2019/2020

BUDGET PRESENTATION

"GROWTH BY EMPOWERMENT FOR A BETTER FUTURE"

PRESENTED BY PRIME MINISTER HON. ALLEN M. CHASTANET
SAINT LUCIA'S POSITION

ECONOMIC GROWTH IN 2016, 2017, 2018
DEBT TO GDP RATIO DECREASING
STAY OVER ARRIVALS HAVE INCREASED
RECORD BREAKING CRUISE VISITORS
HIGH INTEREST FOR TOURISM DEVELOPMENTS
A PRIMARY BUDGET SURPLUS
THE FISCAL DEFICIT IS WITHIN MANAGEABLE LEVELS

PRESENTED BY PRIME MINISTER HON. ALLEN M. CHASTANET
KEY PERFORMANCE INDICATORS

UNEMPLOYMENT
- 2015: 24.1%
- 2018: 20.2%

ACCUMULATED ECONOMIC GROWTH OF 8% (2016-2019)

CRUISE ARRIVALS
- 2015: 677,000
- 2018: 760,000

DEBT TO GDP
- 2015: 67.7%
- 2018: 64.9%

STAYOVER ARRIVALS
- 2015: 344,000
- 2018: 394,000
2019-2022 MEDIUM TERM DEVELOPMENT PLAN

HEALTHCARE
AFFORDABLE QUALITY HEALTHCARE FOR ALL

EDUCATION
ENROLLMENT OF 7,500 STUDENTS IN EDUCATION PROGRAMMES

CITIZEN SAFETY
45% REDUCTION IN SERIOUS CRIMES

TOURISM
40% INCREASE IN TOURIST ARRIVALS

AGRICULTURE
INCREASE EXPORTS OF BANANAS AND COCOA

INFRASTRUCTURE
99KM ROADS, DOUBLE AIR LIFT CAPACITY, 40% INCREASE IN CRUISE CAPACITY

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INTERNATIONAL ECONOMY

2018: 3.6%
2019: 3.3%
2020: 3.6%

SOURCE: IMF WORLD ECONOMIC OUTLOOK

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### Table 2: Regional Economic Indicators (2017-2018)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Barbados</th>
<th></th>
<th>Guyana</th>
<th></th>
<th>Jamaica</th>
<th></th>
<th>Trinidad &amp; Tobago</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>2017r</td>
<td>2018</td>
<td>2017r</td>
<td>2018</td>
<td>2017r</td>
<td>2018</td>
<td>2017r</td>
<td>2018</td>
</tr>
<tr>
<td><strong>Real GDP Growth</strong></td>
<td>0.1</td>
<td>-0.6</td>
<td>2.1</td>
<td>3.4</td>
<td>0.7</td>
<td>1.2</td>
<td>-1.9</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Inflation (average)</strong></td>
<td>4.5</td>
<td>3.7</td>
<td>2.0</td>
<td>2.0</td>
<td>5.2</td>
<td>2.4</td>
<td>1.3</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Unemployment</strong></td>
<td>10.2</td>
<td>9.2</td>
<td>12.0</td>
<td>11.9</td>
<td>10.5</td>
<td>8.7</td>
<td>4.8</td>
<td>5.0</td>
</tr>
<tr>
<td><strong>Fiscal Balance (% GDP)</strong></td>
<td>-4.5</td>
<td>-1.3</td>
<td>-4.4</td>
<td>-3.9</td>
<td>0.5</td>
<td>0.3</td>
<td>-9.0</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Debt to GDP</strong></td>
<td>148.4</td>
<td>126.9</td>
<td>47.1</td>
<td>44.4</td>
<td>101.0</td>
<td>97.4</td>
<td>77.0</td>
<td>78.3</td>
</tr>
<tr>
<td><strong>External Current Account (% GDP)</strong></td>
<td>-3.8</td>
<td>-3.5</td>
<td>-6.7</td>
<td>-6.1</td>
<td>-4.6</td>
<td>4.9</td>
<td>10.2</td>
<td>10.7</td>
</tr>
</tbody>
</table>

*Source: IMF Reports and World Economic Outlook (October 2018); ECLAC; Central Banks and Ministries of Finance*
2018 DOMESTIC ECONOMIC PERFORMANCE & PROSPECTS

CONSTRUCTION: -21%

HOSPITALITY: +4.3%

TOURISM ARRIVALS: +10.2%

CRUISE ARRIVALS: +13.6%

YACHT ARRIVALS: +26.7%

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2018
DOMESTIC ECONOMIC PERFORMANCE & PROSPECTS

PORK PRODUCTION:
+0.8%

EGG PRODUCTION:
+30.7%

CHICKEN PRODUCTION:
+0.8%

BANANA EXPORTS:
+3.2%
SAINT LUCIA'S FISCAL PERFORMANCE

Goverment Revenue grew by 6.4%

Citizenship by Investment Receipts: $66.3 Million

Primary Surplus: up from $52.3M to $102.1M

Lower Fiscal Deficit: down from $110.1M to $69.2M

Public Debt declined from 65.2% to 64.9%

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SAINT LUCIA'S 2019/2020 OUTLOOK

3.0% REAL GDP GROWTH PROJECTED

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MAJOR INFRASTRUCTURE PROJECTS FOR 2019/2020

- Hewanorra International Airport
- Islandwide Road Rehabilitation
- St Jude Hospital
- Castries Market
- Water Supply Redevelopment
- Millennium Highway & West Coast Road
- Vieux Fort & Castries Ports
- Cul De Sac Bridge

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TOURISM PROJECTS 2019/2020

- Villas & Golf Course in Cap Estate
- Resorts & Residences at Honeymoon Beach
- Choiseul Hotel Development
- Anse de Sables

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Performance Management & Delivery Unit (PMDU)

1. Provide support to sectors in delivery planning
2. Provide performance insights through monitoring and reporting on the delivery of the top priorities
3. Solve implementation problems in key priority areas,
4. Build capacity in delivery across the public service
5. Coordinate across sectors to ensure effective resource utilization and timely responses

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HEALTH SECTOR STRATEGY

1. DESIGN AND IMPLEMENTATION OF A NATIONAL HEALTH INSURANCE.

2. STRENGTHENING OF PRIMARY AND PUBLIC HEALTH

3. IMPLEMENTATION OF A QUALITY ASSURANCE FRAMEWORK, THROUGH THE ADOPTION OF ISO-9001:2015,

4. FULL COMMISSIONING OF THE NATIONAL HOSPITALS IN THE NEW LOCATIONS.

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NATIONAL HEALTH INSURANCE

SECURE SUSTAINABLE UNIVERSAL ACCESS TO HEALTH CARE SERVICES.

A NATIONAL HEALTH FUND WILL BE ESTABLISHED, WITH THE SOLE PURPOSE OF FUNDING THE NATIONAL HEALTH INSURANCE.

GOVERNMENT WILL BEAR THE COST OF HEALTH CARE FOR THE MOST VULNERABLE MEMBERS OF SOCIETY, WHO FOR ONE REASON OR ANOTHER MAY BE UNABLE TO CONTRIBUTE TO THE FUND.

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1) The dialysis, physiotherapy unit & outpatient services have been transferred.

2) The full commissioning of the laboratory and imaging services, which has already commenced, to be followed by the full transition of all inpatient services.

3) The final commissioning of OK-EU will be completed with the assistance of a third party in an advisory role to improve the quality of care and efficiency of the hospital's operations.
ST. JUDE HOSPITAL

DELIVERY OF A 90-BED FACILITY THAT WILL CATER FOR BOTH INPATIENT AND OUTPATIENT SERVICES.

A NEW WING TO INCORPORATE ALL THE FUNCTIONS AND SERVICES OF THE EXISTING EAST AND SURGICAL WINGS.

INTEGRATION THROUGH RETROFITTING OF SOME EXISTING BUILDINGS TO ACHIEVE A FULLY FUNCTIONING HOSPITAL TO MATCH THE SERVICES OF A LEVEL 4 FACILITY.
IMPROVEMENT OF PRIMARY HEALTHCARE

A WELLNESS CENTRE WILL BE CONSTRUCTED IN MICOUDE THROUGH FUNDING PROVIDED BY THE WORLD BANK OF US$1.2 MILLION.

CONTINUE CONSTRUCTION OF THE NEW DENNERY POLYCLINIC

CONSTRUCTION OF THE NEW SOUFIERIE HOSPITAL WILL SERVE THE PEOPLE OF SOUFIERIE, CANARIES, FOND ST JACQUES AND CHOISEUL

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(17) Seventeen health centres will be upgraded as part of the Smart Health Facilities Project at a cost of US$8,500,000.00.

All work on the upgrades and retrofitting is expected to be completed by August 31st of this year.
EDUCATION STRATEGY

SIMPLIFIED AND RATIONALIZED COURSE OFFERINGS TO REDUCE DUPLICATION & MORE ASSESSORS SO STUDENTS ACTUALLY ACHIEVE CVQS

A PUBLICITY CAMPAIGN TO IMPROVE AWARENESS IN THE VALUE OF TECHNICAL EDUCATION

ESTABLISH CENTRES OF EXCELLENCE IN SPORTS AND THE ARTS & CULTURE

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EDUCATION STRATEGY

INTRODUCE THE SCORE PROGRAMME TO GIVE EXTRA SUPPORT TO STUDENTS

AN ADDITIONAL $10 MILLION IN THE BUDGET FOR THE SCHOOL REBUILDING AND REFURBISHMENT PROGRAMME

THE ICT INTEGRATION PROJECT (SMART SCHOOLS) WILL RECEIVE $2.5 MILLION TOWARDS ITS DIGITAL LITERACY CURRICULUM.

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Citizen Safety Strategy

The goal of a 45% reduction of serious crime by the end of the strategy term in 2020.

A 30% reduction in repeat offending by 2020.

Focus on better policing, greater efficiency in the legal system and the rehabilitation of offenders.

Increase police presence in hotspot areas.

$1.8 million allocated for Safe City CCTV project in Castries in 2019/2020.

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CITIZEN SAFETY STRATEGY

Provide more resources for community policing.

Target of 70% of backlog cases to be cleared by year end.

Inmates at the Bordelais Correctional facility and juveniles at the Boys Training Centre will be offered enhanced life skills, literacy & numeracy schooling, substance abuse counselling and CVQ certification programmes.

The introduction of a parole system early in this financial year.

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TOURISM STRATEGY

TWENTY GAME CHANGERS HAVE BEEN DEVELOPED TO ACCELERATE GROWTH IN BOTH TOURIST ARRIVALS AND TOURIST RECEIPTS.

INCREASE STAY-OVER TOURISTS FROM 386,000 ARRIVALS IN 2017 TO 541,000 BY 2022.

FORMAL AGREEMENTS WITH SHARING ECONOMY PROVIDERS LIKE AIRBNB.

FUNDING THE RE-DEVELOPMENT OF THE CASTRIES MARKET AND THE WIDER BEAUTIFICATION OF CASTRIES

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THE REDEVELOPED CASTRIES MARKET

THE REDEVELOPED CASTRIES MARKET WILL DELIVER:
* NEW CONVENIENCE SHOPS
* FISH VENDING STALLS
* MEAT VENDING STALLS
* DUTY FREE SHOPS
* HIGH END RESTAURANTS
* BISTRO TYPE RESTAURANTS

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CASTRIES CITY TOURISM PRODUCT

IMPLEMENTATION OF SEVERAL INVESTMENT INITIATIVES TO REVITALIZE DOWNTOWN CASTRIES.

THE PEDESTRIANIZATION OF WILLIAM PETER BOULEVARD & THE UPGRADING OF SIDEWALKS

THE BEAUTIFICATION OF KING GEORGE V PARK, INCLUDING THE BOTANICAL GARDENS,

A FAÇADE IMPROVEMENT GRANTS PROGRAMME FOR EXISTING SMALL BUSINESSES.

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VILLAGE TOURISM WILL ALLOW INTERESTED PERSONS TO BECOME PARTICIPANTS IN THE VALUE CHAIN OF TOURISM AND IMPROVE THEIR SOCIAL OUTCOMES.

KEY ECONOMIC TARGETS OF THE TOURISM SECTOR STRATEGY ARE:
- INCREASE GDP CONTRIBUTIONS TO $1.9 BILLION BY 2022.
- ATTRACT INVESTMENTS OF $3.5 BILLION BY 2022.
- AND CREATE OVER 4,000 JOBS BY 2022.

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- Banana production has increased by 134% to just over 2,600 acres.
- The number of farms has grown from 286 to 740.
- Expand cocoa production in order to increase cocoa exports.
- Implement food import substitution programme.
- Agro-processing in plantains and coconut water.

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POLICY AGENDA

ACCELERATE GROWTH

GROWTH WILL BE INCLUSIVE, SUSTAINABLE & RESILIENT

PROVIDE EVERY SAINT LUCIAN WITH A FAIR CHANCE AT SUCCESS

BOOST NATIONAL PRODUCTIVITY & IMPROVE COMPETITIVENESS

INTRODUCE INNOVATION POLICY

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FISCAL STRATEGY

SET PARAMETERS OR RULES THAT LINK EXPENDITURE TO GROWTH

ALLOCATION OF DEDICATED REVENUE STREAMS TO FUND INFRASTRUCTURE PROJECTS SUCH AS ROADS & PORTS

INTRODUCE GREATER GOVERNMENT EXPENDITURE CONTROL

EXPLORE THE INTRODUCTION OF A TOURISM ACCOMMODATION FEE

PERSONAL INCOME TAX REFORM

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PERSONAL INCOME TAX REFORM

PERSONAL ALLOWANCE INCREASED FROM $18,000 UP TO $23,000

(THE FIRST $23,000 OF ANNUAL INCOME WILL BE TAX FREE!)

INCREASE PERSONAL ALLOWANCE FOR PENSIONERS FROM $24,000 UP TO $31,000

EFFECTIVE JANUARY 1ST, 2020

PRESENTED BY PRIME MINISTER HON. ALLEN M. CHASTANET
# Examples After Personal Income Tax Reform

<table>
<thead>
<tr>
<th>Employee</th>
<th>Annual Income</th>
<th>Other Allowable Deductions</th>
<th>Current Tax Payable</th>
<th>New Tax Payable</th>
<th>Difference (reduction)/increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee A</td>
<td>$26,000</td>
<td>$5,000</td>
<td>$300</td>
<td>NIL</td>
<td>($300)</td>
</tr>
<tr>
<td>Employee B</td>
<td>$50,000</td>
<td>$10,000</td>
<td>$2,900</td>
<td>$2,400</td>
<td>($500)</td>
</tr>
<tr>
<td>Employee C</td>
<td>$118,000</td>
<td>$20,000</td>
<td>$19,500</td>
<td>$19,500</td>
<td>$0</td>
</tr>
<tr>
<td>Employee D</td>
<td>$150,000</td>
<td>$40,000</td>
<td>$23,100</td>
<td>$27,600</td>
<td>$4,500</td>
</tr>
</tbody>
</table>

**Over 11,000 Persons will pay lower taxes!**

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HOUSE & LAND TAX

3 YEAR EXEMPTION ON RESIDENTIAL PROPERTY TAX CONTINUES UNTIL DECEMBER 31ST, 2019

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EXCISE TAX ON FUEL

TARGET AN EXCISE TAX RATE OF $4.00 PER IMPERIAL GALLON ON GASOLINE AND DIESEL, SUBJECT TO RETAIL PRICES AT OR BELOW THE PRICE CAP OF $13.95.

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DEBT MANAGEMENT STRATEGY

RAISE STABLE AND CONSISTENT LEVELS OF FINANCING FOR THE BUDGET AT A MINIMUM COST SUBJECT TO PRUDENT LEVELS OF RISK.

REDUCE COST AND ROLLOVER RISK BY ADOPTING A MULTI-PRONGED APPROACH WHICH INCLUDES LENGTHENING THE MATURITY, PAYING DOWN OF ITS DEBT WHILE AT THE SAME TIME NEGOTIATING MORE ATTRACTIVE BORROWING TERMS.

INVESTOR RELATIONS PROGRAMME ALONG WITH UNDERTAKING THE DRAFTING OF THE PUBLIC DEBT BILL

PRESENTED BY PRIME MINISTER HON. ALLEN M. CHASTANET
EUROPEAN UNION
HARMFUL TAXATION SITUATION

SAINT LUCIA COMMITTED TO REVIEWING THE TAX REGIMES IDENTIFIED WITH A VIEW TO AMEND OR ABOLISH.

A COMMITMENT MADE TO JOIN THE INCLUSIVE FRAMEWORK ON BASE EROSION PROFIT SHIFTING (BEPS).

GOVERNMENT WILL CONTINUE ITS EFFORTS IN MEETING THE INTERNATIONAL STANDARDS ON TAX TRANSPARENCY AND THE EXCHANGE OF INFORMATION WHICH HAVE BEEN SET, NOT ONLY BY THE EU BUT ALSO BY THE GLOBAL FORUM AND THE OECD.

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OUR GOALS FOR SAINT LUCIA

WHERE PEOPLE WILL BE ABLE TO FIND MEANINGFUL AND GAINFUL EMPLOYMENT TO TAKE CARE OF THEIR FAMILIES

ACCESS TO QUALITY HEALTH CARE IMPROVES SIGNIFICANTLY

OUR CHILDREN WILL RECEIVE AN EDUCATION THAT BETTER PREPARES THEM FOR THE WORLD

A SAINT LUCIA WHERE YOUNG CITIZENS HAVE THE OPPORTUNITY TO OWN A PIECE OF THEIR HOMELAND AND START OR GROW THEIR OWN SMALL BUSINESSES;

PRESENTED BY PRIME MINISTER HON. ALLEN M. CHASTANET
2019/2020 PROJECTS

PRESENTED BY PRIME MINISTER HON. ALLEN M. CHASTANE
THANK YOU TO OUR FINANCING PARTNERS

PRESENTED BY PRIME MINISTER HON. ALLEN M. CHASTANET