Headquarters, to be located in the town of Gros Islet, is at an advanced stated of design preparation. These two projects are both to be undertaken by the NIPRO.
4.5. SOCIAL PROTECTION

Mr Speaker, the symbiotic relationship between the economic status of a country and its social structure is firmly noted in the development literature. Accordingly, this Government is committed to implementing programmes to raise the social status of Saint Lucians and improve the level of cohesion at the community level.

During this fiscal year, Government will, therefore, continue its ongoing social protection initiatives to provide a measure of relief and opportunities to the disadvantaged among us.

Mr Speaker, the impact of these programmes has been invaluable and Government will continue to support them in the fiscal year 2014/15:

4.5.1. KOUDMEN SENT LISI

The Koudmen Sent Lisi Programme will continue assisting persons living in extreme poverty by providing indigent families with the necessary psycho-social interventions to improve their quality of life. An amount of $1.5 million will be administered by the Saint Lucia Social Development Fund, SSDF, to provide house repair and support education activities.

4.5.2. HOPE PROGRAMME

HOPE, the Holistic Opportunities for Personal Empowerment Programme, will receive $2 million this year to assist in employment through small-scale construction projects.

4.5.3. BASIC NEEDS TRUST FUND

The Basic Needs Trust Fund (BNTF) programme, funded by the Caribbean Development Bank, will continue to provide needed activity, targeting the improvement of basic infrastructure and services within poor communities, as well as skills training and community level capacity enhancement. The BNTF will continue its important work through an allocation of $2.8 million under the 7th BNTF Programme, which will be directed primarily towards improving health, water and sanitation.
4.5.4. Social Safety Net Reform

Mr. Speaker, our current fiscal crisis make it necessary that we move away from blanket subsidies and target our assistance more directly and accurately at those who need it the most. We have to eliminate the errors of inclusion and exclusion that are inherent in our current social safety net programme. To do this, Government must develop fair eligibility tools and management arrangements to implement our social assistance programmes.

This year we have budgeted $0.9 million to support this programme. Deliverables will include an overarching policy, a national eligibility test, a harmonised programme for assistance, a central beneficiary registry and new social protection legislation.

Mr. Speaker, our Government will ensure that the poor and disadvantaged citizens in our country who are most in need of support get the right forms of assistance when they require it.

4.5.5. Children with Disabilities Grant

Finally Mr Speaker, I am pleased to announce that the child disability grant announced in last year’s budget address will commence this quarter.

4.6. Housing Development

I wish to turn now to policy measures related the Housing Sector.

4.6.1. Sites & Services Programme

Mr Speaker, the Government of Saint Lucia appreciates that the traditional approach to financing housing developments no longer works. Historically, the Government has used Crown Lands or acquired land from private land owners, constructed infrastructure and homes then sold the properties on completion. These homes were often sold at highly subsidised prices, leaving the investment entity with huge losses.
In recent times, the Government has shifted its approach by encouraging partnerships with the private sector. The Government provides the land; the private sector invests in infrastructure; the private sector entity is then repaid its investment on the sale of the properties. This approach allows lots or lots and houses to be sold closer to market rates. However, it does not resolve the chronic demand for housing lots from our citizens most in need of housing: the working class and the poor. The real problem for the vast majority is access to land. Once provided with land, they can then construct their homes at a pace that they can afford.

To address this problem, the Government has decided to embark on an aggressive island-wide “Sites and Services Programme.” Under this programme, the Government will acquire land or utilise existing land owned by the Crown, construct basic infrastructure, and provide access to utilities and services. The Government will allow the lots to be purchased in “increments” over the short to medium term.

This programme, Mr Speaker, emphasises land ownership. The ownership of land forms the basis of sustainable economy. It allows citizens to enter the mainstream of the economy. Land ownership empowers as it speeds up home ownership.

The motivating factor for the formulation of this proposal is the improvement of the socio-economic well-being of the intended beneficiaries, through the opportunity for property ownership. Obviously, there will be spin-offs in employment. The programme will boost activity in the construction sector and hopefully, contribute to economic growth.

Despite the focus of this proposal on the development of “Sites and Services,” the Government is cognizant of the challenges faced by the people of Saint Lucia and appreciates that meeting the demand for housing and shelter requires multifaceted and affordable solutions. This proposal is therefore not intended to provide a final response to the current housing need; it represents just one of several mechanisms to be employed over the medium to long term.
The Government intends to identify sites across the length and breadth of the country. To date, one hundred and fifteen (115) parcels of land have been identified for this programme. The goal is to ensure that the programme responds to the needs of communities island-wide and that it has the desired national impact.

It is anticipated that, overall, more than 1500 lots will be made available. This is a monumental undertaking, which we cannot undertake in its entirety at this time. The Government will, therefore, proceed on a phased basis.

The resources of the Sites and Services Revolving Fund (SSRF) established under the Shelter Development Project will be utilized to commence the implementation of the Programme. This revolving fund was established under the Shelter Development Project (i.e. the SSRF component). The main objective of this fund is to provide the Government of Saint Lucia with financing that may be accessed to implement future sites and services projects. This Fund was to be derived from revenue collected as a result of the sale of land (i.e. at Monchy (Gros Islet) and Cresslands (Soufriere) to beneficiaries of the SSRF project component. Currently, the Fund stands at EC$3.97 million.

**Financing Mechanisms**

The Government of Saint Lucia will utilise two mechanisms to fund the proposed sites and services programme:

(a) First, it will encourage Self-Financing and Bank Assignment arrangements as the primary means of funding. This method of financing uses deposits paid by the prospective project beneficiaries to purchase lots in approved developments. The implementing agency will also be required to engage a financial institution to provide the additional funding, based on the assignment of future payments from confirmed purchasers. The proceeds from the initial deposits and the bank loan will be utilized to complete the development. This approach has been used successfully to implement a number of local projects of a similar nature.
(b) Where possible, the Government of Saint Lucia will utilise the financial resources of existing Government projects and programmes to construct community infrastructure. For example, in some instances it would be possible to utilise allocations from the Constituency Development Fund or the Basic Needs Trust Fund to provide infrastructure in targeted areas.

4.6.2. PROUD Programme

Mr Speaker, the recent natural disasters have highlighted the negative and life-threatening consequences of unplanned settlements in many communities. The Government, in an effort to improve the standard of living of residents of informal settlements, continues with the provision of improved access to basic infrastructure and services through the PROUD programme. Additionally serviced lots are offered for sale at the new Bexon Heights Development. Surveying works will also be carried out at additional PROUD sites, namely, Eau Piquant, Cantonement, Bourceville, Rock Hall and Aux Lyon, to continue the rationalisation of unplanned settlements. Mr Speaker, a total of $6.84 million is programmed for expenditure under PROUD in the new fiscal year. We have also allocated $1.35 million to the third phase of PROUD.

4.6.3. Mocha Housing Development

Mr Speaker, in the wake of Hurricane Tomas, the European Union, under the emergency assistance Envelope of EDF 10, provided assistance to Saint Lucia for housing resettlement. Close to 60 persons or 27 households who were directly affected by Hurricane Tomas in the Fond St Jacques community have already been relocated to Mocha in Soufrière. Another 12 households are to be accommodated in Phase II of the development in the ensuing financial year, with development assistance of approximately $3.3 million from the European Development Fund. The project will involve the full installation of infrastructure, including roads and is expected to be completed in nine (9) months.

4.6.4. Bois D’Orange Development Project

Mr Speaker, the Bois D’Orange Housing Project was also conceptualized to improve the socioeconomic conditions of particularly vulnerable households that were affected during the
passage of Hurricane Tomas, specifically, single female heads of households and the existing occupants on the targeted area at Bois D’Orange. The proposal is consistent with the Government’s policy priorities of improving the availability of land for housing, increasing the housing stock and enhancing mechanisms for financing low-income households. It is estimated that $2.9 million will be spent on the project in fiscal year 2014/15.

5. FISCAL MEASURES

Mr Speaker, I come now to the most critical part of this budget - the fiscal measures that will underpin Government’s responses to our current deficit problem.

5.1 FINANCING DEVELOPMENT

Mr Speaker, without having a positive primary surplus, Central Government’s funding for its development or capital programme will remain dependent on grants, largely from donor countries; and borrowing through loans and Government instruments on the market. We must seek to ensure that the quality of our borrowing is such that it minimises future loan payments. Ideally, we should be trying to gain concessionary financing. The reality is that we are generally not eligible for much concessionary financing due to our per capita GDP.

As such, Government will also leverage borrowing through the private sector, utilising a number of methodologies, namely Public-Private Partnerships, Design-Finance-Construct and Build-Own-Lease-Transfer arrangements to reduce the risk to Government. I shall speak to each of these shortly.

Our capital programme this financial year is expected to increase by 26 percent from $258 million spent last year to a projected $326 million. The increase in capital expenditure is associated with past commitments commissioned under the last administration.

Government expects to fund this as follows:
(a) $3.9 million from the sale of assets;
(b) $96.6 million from grants;
(c) $96.1 million from concessionary financing through the CDB, World Bank and through a special loan arrangement with a bank in the Republic of China (Taiwan); and
(d) $129.5 million from bonds.

This funding is largely spread across the capital programme as follows:

(a) 31 percent is towards tourism marketing for the Saint Lucia Tourist Board;
(b) 16 percent is towards the Design-Finance-Construct programme, largely representing repayments for works contracted by the former Administration. These include the Bocage-Chabot-Sunbilt, Entrepot Hill and Independence City road rehabilitation works; the Allan Bousquet Hwy Rehabilitation; the East Coast Road Rehabilitation and the Anse Ger–Desruisseaux Rd, all of which deceivingly inflate the Ministry of Infrastructure’s capital programme;
(c) 13 percent towards the operationalization of the National Hospital, even though some claim we are spending no money this year;
(d) 12 percent for counterpart funding on a variety of programmes;
(e) 11 percent towards social programmes to counteract poverty and create jobs; and
(f) The balance goes towards numerous other smaller projects.

There is no window for increasing borrowing through bonds. As such, we propose to target concessionary financing and private sector engagements until such time revenue can contribute towards the development programme.

5.1.1. CONCESSIONARY FINANCING

Mr Speaker, I mentioned earlier that the Government has secured a US $20 million loan through the generous efforts of the Republic of China (Taiwan) to complete the St Jude Hospital.

Another source of concessionary financing we expect to begin benefitting from this financial year is through the PetroCaribe Arrangement. Government has been working towards finalising the
necessary contractual arrangements for this to be effected. Government has established a national company for the management of purchase and sale of fuel. The Agreement has established 500,000 barrels of oil as an initial quota for Saint Lucia. Government is currently in talks with Buckeye and LUCELEC to manage the sale of diesel in this regard. Talks have also commenced with other distributors of gas and diesel to the transport sector. The PetroCaribe agreement allows Government to hold a share of up to 60 percent of its sales, to be repaid at an interest rate of not more than 2 percent, with a 25-year payback, inclusive of a 2-year grace period. It means that Government will then be in a position to finance a number of its projects at very low interest rates, in comparison to the current rates at the bond market. Government continues in its discussions with the Government of Venezuela to determine how this potential annual windfall can best benefit the Saint Lucian economy, through public sector investments and also through on-lending to challenged segments of the private sector.

Further, to this, since the Christmas Eve Trough, Government has also renegotiated a loan facility with the World Bank under the Disaster Vulnerability Risk Reduction Programme. This programme will roll out from this year until the year 2019, and is expected to provide US $68 million or ECS $180 million over the period.

Programmed under this project are a number of interventions:

(a) Flood mitigation works and riverbank protection, particularly for areas such as Bexon;
(b) Rehabilitation of roadway sections that have been damaged since Hurricane Tomas and by the Trough;
(c) Construction of education and health facilities, including the Dennery Polyclinic and rehabilitation of the Soufrière Hospital; and
(d) Upgrades to the National Geographic Information System.

5.1.2. PUBLIC PRIVATE PARTNERSHIPS (P3)

Mr. Speaker, in last year’s Budget Statement, the Government made known its intention to pursue public-private partnerships (PPPs) as one such option for financing capital investments.
As a result, the Government has partnered with the World Bank to formulate a well-defined PPP policy and institutional framework for managing PPP projects in Saint Lucia.

This important initiative will help ensure that PPPs are developed effectively and efficiently in a manner that will result in the best value for money. In undertaking this exercise, Mr Speaker, existing laws and policies relating to the management of PPPs will be reviewed as well as consultations with key stakeholders. It is expected that very soon the Government will be equipped with the technical expertise to make well-informed decisions on early-mover PPP projects.

To pursue strategic investments in infrastructural projects required to enable economic development, employment generation and private sector investment throughout the island, the Government, cognizant of the fiscal strain at this time, is exploring new forms of financing through private sector partnerships as opposed to traditional borrowing.

5.1.3. BOLT Partnerships

Mr Speaker, there is an urgency in pursuing initiatives to provide new office space for Government, given the large annual cost of leasing properties, now in the region of $39 million. However, we need bold and imaginative methods of financing our fiscal challenges.

In the 2013/14 Budget Statement, an invitation was issued to the private sector to enter into joint partnerships with the Government of Saint Lucia to finance the construction of public buildings either by joint partnerships or BOLT arrangements. However, there was no expressed interest in joint partnerships. We will, therefore, pursue BOLT arrangements with interested private sector entities. One good thing is that we have now amassed considerable expertise and experience in BOLT arrangements.

Invitations for “Expressions of Interest” in BOLT arrangements were issued for two such projects:

(a) The transformation of the old Golden Hope Facility at La Toc into a complex to accommodate the future Office of the Prime Minister, among other related agencies;
(b) The second was issued to “demolish the old Ministry of Education Building located on the corner of Laborie and Micoud Streets, Castries and to construct a new office complex to house Government Offices,” again through a Build Own Lease and Transfer (BOLT) arrangement.

A third invitation will shortly be issued for the construction of a third building.

The responses to the invitations are now being evaluated by technical personnel. Following the assessment of submissions, a short-list of not less than three and not more than six candidates will be provided with the full terms of reference and invited to submit technical and financial proposals to undertake the assignments. It is important that these projects are pursued, because they will provide a fillip to the construction sector.

Mr Speaker, there is added urgency in pursuing these initiatives, given the downturn in construction that we experienced last year. We need to get our people back to work. However, because of our fiscal challenges, we need to be bold and imaginative. Moreover, it cannot be right that the Government of Saint Lucia is spending some $39.0 million annually without any corresponding interest or equity in these buildings.

5.2. FISCAL CONSOLIDATION: AN UNFINISHED JOURNEY

Mr Speaker, we need the fiscal space to support our own development agenda. This can only be made by returning to a state where current revenue can contribute to the capital programme.

Despite this strong effort during the last fiscal year, we still have plenty left to do. As I said in the beginning, over the medium term we need to bring the overall deficit to below 3 percent and even lower if we want to stabilize the debt ratio.

In fact, we are at the most difficult stage, where we must lock in the gains and use the current momentum to make further gains. Reducing the deficit beyond the current level would entail even more difficult policy decisions. These decisions must be taken to create that space for
priority investments. Furthermore, we need to be better prepared to be able to meet the unexpected, the unanticipated.

Despite many headwinds on the horizon, during this fiscal year, we reaffirm our commitment to build upon the gains made last year. In this budget, we are projecting a decline in current revenue, given that the gains under VAT would have tapered off. Furthermore, many debt instruments are due for redemption during this coming year, hence limiting the capacity to raise new financing.

Therefore to accommodate these obligations while avoiding a deterioration in the fiscal accounts, we must implement further measures to create the necessary space.

We therefore propose the following measures to be implemented during this fiscal year.

5.3. **ADJUSTMENTS TO THE VALUE ADDED TAX REGIME**

Mr. Speaker, the Government has always maintained that it would be wise to evaluate the performance of VAT before any adjustments are made. Likewise, it indicated that once VAT had settled, it would consider adjustments to the Income Tax regime, personal and corporate. I will first detail some changes to the VAT Regime.

5.3.1. **VAT on Medication**

No item on the VAT List has evoked as much debate and criticism as VAT on medication. Some of the debate is no doubt well-intentioned, while some deliberately intended to cause political injury and mischief. However, we will leave a discussion of the politics of this subject for another occasion.

It is understandable that the issue has aroused passion and debate, especially given what is perceived to be, rightly or wrongly, the high cost of medication and medical services in Saint Lucia.
It is undeniable that the advent of VAT has seen some increases in the price of some medical products; equally, the prices of some products have dropped. It is also undisputable that the removal of VAT on medication will not see an end to high prices for medical products and services, especially in the treatment of cancer.

The people of Saint Lucia have always paid taxes on medication. Prior to the introduction of VAT, medication attracted Import Duty, Consumption Tax and Service Charge. The sale of medication was never, ever free of taxes. The former Government did not seek at any time to reduce taxes on medication during its tenure. They too have always taxed medication.

As has been repeatedly explained, Saint Lucia is a member of the Caribbean Community and as such, we are bound by the CARICOM Common External Tariff (CET). This means that the rates of duty are set by CARICOM. Any changes in the rates of duty on any item covered by the Common External Tariff have to be approved by CARICOM.

When VAT was introduced, the Government, mindful of the potential impact of VAT requested CARICOM to relieve it of the requirement to impose duty on medication, but allow it to apply VAT alone. At its Thirty-Fourth Meeting held in Georgetown, Guyana, from March 29-30\textsuperscript{th} 2012, the Council for Trade and Economic Development (COTED), approved the Government of Saint Lucia’s request for the suspension of the CET (Import Duty) on a list of pharmaceuticals for a period of four (4) years from May 1\textsuperscript{st} 2012 to April 30\textsuperscript{th} 2016. Although the approved suspension was to have taken effect from May 1\textsuperscript{st}, 2012, the implementation was made effective by Statutory Instrument # 93 of August 27\textsuperscript{th}, 2012, which was subsequently replaced by S.I # 121 of 2012 to reflect the changes in HS2007, which was implemented from October 1\textsuperscript{st}, 2012.

It must be noted however, that the full list requested by Saint Lucia was not approved because of objections raised by Trinidad and Tobago and Barbados on the basis of their ability to supply these items. This simply meant that the pharmaceutical items that were not zero-rated, according to the afore-mentioned S.I. could be obtained from regional sources and would therefore not attract the Import Duty as stipulated by the Common External Tariff, thus having the same effect.
So today, there is no duty on medication, only VAT.

Mr Speaker, I wish to announce that the Government will yield to popular demands and zero-rate VAT on prescription medication. This will not include vitamins, tonics, energy drinks, food supplements and similar products ostensibly for promoting health and wellbeing.

However, consumers should understand that this reprieve is short-lived because, come the end of the four-year cycle on April 30, 2016, duty will return on imported prescription medication in accordance with the Common External Tariff. The removal of VAT on prescription medication means that the Government will lose $2.8 million in revenue.

5.3.2. Changes to the VAT Exempt List

Mr Speaker, to minimise the impact of VAT on the poor and indigent, this Government instituted one of the longest lists of VAT-exempt items in the region. However, following actual implementation, we conducted post-policy assessments and held consultations with key stakeholders from the private sector. We are now in a better position to amend the list to suit our circumstances.

Data on expenditure patterns revealed that some items on the existing list were more readily consumed by higher income groups and as such, exemptions of these items have minimal impact on the poor. Accordingly, Mr Speaker, Government has elected to collect the standard VAT of 15 percent on the following items:

(a) Fish
(b) Butter and margarine
(c) Beans (not including lentils and pigeon peas)
(d) Salt

With respect to fish, fresh local fish will continue to be exempted from VAT as long as it is brought at source, from our fishers. This is the manner in which many people still purchase their local fish. Salt, on the other hand, has been added to the above list for health reasons.
Government should not protect an item that continues to cause serious health problems to our citizens.

It is important to note that the VAT will be charged only when these items are purchased from establishments registered to collect VAT. Therefore, items purchased from small community outlets will not attract VAT.

Moreover, Mr Speaker, chicken, lentils, pigeon peas, canned tuna, canned mackerel, and bread will remain VAT-exempt, while milk, eggs, rice, flour, sugar, baby formula, and pasta are now zero-rated and will not attract VAT. Mr Speaker, zero-rating these items rather than exempting them will allow the retailer to claim back the input VAT paid on these items instead of passing it on. This should, therefore, work towards reducing the cost to the consumer.

### 5.4. OTHER FISCAL MEASURES

#### 5.4.1. Removal of Subsidy on Brown Sugar

Mr Speaker, in last year’s Budget we reported that the prices of basic food items had not been adjusted for over 30 years and during that period, international prices had escalated upwards of 100 percent and in the case of sugar by almost 200 percent.

Government’s subsidy on these food commodities had reached $18.2 million in 2012/13. Therefore, a policy decision was made last year to eliminate the subsidy on white sugar and to reduce the subsidy by 50 percent on rice, flour and brown sugar.

Mr Speaker, the prominence of non-communicable diseases (NCDs), especially diabetes in Saint Lucia, alludes to excess consumption of processed foods and refined sugars. When the price paid for an item does not accurately reflect the cost, this leads to overindulgence of the item. To avoid perpetuating unhealthy decisions in the population, these items should reflect their true cost.

Therefore Mr Speaker, in this budget we propose to remove the remaining subsidy on brown sugar. The price per pound of brown sugar is currently at $0.90 and without the subsidy will be
raised to $1.00, an increase of only 10 cents per lb. This would lead to a reduction of $1.0 million in the subsidy paid by Government.

5.4.2. **Excise Tax Floor on Petroleum Products**

Mr Speaker, since resuming office, this Government has been committed to cushioning the effects of rising oil prices on the consuming public. In 2012, we implemented a 3-month price adjustment system rather than the previous one-month system to provide some level of stability in fuel prices. Further, last year, due to higher international prices, Government had to reduce the Excise Tax intake to as low as $1.71 per gallon on gasoline and $1.94 on diesel in some months, despite the $2.50 budgeted for.

However, given the current fiscal situation, we all must make a determined effort to apply the Excise Tax as announced in the last budget address. Therefore, the Government proposes to keep the level of excise tax at $2.50 per gallon on both gasoline and diesel but allow prices to move up or down depending on the movements of prices over the three-month average. An Excise Tax of $2.50 is still 50 cents less than the $3.00 collected under the previous administration.

5.4.3. **Adjustment to LUCELEC Fuel Charge**

Mr Speaker, it may not be well known but the Government of Saint Lucia does not extract Excise Tax on fuel purchased by LUCELEC to provide electricity. Since 1991, the Government has levied a fee on all fuel purchased by LUCELEC from Hess Oil (Saint Lucia) Ltd, now Buckeye. In 1999, this fee was increased to 20 cents “per imperial gallon or part thereof.” This charge, Mr Speaker, has remained stagnant, or if you prefer, unchanged for fifteen years. Mr Speaker, I propose to invite Parliament to amend the Electricity Supply Act, Cap. 9.02, to increase “the rate to 50 cents per imperial gallon or part thereof.” This will lead to marginal increases in electricity bills and yield hopefully, an increase of $5.4 million dollars in revenue.
5.4.4. Reduction in Corporate Tax Rate

In “Our Blueprint for Growth” we had pledged to:

(a) Reduce the rate of Corporate Tax for large businesses from 30 percent to 25 percent; and
(b) Reduce the rate of Corporate Tax on small and medium sized businesses from 30 percent to 20 percent.”

We are now in a position to honour that pledge, in part.

Mr Speaker, Saint Lucia’s current rate of 30 percent is higher than that of its counterparts in Barbados, Jamaica, Trinidad and Tobago, all of whom are at 25 percent. Interestingly, the global average rate is approximately 24.08 percent. Mr Speaker, I propose to reduce the Corporate Tax Rate to 25 percent but on a phased basis over a two year period. I propose a reduction to 28 percent in this fiscal year and the further reduction to 25 percent in the next fiscal year.

The Government believes that a reduction will allow corporations to have additional funds for further growth and investment. There would be increased compliance and hopefully, more foreign direct investment due to improved competitiveness.

5.4.5. New Deduction for Small Businesses

Mr. Speaker, I also propose to grant some relief to our small and medium-sized businesses. We are cognizant that our small-scale business enterprises also face challenges. These challenges include the:

(a) Inability to attract and retain skilled employees;

(b) Low level of productivity associated with inadequate technology and skills;

(c) Poor access to credit for working capital and long-term investment; and

(d) Difficulties in innovating and meeting quality standards.
I propose to provide additional relief to small-scale incorporated businesses in the form of a small-scale business enterprise deduction in the amount of $10,000. Qualifying companies will deduct $10,000 from chargeable income before computing their tax liability. In other words Mr. Speaker, these companies will pay no tax on the first $10,000 of their chargeable income.

The small-scale business enterprise deduction will be applicable to all sectors. It will be granted for a period of three years, effective income year 2015. However, it will be granted only to small companies with no other tax waivers or tax incentives.

Approximately 800 companies are expected to benefit from this relief, resulting in tax savings of $2.2 million per annum.

**5.4.6. Changes to Personal Income Tax**

Again, Mr Speaker, in our “Blueprint for Growth” we said the following:

> “Once VAT is introduced, [we] will reduce taxation on working people by raising the threshold, over the next five years, for the payment of Income Tax from $18,000 annually to at least $21,000 annually.”

Mr Speaker, I propose to recommend three changes to the personal income tax regime to honour that pledge so as to begin steps at simplifying our tax system, while providing greater expendable income, particularly for lower income earners.

First, I propose to increase the personal allowance deduction threshold from $18,000 to $21,000 as promised in the *Blueprint for Growth*. This is an increase of $3,000.

Secondly, I propose to simplify the tax regime by:

(a) Reducing the tax bands from four to three; and

(b) Adjusting the tax rates from four to three as follows:
<table>
<thead>
<tr>
<th>Chargeable Income (after allowances)</th>
<th>Current Rate</th>
<th>Proposed Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0 - $10,000</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>$10,001 - $20,000</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>$20,001 - $30,000</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>Above $30,000</td>
<td>30%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Let me explain. Taxpayers who now pay 15 percent on their assessable income will now pay 10 percent. Taxpayers who now pay 20 percent on their assessable income will now pay 15 percent. Finally, taxpayers who pay 30 percent will now pay 28 percent.

Thirdly, I also propose to eliminate certain allowances and deductions to reduce the burden of filing on taxpayers and to make the process of assessing by the Inland Revenue Department more cost effective and efficient.

I propose, Mr Speaker, to eliminate the Housekeeper Allowance of $200, the Dependent Relative Grant of $350 and the allowance for subscriptions or donations to a professional association, amounting on average to $1,500.

Mr Speaker, there is an important reason why we have to move in that direction. We have modernized our tax services by allowing electronic filing (e-filing) and registration. Having done so, it is inefficient and somewhat impractical to request taxpayers to bring proof of a housekeeper, a dependent relative or subscriptions or donations to professional associations every time they file electronically. It is essential that the filing process is seamless and without frustration.

Consequent to the increase in the threshold from $18,000 to $21,000, approximately 2,100 individuals will be removed from the tax roll.

Moreover:
(a) 2,320 individuals previously taxed at the rate of 15 percent will now be taxed at 10 percent;
(b) 1,774 individuals previously taxed at the rate of 20 percent will now be taxed at 15 percent; and
(c) 5,349 previously taxed at the rate of 30 percent will now be taxed at the rate of 28 percent.

It also means that the highest rate will be comparable to the proposed Corporate Tax rate of 28 percent.

Mr Speaker, these are the most far-reaching and dramatic changes to the tax system in recent years. Our tax system will be further simplified.

There will be an increase in disposable income. Let me give a practical example. The income tax payment on a chargeable income of $50,000 will reduce from $10,500 to $9,160 or, depending on the individual position of the taxpayer, to $9,765.

These changes, Mr Speaker, will take effect from January 1, 2015.

5.4.7. Presumptive Assessment for Public Transport Operators

Mr Speaker, believe it or not and contrary to the widely held view, minibus and taxi drivers do pay income tax, not all I should say, but some.

The reason for the lack of compliance may well be because the process of filing for them is cumbersome and burdensome. Currently, minibus drivers and taxi owners are required to maintain a record of all expenditure incurred to earn the corresponding income.

This is onerous and burdensome. Understandably, there is poor maintenance of records, and consequently, the filing compliance rates are exceedingly low. It often requires internal resources and indirect means to determine income, a rather time-consuming process. I propose to simplify the process and make life a little easier for them.
I want to introduce what is described as “presumptive taxation” for the sector.

Now, do not get me wrong. This will not be a requirement to pay tax in advance. Under this system, the tax liability per operator will be pre-determined based on the service route. There will now be no need to maintain records of all expenditure such as tyres, gas, oil and parts. This will result in over 700 minibus and taxi owners being relieved of the obligation to maintain records and file an income tax return for the sole purpose of reporting income from that source.

A return will only be filed if the owner has other sources of income.

This change, Mr Speaker, should result in a reduction in tax avoidance or evasion and, hopefully, allow for more equitable payment of tax by this sector.

To avoid misunderstanding or confusion, the Inland Revenue Department will be charged to engage the Minibus Associations, Taxi Associations and the National Council on Public Transportation to explain the changes in the approach.

5.5. ADJUSTMENTS IN WAGES AND SALARIES

Mr Speaker, let us return to a fiscal measure that has been a source of debate over the past weeks. In last year’s Budget, it was noted that wages and salaries represent a significant share of annual expenses, accounting for 48 percent of recurrent expenditure. This represents 13 percent of our GDP, and is well above the ECCB prudential target of 9 to 10 percent of GDP.

Mr Speaker, this issue can no longer be ignored.

Any successful attempts to reduce recurrent expenditure must target the wage bill.

Recognising the sensitivity of this issue, Government has explored many options. Our Government has repeatedly made a point that we want to preserve employment. Therefore, we do not want to go the route of Barbados with the retrenchment of public servants. We do not
want to send any Public Officers home. However, to do that, to keep the current level of employment in the Public Service, some sacrifices must be endured by all Public Officers.

While some propose that we keep wages constant at their current levels, this is no longer sufficient. It does not solve the serious problem that we are facing. The current wage levels are too high and the burden of meeting these payments too heavy. Therefore, the only amenable solution available to Government is to seek a reduction in current wages and salaries.

We simply have to reduce our recurrent deficit. We cannot continue to borrow to meet the cost of recurrent expenditure.

Mr Speaker, the Government has commenced dialogue with the Public Service Unions. The intention is to arrive at a consensus and agree on a Memorandum of Understanding that will bind both sides. The Government has invited the Unions to indicate its suggestions to reduce expenditure. The Government’s preferred approach is dialogue, discussion and consensus. However, should it be impossible to arrive at consensus then the Government will have to act in the best interest of the country.

6. FINANCING THE BUDGET

Mr Speaker, the Estimates of Revenue and Expenditure indicate that the Government intends to spend $1.252 billion to finance the recurrent and capital expenditure for 2014/2015 financial year.

This represents an almost 6 percent reduction of the projected budgeted expenditure for the 2013/2014 fiscal year and a 5 percent increase from the preliminary outturn.

Of the total budget outlay, $925.76 million represents the Recurrent Expenditure component and accounts for 74 percent of total expenditure, whereas Capital Expenditure totals $326.3 million and represents the remaining 26 percent of total expenditure.
It is important to highlight that maturing debt payment in the amount of $71.9 million is included in the Recurrent Expenditure figure.

Mr Speaker, please allow me to explain the manner in which the 2014/2015 Budget will be financed:

(a) **Recurrent revenue** of $868.49 million, of which Tax Revenue is projected to be $799.57 million and Non Tax Revenue of $68.9 million, representing 92 and 8 percent respectively of the total projected Recurrent Revenue;

(b) **Capital revenue** from the proceeds of the sale of lands in the amount of $3.9 million;

(c) **Grants** in the amount of $96.65 million, which represents a 94 percent increase from the last year’s out turn. The main donors are the Republic of China (Taiwan) contributing $40.5 million, the European Union with a contribution of $23.7 million, and the Caribbean Development Bank (CDB) with a contribution of $3.9 million.

Mr Speaker, I want to use this opportunity, on behalf of the Government and People of Saint Lucia, to thank all friendly governments and multi-lateral organizations who have contributed financially, thereby proving some level of budgetary support to us. We continue to remain indebted to those governments and institutions for their support especially in this challenging period;

(d) **Government Instruments**, including Bonds of $147 million and Treasury Bills of $40 million; and

(e) **Other Loans** of $96 million consisting of $26.5 million from the Caribbean Development Bank and $26.5 million from the World Bank and $43 million from the Republic of China (Taiwan).

Mr Speaker, the figures point to a current account surplus. However, there will be an overall deficit of 5.7 percent of GDP.
Mr Speaker we have come a long way. You will recall that we started with an overall deficit of 9.2 percent in 2012/13; so bringing this down to 5.7 percent is a significant achievement. However, we cannot become complacent as there is still more work to be done.

In my previous Budget Statement, I indicated that this Government is committed to getting Saint Lucia back on the path to fiscal sustainability. It has not been an easy task, as amidst attempting to resolve our fiscal problems, we have had to deal with a high unemployment situation. While the overall deficit is an improvement over last year, it is the intention of the Government, Mr Speaker, to continue to work towards reducing the overall deficit to acceptable levels over the medium term.

7. CONCLUSION: A TIME FOR COURAGE

Mr Speaker, we have already started down a path of economic reform and fiscal consolidation. We cannot stop now, for all our efforts would come to nought.

We must continue apace to make these necessary adjustments for the future.

There are many who would wish to personalise these current efforts. However, there are few real options beyond those that we have embarked upon.

I am a politician, and I make no excuses for it; and being a politician, I anticipate loud voices of detractors through the media and elsewhere as we go through these adjustments. As a politician, you grow to expect these as natural occurrences.

But I say to this House, my fellow Parliamentarians, as you seek to put forward your criticisms and your proposals, when these sessions are done, let us work with our people to do what we believe, what we know, with our gut feelings, to be what is right; and in the interest of our people.
Mr Speaker, this Budget lays the foundation for our youth to inherit a country that is more economically stable; a country that will achieve growth; that will create new jobs; a country that will promote their aspirations, the expression of their minds and souls.

However, Mr Speaker, this is not the time for vacillation, nor a time for holding onto personal positions, grounded in one ideology or the other. This is not a time for rancor and bickering and vendettas. It is a time for leadership, a time for courage, and for unity of purpose. It is a time to put solutions to action.

The ladies and men around this table are asked to rise to the occasion, and to inspire the nation to do likewise.

We are asked to rise and show true leadership, by being able to make decisions that are not about being popular, but about doing what is best for all.

It calls on the Public Service to be thrifty and creative; to deliver to the public more with less. It calls on all managers, supervisors, line staff; each and every officer to give of their best. It is a time for Saint Lucians to show their best colours.

Our biggest challenge is a challenge of will. We know where we want to get to, but we must show that we have the will to do what is necessary to get to where we want to. Mr Speaker, only two weeks ago, during the launch Ceremony of the National Vision Commission, we heard the words of Economist, Professor Avinash Persaud. He said our challenge was not one of “not knowing” but one of “implementation.”

I ask on all citizens to face this period with a positive mind set.

However, I do know that where we need to be is a better place than where we are now. I want our Country to be in that better place, and not remain in our current position.

When speaking of situations such as these, the world-renowned economist, John Maynard Keynes said that:
"It is not sufficient that the state of affairs we seek to promote should be better than the state of affairs that preceded it; it must be sufficiently better to make up for the evils of the transition."

I believe that our country has great promise. We have a youth with great energy, creativity and ideas. We have a people who have achieved personal greatness in several fields. Our time now must be spent realising our ability to collectively make Saint Lucia a great place for all its citizens.

Mr Speaker, I wish to thank all those who have provided assistance in this Budget Process. I thank all those who have attended meetings, who have shared their opinions, who have worked towards fashioning the policies and proposals that I have outlined this evening. In particular, I wish to thank the staff of the Ministry of Finance, Economic Affairs for their sterling efforts.

Mr Speaker, this Budget makes space for investments of the future.

This Budget provides for greater income to be left in the hands of all Saint Lucians.

This Budget provides tax relief to companies, particularly small businesses.

This Budget continues the work of reconstruction, and makes our country more resilient for the future.

This Budget maintains and creates jobs. It does not propose to retrench.

This Budget continues to fight poverty, and provides more targeted relief for those who need it most.

This Budget sets the stage for future growth.

Mr Speaker, without any reservations, I wish to commend this Appropriation Bill 2014/2015.

I thank you.