



GRENADA
2009 BUDGET SPEECH

PRESENTED BY



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Minister of Finance

To

The House of Representatives

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“Strengthening Economic Management and Building a Platform for Sustained Prosperity”

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1.0 INTRODUCTION

Mr. Speaker, I beg to move the following Motion standing in my name:

“**Whereas** it is necessary to provide for the State of Grenada for the year 2009 by means of an Appropriation Act;

Be it resolved that the Estimates of Expenditure for the year 2009 be approved.”

Mr. Speaker, as this is a Money Motion, I am pleased to inform this honourable House that I have the consent of the Governor General to proceed.

Mr. Speaker, I feel compelled to commence this Budget Presentation by recognizing the power and presence of the Almighty God who is the giver of every good and perfect gift and without whom nothing is possible.

On July 08, 2008, the people of Grenada spoke in a clear and convincing way. They said they wanted change, a new direction, a new beginning. We of the National Democratic Congress are honoured and humbled by this mandate.

Today, we take another major step in our pledge to **restore integrity, renew hope and build Grenada.**

As the servant in whom the Prime Minister has entrusted the portfolio of Finance, I am privileged yet deeply humbled to present the first Budget of this Administration. We do so in exceptionally difficult yet exciting times. For with the challenges, we also see opportunities.

Mr. Speaker, this Budget will be presented in three parts. First, **what we have inherited.** Second, **what we have done so far.** Third, **what we propose to do.**

2.0 WHAT WE INHERITED

2.1 A Country Mismanaged

Mr. Speaker, when the NDC assumed the reins of office in July this year, we inherited a country overwhelmed by economic and social mismanagement, illegal and corrupt practices and a lack of transparency and accountability.

- Grenada had the lowest credit rating of any country in the Caribbean (Standard and Poor's Report of July 10, 2008) .
- Grenada's Public Debt was approximately \$1.7 billion – the fourth largest among speculative-grade rated countries in the world.
- Public Debt stood at 107 percent of GDP. The ECCB benchmark of debt to GDP ratio for member countries is 60%.
- By July 01, 2008, Government's monthly obligation was \$56.6 million while revenues were \$39.0 million – a financing gap of \$17.6 million.
- Unpaid claims stood at \$53.0 million – one of the highest in recorded history of the Ministry of Finance.
- For 2008, government projected that the overall fiscal deficit would be \$81.5 million. They projected that the deficit for the first half of the year would be \$40.8 million. By June 2008, the deficit had climbed to \$78.8 million – almost the entire deficit projected for the entire year.
- In 2006, government received \$132.2 million by way of grants. By 2007 that amount fell to \$17.3 million – representing 18% of the \$96 million projected. The first half of 2008, saw a modest improvement to \$29.0 million.

In the face of this dire financial situation uncollected taxes stood at \$207.2 million - made up of \$88.1 million in principal, \$115.2 million in interest charges and \$3.9 million in penalties.

In its report of May 21st 2008, the credit rating agency, Standard and Poor's noted that Grenada's low credit rating was the result of:

- i. High debt levels
- ii. Little progress in reducing the debt
- iii. Poor fiscal discipline
- iv. Lack of strategic planning
- v. Lack of political will to address the country's fiscal and structural issues

The report further noted that and I quote "without resolute fiscal consolidation, the positive momentum brought about by the 2005 debt restructuring will be lost and much needed domestic and foreign investment will be undermined.

In fact, the disbursements under the International Monetary Fund's Poverty Reduction and Growth Facility, though now being reconsidered by the Fund, have been on hold since 2006 because of the lack of fiscal discipline." End of quote. This means badly needed funds could not be accessed.

In the 13 years under NNP stewardship, little was done to stimulate the productive sectors of the economy.

No genuine efforts were made to place agriculture on a serious commercial footing.

Beyond lip service, little was done to boost the tourism industry. In particular, hotel room stock actually diminished during those 13 years and the tourism product languished.

During its 13 years in office, little was done to improve the investment and business climate. No investment policy, no investment strategy, no investment plan, no investment promotion programme.

No serious efforts to engage the private sector even though that sector was repeatedly identified as the engine of economic growth in our society. At best, engagement with the private sector was a very selective affair, with the government often bypassing the elected representatives of that sector and consulting only with a chosen few.

Not surprisingly, our Doing Business Ranking fell from 63rd in 2006 to 73rd in 2007 to 84th in 2008.

The widespread abuse of public resources became the norm as phony contracts were doled out to party faithfuls of questionable competence over and above the heads of public officers. This resulted in the expenditure of significant sums of public monies for which today we have nothing to show.

Even worse, some of the monies that were being used in this way were funds borrowed at commercial interest rates which we are paying back today.

Government was hidden from the people. Secret deals were entered into in the name of the people of Grenada yet the contracts were concealed from public officials and lodged in the locked cabinets of the ministers who negotiated them.

In commenting on the change of administration in its report of July 10th 2008, S&P observed that “In Grenada, the political environment has been equally polarized amid persistent allegations of the NNP’s lack of transparency and mismanagement.” And

“as Belize and now Grenada show, the overwhelming victory of the opposition party is a clear response to the mismanagement, corruption, and, consequently electoral

dissatisfaction with the ruling party, which was in office for many consecutive terms.”

2.2 A Global Economic Crisis

To the misfortune of the Grenadian people, the shameful record of poor management, waste and corruption was accompanied by the unprecedented rise in the prices of food and fuel, throwing the prices of other basic necessities into an upward spiral and drastically increasing the cost of living for most ordinary Grenadians.

Moreover, this dire economic situation was exacerbated by the onset of the global financial crisis which has now escalated into a global economic crisis of monumental proportions. Indeed, some commentators now refer to it as “the mother of all crises”.

Most of the major industrial economies have now officially entered into recession with bank failures, mounting foreclosures, mounting unemployment and significant drop in industrial output and consumer demand. The International Monetary Fund in its World Economic Outlook forecasts that the global economy will grow by only 3.0 percent in 2009 down from 3.9 percent in 2008 and 5.0 percent in 2007.

While no one knows for sure when this crisis will end it is generally believed that it will get worse before it gets better and that the recovery period can be as long as 2-3 years.

We are a small island open economy in an interdependent globalized world. Given the relationship between our economy and that of the developed countries it stands to reason that our economy will be susceptible to external shocks originating in those countries.

Already there are signs that tourism, foreign direct Investment and remittances will all be negatively affected. Should this occur, this would no doubt have serious consequences for employment, income and output in our country.

On the social front, there can be no doubt that we are faced with a very difficult situation.

Yet we take comfort in the well-established fact that every adverse situation is also pregnant with opportunity.

The challenge for us is to discover those opportunities and position Grenada to take full advantage.

This process must begin with an objective analysis of our strategic position.

We must know where we are before we can decide how we need to proceed.

It is in this context, therefore, that I have spent the first few minutes of my presentation describing what we inherited. It is also out of respect for the people of this Country and a sense of duty to tell the truth that I have chosen to call the situation as I have seen it.

I repeat, Mr. Speaker, we inherited a country overwhelmed by economic and social mismanagement, illegal and corrupt practices and a lack of transparency and accountability.

2.3 The Challenges, Opportunities and Priorities

Mr. Speaker, in civilized countries, every government, in carrying out its mandate, is called upon to make a number of strategic decisions involving the collection and spending of revenue.

The object of these decisions is twofold:

- i. to find the most appropriate methods and means by which such spending would be financed; and
- ii. to allocate this revenue in such a way as to stimulate economic activity and growth and thereby improve the economic and social well-being of the citizens.

This is essentially what fiscal policy is all about.

Like any enterprise, government must raise as much money as possible to deliver goods and services to the people.

But it must not do so in a manner that suffocates the very entities upon which it depends to provide that revenue.

At the same time, government must expend on needed services to the public.

It must meet recurrent expenditures such as salaries, goods and services and interest on existing loans.

It must contribute to financing the capital programme and repay principal on existing loans.

It must sustain poverty alleviation programs for the most vulnerable members of our society and must maintain adequate resources for emergencies and for economic stabilization purposes.

Like everything else, government must seek to ensure value for money.

Achieving these objectives necessarily requires **sound economic management**.

While **sound economic management** may be difficult to achieve it is made up of only a few essential components, namely:

- a. Designing, developing and implementing the most appropriate policies, programmes and measures that would allow us to achieve our objectives.

- b. Building human and institutional capacity to deliver the desired outcomes
- c. Designing and implementing an efficient programme of revenue mobilization
- d. Ensuring efficiency in expenditure at all times
- e. Adopting and subscribing to a culture of transparency and strict accountability; and
- f. Pursuing excellence and developing a system of **reward** based on **merit** rather than **relationship** and **association**.

Given the present situation, the number one priority facing our country is to strengthen the management of the economy. And we must seize the opportunity to do so now.

It is the *sine qua non* for restoring this country to fiscal and debt sustainability, macroeconomic stability and achieving sustained prosperity.

The present situation also presents us with the opportunity to strengthen the management of the economy.

We now have a government that has the political will and credibility to address the Country's fiscal and structural issues.

We now have a Government that has the fiscal discipline to do it.

We now have a Government that is committed to strategic planning.

Yet while it is a necessary condition, for attaining sustained prosperity, strong economic management is not a sufficient condition.

To achieve sustained prosperity, Mr. Speaker, we must expand the productive sectors of the economy- especially Tourism, Agriculture, Agro-industries, Fisheries and Light Manufacturing - so as to create long term sustainable employment and income and a strong revenue base for government.

We must raise the levels of productivity in our society.

We must vigorously explore and exploit our Oil and Gas reserves while simultaneously but seriously pursuing alternative sources of energy.

We must restore and develop our offshore financial services sector.

We must develop a full range of services aimed at creating a knowledge-based export services sector.

In cooperation with the private sector we must, consciously and in a disciplined manner, implement an export promotion strategy aimed at identifying and promoting niche products and services, and specific target markets for these products and services.

We must develop and maintain a package of poverty alleviation measures aimed at cushioning the impact of the increased cost of living and reducing the incidence of poverty-having special regard to the aged and the disabled.

We must develop our capabilities in information and communication technology- not merely as a strategic accompaniment- but as an industry in itself.

We must train and develop a healthy and educated workforce capable of competing with that of any country in the world.

Yet as noble as these ideals may be, they cannot be accomplished overnight. Before these ideals can be achieved, certain preconditions must be met.

The form work must be done before you can pour the concrete. The foundation must be built before you can erect the walls.

In the bowels of these great challenges there exist some wonderful opportunities to design, develop and implement a package of policies, programs and measures which, if implemented, will provide the foundation for sustained prosperity.

Our strategy at this critical juncture therefore must be to focus our energies and resources on the fulfillment of those preconditions for sustained prosperity.

We must build the platform for sustained prosperity so that when the world economy rebounds from the recession, we are well positioned to take advantage of the increased opportunities in Tourism, agriculture and agri-business, fisheries, light manufacturing, financial services, energy, ICT and other knowledge- based services and industries.

It is for these reasons we have chosen, as the theme for this Budget: ***Strengthening Economic Management and Building a Platform for Sustained Prosperity.***

Accordingly, our priorities for 2009 shall be as follows:

- ✓ Strengthening Economic Management
- ✓ Improving the Business Climate
- ✓ Fostering a genuine Multipartite Partnership
- ✓ Accelerating Tourism Development
- ✓ Revitalizing Agriculture and Fisheries
- ✓ Pursuing Energy potential and Energy Efficiency
- ✓ Improving access to quality health care
- ✓ Re-positioning Education and Human Resource Development
- ✓ Fast Tracking Youth Empowerment

- ✓ Tackling Cost of Living

3.0 WHAT HAVE WE DONE SO FAR

3.1 Immediate Steps by the Ministry of Finance

Mr. Speaker, stronger economic management requires a stronger team in the Ministry of Finance. As a consequence, immediately upon coming into office, we commenced the task of restructuring the Ministry of Finance to ensure we have a core team capable of confronting the key challenges that we face. To date, we have done several things:

- We immediately signaled our commitment and intention to adhere to and successfully complete the Poverty Reduction and growth Facility (PRGF) with the International Monetary Fund (IMF).
- We established the Office of Private Sector Development (OPSD) to help businesses.
- We established an Investment Planning and Policy Review Committee to advise on the new Investment Code.
- We established a Division of Technical and Economic Cooperation to mobilize additional resources both financial and technical.
- We established a Debt Management Unit
- We established a Waste Reduction Unit

- We revised the capital budget target to \$184.0 million from \$241.8 million (the large size of the capital programme and the resulting overall deficit has been the biggest issue with the Fund over the past 2 years)
- We revoked the licence of Capital Bank International Ltd. (another major issue with the Fund) in order to protect the stability of the financial sector.
- We conducted an audit of safety net programmes to ensure more effective targeting and identification of possible financial savings.
- We publicly declared our intention to implement the Value Added Tax (VAT) possibly as early as October 2009, signaling our intention to approach the matter of tax reform in a reliable and responsible manner. Others choose to play political football with this important policy matter and create uncertainty in the private sector.
- We launched a tax amnesty offering taxpayers a 100% waiver on interest and penalties for full settlement of principal sums owed, providing a welcome relief to members of the business community, as well as other taxpayers who are in arrears.

Indeed, the IMF in its press statement in September 2008 noted and I quote

“Overall, the new government has made a good start on credible efforts to strengthen implementation of the economic and structural reform program supported by the PRGF arrangement” end of quote.

The 2009 Budget aims to continue that process of reform, consolidation and repositioning.

Mr. Speaker, before I speak on specific budget proposals, I wish to briefly comment on the recent performance of the Grenadian economy.

3.2 Recent Economic Developments

Economic Performance

Preliminary estimates for the first nine months of 2008 suggest the Grenadian economy will grow by 1.6 percent compared to 4.5 percent in 2007. Growth in the ECCU is projected at 2.7 percent. The major explanatory factors are the recession in the global economy and especially the USA, our largest trading partner and high oil and food prices.

The sectors responsible for this projected growth are: Agriculture which grew by 11.7 percent; Electricity and Water by 4.6 percent; Government by 7.5 percent and Other Services by 8 percent.

The sectors which are projected to contract include Construction which fell by 15.0 percent; Manufacturing by 6.0 percent; Hotels and Restaurant by 4.0 percent and Transport by 5.0 percent.

Hotel and restaurant sector which is one of the main foreign exchange earners will experience a decline in visitors' arrivals of 4.4% primarily due to a decline in visitors from the USA and Caricom by 13.1% and 21.8% respectively. On the other hand, arrivals from UK and Germany are expected to increase by 5.6% and 8.5% respectively.

The decline in construction activities is due to the slow implementation rate of the major foreign direct investment projects, most of which have been impacted by the global financial crisis.

Notwithstanding, the poor performance of these sectors, the agriculture sector will record increased output for crops, livestock and fishing of 15.7%, 2.5% and 8.1% respectively.

Output in the manufacturing sector is estimated to grow by 4.0% driven mainly by increases in the production of rum, breweries products and paper products.

Steady growth of 5.75% is expected for communication, banking and insurance, real estate and housing and government services. Other services will continue to record strong growth by averaging 8.0%, due to the continued expansion of the St Georges University.

The current account balance of the balance of payments is expected to improve marginally from 3.1% of GDP in 2007 compared to 2.8% in 2008. This improvement can be attributed to a reduction in imports of 1.0% moving from EC\$986 million in 2007 to EC\$976 million in 2008.

Inflation as measured by the changes in consumer price index is estimated to have increased by an average of 8.2%. The main factors being high price of food and petroleum products which are projected to increase by 14.0% and 24.7% respectively.

In 2009, inflation is projected at 4.5 percent reflecting lower oil prices and recession in the US economy. The Grenadian economy is projected to grow by 1.5 percent compared with projected growth of 2.0 percent in the ECCU.

Fiscal Operations

Fiscal year 2008 was a very challenging one for Government. Reckless pre-election spending combined with backpay to public officers of more than \$25 million and higher outlays for safety net programmes were major contributing factors. This situation warranted a very strong adjustment in the second half of the year so as to bring it into line with the Poverty Reduction and Growth Facility targets. Consequently, Government was forced to defer more than \$40 million in capital projects.

On the other hand, 2008 was a good year for revenue collections with actual receipts exceeding Budget by some 2.9 percent. Total grants were significantly better this year than the previous as Government was able to unlock much needed budgetary support.

Notwithstanding these efforts, the surplus on Government's current operations of \$66.1 million (3.7 % of GDP) compares unfavourably with the \$86.0 million (5.2 % of GDP) realized in 2007.

The overall deficit narrowed considerably, improving by 45.2 % to EC\$66.3 million as against the EC\$115.7 million achieved in 2007.

Our analysis shows that both Customs & Excise and the Inland Revenue Departments will surpass their performance compared to the previous year by 5.2 % and 15.1 % respectively.

Mr. Speaker, I wish to commend both Inland Revenue and Customs for their hard work this year and urge them to attain higher heights in 2009.

Recurrent expenditure grew by an estimated 19.3% to EC\$408.5 million on account of retroactive wage & salary payments and increased social safety nets to cushion the effects of the high cost of living. Personnel expenditure and transfers and subsidies grew by 28.3 and 28.2 percentage points, respectively.

Capital spending, which was on track by midyear to exceed the Approved Budget of \$241.8 million, was eventually pulled back to \$198.9 million. Approximately \$73.4 million of total capital expenditure was financed from external sources, broken down as: loans: \$32.6 million and grants \$40.9 million.

The single largest financier was PetroCaribe Grenada (EC\$25.3 million), a nontraditional source of financing made possible by the Government of Venezuela. Traditional sources of financing such as the Caribbean Development Bank (EC\$19.3 million) and the World Bank (EC\$7.2 million) were also significant contributors. Also of note is the European Union's support for the rehabilitation of schools infrastructure following the hurricanes of 2004 and 2005.

Total grants receipts are projected at EC\$69.7 million by year-end. Although lower than programmed, this level of grant represents a sharp increase over 2007 as Government was able to unlock approximately EC\$13.9 million in budget support from the European

Union. From the grants received during 2008, major donors include the Government of Venezuela through the PetroCaribe arrangement, the European Union, and CARICOM Petroleum Fund.

Public Debt

As at December 31, 2008, the Public Debt will be EC\$1.79 billion consisting of:

Central Government - \$1.6 billion

Government Guarantees - \$194.0 million

4.0 WHAT WE PROPOSE TO DO

4.1 The Poverty Reduction and Growth Facility

The Poverty Reduction and Growth Facility (PRGF) is an arrangement that the Government of Grenada entered into with the International Monetary Fund in April 2006. It is a comprehensive medium-term economic reform programme with the objectives of:

promoting sustained high economic growth, restoring fiscal and debt sustainability, reducing vulnerabilities, and alleviating poverty.

Under the programme, the Government of Grenada is required to adhere to certain performance criteria and structural benchmarks that serve as indicators of progress towards restoring fiscal and debt sustainability.

Grenada's performance is subject to periodic review. The fulfillment of those conditions result in disbursement of funds from the IMF and unlocks budget support from the European Union. In the interest of transparency, the performance criteria and structural benchmarks for the next reviews in June 2009 and December 2009 are disclosed as an appendix to this Budget Speech.

The IMF's Executive Board completed the first review of Grenada's Poverty Reduction and Growth Facility on July 7, 2008, and approved a disbursement of US\$4.8 million. In

light of sharp increases in world food and fuel prices, it also agreed to increase the allocation of the programme from US\$17.1 million to US\$19.4 million.

The long delay in completing the first review reflected the time needed to address fiscal slippages, the Capital Bank issue and the slow pace of structural reforms. In any case, legitimate questions have been raised and answered about the lack of willingness on the part of the previous government to carry out the programme which it entered into. The programme is expected to run to April 2010.

The next review on Grenada is today. If successful, we will receive a further disbursement of approximately EC\$10 million.

What is in this programme for Grenada? In a nutshell,

- EU budget support of approximately EC\$60 million
- Soft loans of approximately EC\$51.5 million
- Paris Club debt relief rescheduling of EC\$43 million; and
- Most importantly, enhanced creditability and confidence in Grenada's economy and economic management thereby boosting the investment climate and the prospects for job creation.

The 2009 Budget has been guided by Grenada's obligations under the Poverty Reduction and Growth Facility.

4.2 The 2009 Estimates of Revenue and Expenditure

The 2009 Estimates of Expenditure provides for total expenditure of \$675.9 million.

These include:

Current Expenditure: \$420.4 million

Capital (Development) Expenditure: \$179.9 million

Principal Repayments: \$75.6 million

The five largest allocations are for:

Public Debt – \$130.1 million (or 19.2%)

Ministry of Education and Human Resources - \$110.4 million (or 16.3%)

Mr. Speaker, it is significant to note that one of our campaign promises was to increase the allocation to education to at least 15% of the total budget in our first year in office. We are pleased to note that we have delivered on this important promise.

Ministry of Health - \$63.9 million (or 9.5%)

Ministry of Finance - \$60.8 million (or 9.0%)

Police - \$49.3 million (or 7.3%)

Mr. Speaker, of the \$420.48 million in current expenditure, \$199.4 million or 47.4 percent will be spent on personal emoluments; \$54.6 million or 13.0 percent are earmarked for interest payments; and a further \$89.2 million or 21.2 percent are provided for transfers to households including pensions and gratuities.

Mr. Speaker, the \$179.9 million allocated for capital expenditure is 9.6 percent of GDP. This is financed by \$94.9 million or 52.7 percent from local revenue; \$55.8 million or 31 percent from external grants and the remaining \$29.3 million or 16.2 percent from external loans.

Mr. Speaker, although the capital budget is slightly lower than 2008, we believe that we can accomplish a lot with a more rationalized and efficient use of resources. We are already witnessing signs of better management with the improved value for money under the Debushing Programme reorganized by the Ministry of Works.

Total current revenue for 2009 is projected at \$488.0 million, 2.8 percent higher than collections in 2008. This projection includes \$259.6 million from Customs and Excise and \$195.4 million from Inland Revenue.

Non-tax revenue is projected at \$49.6 million, almost the same as 2008.

Government projects a current account surplus of \$67.7 million, which is 3.6 percent of GDP.

Further, the overall deficit is projected to be reduced to \$41.0 million down from the estimated \$63.1 million for 2008.

Mr. Speaker, for Grenada to return to fiscal and debt sustainability, Government must seek to eliminate an overall budget deficit and eventually achieve a budget surplus.

4.3 2009 BUDGET PRIORITIES

4.3.1 STRENGTHENING ECONOMIC MANAGEMENT

Mr. Speaker, we have already alluded to some of the immediate steps taken by the Ministry of Finance to improve economic management.

At the risk of being repetitive, we cannot over-emphasize the imperative of economic management. Without strong economic management, our economy is like a yo-yo subject to regular cycles of boom and bust; incapable of absorbing external shocks; and less resilient to natural disasters.

Without strong economic management, Government cannot pursue a countercyclical fiscal policy. A countercyclical fiscal policy simply means when things are slow, government spends more to stimulate economic activity and cushion the effect on the people and when economic activity is brisk, government spends relatively less and saves something for the rainy day.

With this in mind, we have embarked on programme of economic reforms through the Poverty Reduction and Growth Facility to return Grenada to a path of fiscal and debt sustainability.

As I said at the national consultation on this Budget, sustained prosperity requires the diffusion of sound economic management throughout our economy – this includes government, businesses, churches, schools, communities and homes. Indeed, I recently delivered a similar message to our statutory bodies.

The essence of stronger economic management is optimizing revenue and grants and minimizing costs. With these first principles in mind, I now wish to identify some specific initiatives in addition to adhering to the targets of the Poverty Reduction and Growth Facility to which I have already referred.

Technical Assistance Programme

Grenada will benefit from a World Bank technical assistance project for EC\$5.25 million. The areas of intervention include:

- Upgrade of the Customs IT system
- Upgrade of the Tax Accounting System in Inland Revenue
- Establishment of an Investment Facilitation Network at the Grenada Industrial Development Corporation
- Support for implementation of the National Export Strategy

Waste Reduction

We are putting systems in place to drastically reduce, if not eliminate waste and introduce cost cutting measures in respect of non essential goods and services. We are targeting a 10% reduction in selected areas such as:

Fuel Consumption and Maintenance of Government Vehicles:

1. The purchase of new vehicles will be guided by function and fuel economy not personal tastes and preferences;
2. The log books of vehicles will be inspected regularly by auditors to verify their use on legitimate government business;
3. The Ministerial Complex will organize a pool of vehicles to minimize the number of vehicles making trips between the Ministerial Complex, Financial Complex and the Post Office in particular; and
4. A hotline will be established to which the public can call to lodge complaints about the abuse of government vehicles and other forms of abuse.

These are just some of the proposed measures.

Energy Efficiency

The Division of Energy and Sustainable Development Division in the Ministry of Finance will undertake energy audits to introduce low cost and no cost conservation practices.

Pooled Procurement

1. An Office of Government Procurement will be established. Once established this agency will be responsible for all government procurement.
2. With World Bank assistance, pooled procurement arrangements will be pursued with St. Vincent and the Grenadines. Possible areas of cooperation include textbooks and farm inputs.

Tax Administration and Reform

It is a widely held view that tax policy is as good as its tax administration. We will commence the overhaul of the taxation system so as to render the taxation regime simpler, more predictable, equitable and to broaden the tax base and raise compliance levels through greater efficiency in tax administration.

In particular, we must overhaul the fiscal architecture of Grenada-especially as it relates to ad hoc concessions and incentives, licenses, levies and fees- so as to bring it in line with the present day trade, investment and economic realities and requirements.

The reforms started in Customs and Inland Revenue will be accelerated.

In Inland Revenue, the main areas of priority in 2009 will be:

- Implementation of the Tax Amnesty
- VAT Preparation
- Completion of the Property Revaluation Exercise and Installation of the Property Tax Module
- Establishment of a Tax Policy Unit

- Staff Training

In Customs, the modernization programme will continue with a focus on:

- Completion of Fraud Control Strategy and Plan
- Implementation of ASCUDYA World (Customs IT platform)
- Preparation of a new Customs law
- Revision of the Customs Tariff
- Staff Training

Value Added Tax

Mr. Speaker, it is most unfortunate that the implementation of this tax has been delayed for political expediency. Indeed, not only was the commencement date changed twice by the previous Administration but the VAT Preparatory Team and Committees were dismantled. Our Government now has the task of recommencing VAT preparation. As a new administration and after careful consultation with local stakeholders and the international agencies providing technical assistance to Grenada, we have decided to allow more time for preparation. In particular, we wish to pass the legislation at least six months before implementation, ensure training of staff, adequate preparation by the private sector and most importantly public education. Taking all these factors into account, we have decided that **the Value Added Tax will be implemented on February 01, 2010.**

As a consequence, the VAT office will be reopened from January 2009. Furthermore, at the suggestion of the Grenada Chamber of Industry and Commerce, a Joint Committee on Education will be established with representatives from both government and the private sector.

Lands

It is estimated that the sums owed to Government for lands and leases exceed \$15 million. The new Ministry of Housing, Lands and Community Development will make special efforts in 2009 to commence collection of these arrears.

We need not remind you of the high cost of providing housing and infrastructure for housing development.

Hospital

Mr. Speaker, given the high cost of medical care, it is unacceptable that people who can afford to pay, and people who have insurance are often not required to pay for hospital services. This issue must be addressed. Accordingly, Government has sought and the Pan-American Health Organisation (PAHO) has agreed to provide a grant of \$115,611 to assist the Ministry of Health to implement a Billing and Admission System to optimize Hospital Revenue.

Mr. Speaker, it is the policy of this Government that services will be provided to the poor and vulnerable who cannot afford to pay. However, those persons who can pay will be required to make their contribution.

Debt Management

The key priorities will be:

- Debt forgiveness
- Greater use of the Regional Government Securities Market to reduce cost of borrowing
- Improved cash flow management
- Training in debt sustainability analysis

National Economic Council

Early the next year, we will launch the National Economic Council which will serve as an advisory body to the Minister of Finance and Cabinet on the major economic issues confronting our Country.

4.3.2 IMPROVING THE BUSINESS CLIMATE

Mr. Speaker, the philosophy of this Government is a mixed economy led by the private sector. If the private sector is to accept that responsibility, then it falls upon the government to create the enabling conditions.

Government has responded with a great sense of urgency to the call to improve Grenada's competitiveness and create a platform for the growth of the private sector.

Government has already done the following:

1. Established an Investment Planning and Policy Review Committee, and
2. Created the Office for Private Sector Development

The Investment Planning and Policy Review Committee

The Investment Planning and Policy Review Committee is a multi-sectoral body that advises the Minister of Finance on matters pertaining to development, investment priorities, investment strategies and policy measures. At present, this Committee is driving the process for the creation of an Investment Promotion Act for Grenada.

Within recent weeks, the Investment Planning and Policy Review Committee has worked tirelessly to complete the review of the draft Investment Code, which is the basis for the bill the Government will take to Parliament as Grenada's First Investment Promotion Act.

Government is grateful to the Civil Society representatives on this Committee, as well as staff of the Ministry of Finance and the Grenada Industrial Development Corporation (GIDC) for their selfless efforts. This is the kind of partnership that the National Democratic Congress spoke of while in opposition. And this is kind of partnership we are practicing in Government.

The Office of Private Sector Development

The Office of Private Sector Development is the designated focal point for Doing Business Reform in Grenada, as well as the main facilitator for dialogue between Government and the Private Sector.

The Office for Private Sector Investment will also facilitate development of Public and Private Sector Partnership (PPPs) between Government and Private Investors.

It is a well known fact that Grenada's ranking in the Doing Business Index fell by a full twenty one (21) points in the last two (2) years from 63 to 84.

Within the framework of programmes supported by the World Bank, the European Union and the USAID-backed Caribbean Open Trade Support (COTS), an Action Plan for Doing Business Reform is being developed by the Office of Private Sector Development.

Our Action Plan will seek to successively remove the excessive and unnecessary red tape to do business in Grenada. After comprehensive consultation, the following areas have been identified as the areas of greatest concern:

- Business start up process
- Trading access borders
- The transfer of property
- The enforcement of contracts

The Action Plan will specify the steps needed to quickly cut the "red tape".

Business Facilitation by the Public Sector

The achievement of the specific Doing Business Reform targets will challenge many Public Sector institutions to themselves accelerate their own reform process or at least raise their efficiency levels so as to facilitate the required transformation.

For example, Inland Revenue Department will need to review and improve the registration processes for the payment of taxes. Customs and Ports Authority will have to reconfigure arrangements for importing and exporting. The Ministry of Health will be called upon to change the arrangement for permits and standards to allow for the import and export of certain goods. The Ministry of Labour will be asked to adopt a new approach to the granting of work permits and employment of workers. The Ministry of Legal Affairs will need to reform the Supreme Court Registry for the registration of businesses and companies, the enforcement of contracts and the registration of property.

Reform of the Grenada Industrial Development Corporation (GIDC)

An institutional audit of the IDC is being conducted. The Ministry of Finance will work with the GIDC to sharpen its ability to deliver on its core functions of investment promotion and facilitation and create the long-promised one-stop shop as practiced in countries like Ireland and Mauritius. This fast tracking will improve Grenada's overall competitiveness.

Small Business Development

Special attention will be given to small business development in the coming year. A draft Small Business Development policy is currently before Cabinet after being subjected to extensive examination in workshops at the community level by small business practitioners and deliverers of support services to small businesses.

The policy acknowledges the significant role being played by this sector, as it accounts for more than 40% of the jobs in the Grenadian economy and therefore is of great importance in macro-economic stability.

The Small Business Development Policy will serve as the foundation for a Small Business Act which will seek to provide comprehensive support to the existing small business sector, as well as new entrants into that sector.

Special support will be given to young business entrepreneurs under a programme called the Young Entrepreneurs Development Fund in which Government will cap its exposure at \$1million with carefully worked out conditions.

The Small Business Development Centre of the GIDC will be asked to provide training for the beneficiaries of this programme.

In the coming year, the Centre will enhance its capacity to deliver practical assistance to micro, small and medium enterprises. The Centre will provide free diagnostics for small business to identify their technical assistance requirements, as well as assistance with product development, marketing, costing and pricing, productivity and financial tools. Assistance will be provided to register businesses, prepare business stationary and market material.

There will be simultaneous efforts to commence the rationalization of the various levels of institutional support provided to small businesses, including providing encouragement for the creation of an organized advocacy body for this sector.

4.3.3 FOSTERING A GENUINE MULTIPARTITE PARTNERSHIP

Mr. Speaker, the realization of these strategic aims would require, at the outset, a deep appreciation of the fact that the realization of national goals will necessarily involve the building of a social and economic partnership in which all stakeholders feel they have a genuine stake and after full participation in its deliberations can take ownership of its decisions and actions.

In this regard, the role of the state, the private sector, the labour movement, civil society and all other agents of economic and social transformation must be fully understood by all and, as far as possible, be clearly defined.

Of course, Government will project the state's primary role as the protector of the national interest and work to ensure that the state discharges its responsibilities to the people and the communities.

Sustained or improved economic growth requires decent working conditions and an improvement in the rate of productivity. The issue of productivity and the productive sectors must therefore be placed at the centre of our economic agenda and dialogue.

We must strengthen the climate and institutional framework for national economic performance by fostering a genuine partnership with labour and civil society.

Yet as we continue to lay the foundation for sustained prosperity, we must continue to meet the challenges of daily living by attending to our immediate needs and circumstances.

In this regard, the Multi-partite Committee has been reconvened and will be restructured for maximum effectiveness. It is Government's aspiration to have a signed memorandum of understanding among the social partners on wages, prices and productivity in the first half of 2009.

This Budget provides \$100,000 to support the work of this Committee.

4.3.4 ACCELERATING TOURISM DEVELOPMENT

Mr. Speaker, tourism is the largest earner of foreign exchange in Grenada. It is the fastest growing sector in the world. We believe that given Grenada's natural and cultural assets, we can reap tremendous benefits from this sector.

Further, we see an important link between the tourism expansion and the growth of Agriculture.

As we speak, the sector in Grenada faces several challenges including:

- Global economic recession
- Limited room stock and the absence of a leading brand
- Limited airlift
- Inadequate product development
- Inadequate hospitality training
- Insufficient marketing
- High airfares for intra-regional travel

Our Government is committed to working with major stakeholders to address these key challenges.

Hotel Development

At present, there are several hotel developments planned or in the early stages of construction. Government regards the commencement and completion of these developments as the foremost priority of the tourism sector since their completion will provide much needed jobs, more clout to negotiate airlift and more joint destination marketing. Already, we have seen the positive impact of the destination marketing by the Port Louis/Camper Nicholson Project.

Of course, Mr. Speaker, the global economic downturn has affected the speed at which these projects can advance. Nonetheless, we are fully satisfied with the commitment of the developers and pledge our full commitment to the realization of these projects.

We wish to make it abundantly clear that Government is committed to work closely with these developers to source funding and provide other forms of support to see these projects to fruition.

We are currently in discussion with the developers and hope these discussions bear fruit.

Government values and welcomes the efforts of local investors in Grenada's tourism sector. In this regard, Government will provide equitable support to these investors to start new projects and expand existing ones.

Product Development

Government is keenly aware that what the average visitor spend in Grenada is lower than many other destinations in the Caribbean. We intend to provide more spending opportunities for our visitors by investing in the tourism product and developing new attractions. In 2009, funds have been allocated to upgrade existing attractions and develop new attractions. We are especially interested in the development of new cultural products.

Using donor funds or public-private partnerships, we intend to explore options for other attractions such as Fort George Restoration, establishment of a folklore village, the introduction of natural Spice Museum and Park, the Slave Pen in Hermitage, St. Patrick's; and the possibility of a Cable Car attraction. In addition, special attention will be given to the further development of the yachting and dive sub-sectors.

I wish to announce Government's intention to establish a **Product Development Fund**. The proceeds of this Fund will be used exclusively for product development.

This idea works in other countries and will provide additional resources for further investment in our product for the enjoyment of guests.

We shall soon be engaging key stakeholders for consultation in this regard.

Airlift

Government wishes to record its appreciation for the work of the Airlift Committee and to all corporate contributors. Their work in recent years has been a good example of public-private partnership. It was the work of this Committee and the commitment of previous Government which caused the resumption of the American Airlines direct service from Miami to Grenada.

As an incentive for this continued support, Government will provide a tax credit of 125 % to all firms and individuals who contribute to the fundraising drive by the Airlift Committee.

In spite of the recent challenges leading to the decision to reduce the daily American Airlines service, we must continue to work to expand airlift opportunities into Grenada from the Caribbean and North America.

As part of its commitment to this airlift support, Government, in addition to its contribution for the American Airlines service, will provide EC\$7 million for airlift support and joint marketing.

Intra-Regional Travel

Government recognizes the Caribbean as an important source market. This market has been severely impacted by the dramatic rise in airfares since 2007. We are very concerned about the inadequacy of the current services especially between Grenada and Trinidad and Grenada and Barbados.

We will continue our efforts to have Caribbean Airlines commence service to Grenada.

Further, we will support current initiatives to establish a fast ferry service among Trinidad & Tobago, Grenada and St. Vincent and the Grenadines.

Marketing

The marketing of our destination remains a top priority of Government. For 2009, Government has allocated \$18 million.

Mr. Speaker, Government would have wished to allocate more but the challenging fiscal situation does not permit. Nonetheless, we expect the sum allocated will be used effectively. We also anticipate that the Board of Tourism will employ innovative and cost-effective approaches including internet marketing.

Training

Mr. Speaker, it is widely recognized that the most attractive feature of any destination is the human factor – the warmth, friendliness and commitment to service excellence.

Government recognises the need for more training in the area of hospitality. We are pleased to note that one of the priority training areas under the World Bank financed Skills for Inclusive Growth is hospitality.

Carriacou

We believe Carriacou cultural assets offer useful opportunities for tourism development. In this regard, a Tourism Promotion Plan will be finalized between the Grenada Board of Tourism and the Carriacou tourism private sector.

Special emphasis will be placed on strengthening cultural festivals, especially in the yachting sub-sector and the dive product. In addition, the Board of Tourism will undertake the production of specific promotional materials for Carriacou, where necessary.

Mr. Speaker, this is consistent with this Government's commitment to build an economy in Carriacou.

4.3.5 REVITALISING AGRICULTURE AND FISHERIES

Mr. Speaker, the revitalization of agriculture and fisheries is a top priority of this Government. We campaigned vigorously on this issue and promised to give this sector and our farmers, the attention they deserve.

We believe focused attention and investment must be given to this sector for many good reasons. First, to improve food security - the imperative of feeding ourselves especially given the global food crisis of high prices and potential shortages. Second, to stimulate the rural economy to provide livelihoods for farmers and citizens who live in rural communities, many of whom have been made destitute with the devastation of the nutmeg industry by Hurricane Ivan. Third, to reduce our massive food import bill which now exceeds \$156 million thereby saving foreign exchange as well earning foreign exchange by exporting our surplus food. Fourth, to attract a new generation to farming and fishing thereby ensuring the continuity of this vital sector. Fifth, to leverage the growth of the tourism sector by forging strong linkages.

In 2009, we will commence some strategic interventions:

Essential Farming (Food Security)

Mr. Speaker, the issue of food security is also one of national security and every household has a role to play. At the most fundamental level, a change in attitude is needed. This need was aptly captured by a passionately delivered recommendation at the National Consultation on the 2009 Budget that we abandon the concept of "backyard gardening" and instead think of what we should be doing as essential farming. We fully embrace this notion.

Mr. Speaker, I wish to note this was a specific recommendation in the national budget consultation.

In 2009, the Ministry of Agriculture in collaboration with the Food and Agriculture Organisation (FAO) will deliver a food security programme targeted at over 2000 vulnerable households. This programme will provide a wide range of material and infrastructural support to produce crops and livestock.

An allocation of \$1 million has been made for this programme.

Land Bank

The Ministry of Agriculture will implement a **Land Bank Project**. The aim is to ensure maximum output with the most efficacious use and management of lands in Grenada, starting with Government Estates.

This initiative is consistent with our promise to provide incentives to attract youth to modern commercial agriculture.

Farm Access

Without access to farms, farmers cannot plant, reap and bring their harvest to market. Mindful of this, the first phase of a major farm and feeder roads programme commenced in 2008. In 2009, \$10.5 million will be spent on the following farm roads funded by the Kuwaiti Fund and OPEC Fund for Development:

- River Antoine, St. Patrick's
- Confer, St. George's
- Windsor, St. Andrew's
- Florida to Clozier
- Concord, St. John's

- Bonjour Estate,
- Celeste, St. Patrick's
- Norman Hill, St. Patrick's

I am also pleased to note that with funding from the European Union, the Boloung Farm Road is currently being done at a cost of EC\$571,559.00

Under the Grenada Rural Enterprise Project, three (3) farm roads will be done at a cost of EC\$823,000. These are:

- Mt. Tranquille (Champfleur), St. David's
- Morne Lounge, St. Andrew
- Dumfries, Carriacou

Farm Labour

Government recognizes that lack of labour is one of the binding constraints to successful farming in Grenada. We have heard the farmers cry for help. Accordingly, \$2.5 million has been allocated for a farm labour support programme. It should be noted that some of the monies previously used for the Debushing programme will be deployed to help stimulate one of our most important productive sectors namely agriculture.

The Ministry of Agriculture will collaborate with farmer organizations and NGOs such as GRENCODA to implement this initiative.

Mr. Speaker, it is important to note that this proposal was strongly endorsed during the national budget consultation.

Plant Propagation

Mr. Speaker, it is unacceptable to have a situation where the Mirabeau Propagating Station runs out of quality planting material two days after it opens its doors to farmers and the general public. If the slogan “grow what you eat and eat what you grow” is to be credible, Government must provide the enabling environment. A first and necessary step is the timely availability of clean and healthy planting material. Consequently, our Government is taking immediate steps to address this problem.

Over the next five years commencing in 2009, the Ministry of Agriculture will implement a propagation programme to accomplish the following:

1. Nutmegs.....320,000 plants over 3,200 acres
2. Bananas.....255,000 plants over 375 acres
3. Cocoa.....396,000 plants over 1,320 acres
4. Cinnamon.....15,000 plants over 138.8 acres
5. Pimento.....5000 plants over 71 acres
6. Clove.....7,500 plants over 150 acres
7. Fruit trees.....150,000 plants
8. Ornamentals.....25,000 plants
9. Sugar cane.....30,000 plants

This Budget has earmarked \$1 million dollars for plant propagation. Furthermore, \$300,000 has been provided to refurbish the propagating stations in Mirabeau and Ashenden.

In addition, \$80,000 has been allocated to recommission the Soils Laboratory.

Processing

Mr. Speaker, our Government believes that our farmers cannot continue to be “drawers of water and hewers of wood”. There must be value added in agriculture to ensure our

farmers get a better reward for their labour and our country reduces its massive food import bill.

Further, our Government, like most Grenadians, is very concerned about the wanton wastage of fruits throughout the length and breadth of the Country.

Consequently, we have allocated \$2.3 million in this year's Budget for agro-processing development. We will explore a variety of options including support to local operators.

Credit

Farmers and fishermen need access to credit to upgrade and expand their operations. This Budget provides an allocation of \$2 million (50% of which will be funded by the European Union) for a Rural Credit Scheme.

Institutional Strengthening

The new mandate of the Ministry of Agriculture requires a full complement of qualified staff. As a consequence, the Ministry will recruit personnel to fill vacancies and enhance staff training programmes to serve its clients. The areas of Marketing and Statistics will be accorded high priority.

Marketing

The Ministry of Agriculture will soon recruit a Marketing Manager. Further, the Ministry of Agriculture will work assiduously to facilitate the resumption of exports of golden apples to the US market. It also intends to leverage WIBDECO's presence in the UK Market to help drive Grenada's diversification and marketing effort.

The Ministry will also intensify market facilitation for fresh produce including the provision of market information, market intelligence and developing markets for short

term crops through collaboration with the Marketing and National Importing Board (MNIB).

We are exploring the possibility of establishing a \$5 million Market Guarantee Scheme. Under this Scheme, MNIB will enter into contracts with farmers thereby providing them with a strong incentive to produce and a stable income.

Irrigation

The Ministry will continue the development of Irrigation Systems for farmers so that more fruits, vegetables and other food crops can be grown especially during the dry periods.

Under an EU funded irrigation project, support will be given to farmers for pumps, sprinklers, drip lines and other equipment.

Fishing

Given the enormous importance of the fishing sub-sector and its foreign exchange earning capacity, an allocation of \$25,000 has been made to upgrade the Produce Chemist Laboratory to ensure it can certify fish quality for export. This step is important to position Grenada to export fish to the European Union beyond 2010.

Fisherfolk will continue to have duty-free fuel and concessions for engines and other fishing equipment. Training programmes in safety-at-sea will also be intensified.

Livestock

Government is developing strategies for the livestock sector aimed at reducing the massive meat import bill. Carriacou will be developed as a production centre for small

ruminants. The industries of focus are: Poultry (broilers & eggs); Small ruminants (sheep and goats); and Pigs.

At present, only 12% of the demand for poultry is met by local production. For 2009, the Ministry of Agriculture will aim to increase Poultry production by 10%.

In the area of egg and pork production, a 5% increase is targeted.

Chevron (goat meat) and mutton production will be increased after the Breed and Multiplication Centre at Laura in St. David's is commissioned around June 2009.

There has been a steady increase in honey production and honey is now being exported. For 2009, an increase of 10% is anticipated.

Combating Praedial Larceny

The Praedial Larceny Programme will be strengthened to improve services provided to farmers. The key elements of this programme will be:

- Registration of farmers
- Revival of the Praedial Larceny Unit in the Police Force
- Reestablishment of the Farm Watch initiatives

This Budget provides \$300,000 for this programme.

Mr. Speaker, this Budget provides a total allocation of \$37.9 million for Agriculture comprising recurrent spending of \$11.3 million and capital investments of \$26.6 million.

Having identified in some detail, our plans for agriculture, no one should doubt the commitment of this Government to the revitalization of agriculture sector.

4.3.6 PURSUING ENERGY POTENTIAL AND ENERGY EFFICIENCY

Mr. Speaker, Government considers it imperative that we develop and implement a sustainable energy policy. This policy is currently is being prepared with the first draft expected by the end of January 2009. It will emphasize energy conservation and the promotion of indigenous sources of energy, both renewable and non-renewable, to reduce our dependence on imported fuels.

There is a part of our society which can be referred to as “Energy Poor”. Such persons are forced to cook with wood or kerosene-fuelled stoves presenting a health and safety hazard to their households and neighbours.

This Government is committed to ensuring that energy is available, accessible, and affordable to all. Consequently, we shall aim to end this form of energy poverty within the next three years. To this end, the Energy and Sustainable Development Division of the Ministry of Finance in collaboration with the Ministries of Social Development and Labour will work to reduce the number of families that are considered “Energy Poor”. These families deserve to enjoy all the benefits associated with easier access to a higher quality energy services.

Yes, Mr. Speaker, Energy must be available to all for their convenience, comfort, and good health! We propose to fund this initiative under the PetroCaribe arrangements.

In the area of Energy Conservation, Government will lead by example. We will undertake Energy Audits of all government buildings to identify areas where energy is being wasted or used inefficiently and implement Energy Conservation Opportunities and Measures (ECOMS).

We intend to establish Energy Committees in various ministries to work along with the Energy and Sustainable Development Division to devise, implement and monitor Energy Conservation Plans.

Mr. Speaker, we believe that at least 10% of the Government’s current energy bill (*in electricity and transport*) could be reduced with these actions. That said, our biggest

challenge will not be the energy audits, but change in human behaviour towards more efficient energy use.

Yes, Mr. Speaker, Energy Conservation and Energy Efficiency is good for our pockets and the environment with which we have been entrusted. Every kilowatt saved, every gallon saved means less greenhouse gas emissions into the atmosphere.

This week, our Energy and Sustainable Division commenced an Energy Conservation and Energy Efficiency Education and Sensitization Programme on radio and on television. The campaign will sensitize consumers by providing energy guidelines and tips to assist with the purchase of new appliances and equipment for use in the residential, commercial and transportation sectors.

Mr. Speaker, our energy needs will grow as our economy expands. Our development challenge is to be more efficient; use less or the same quantity of energy to produce more.

In the agricultural sector, Government will encourage the local manufacture or assembly of solar dryers. These dryers can be used to dry mace, cocoa, sorrel, ginger, and other fruits. We will also promote the use of biogas digesters for energy recovery from animal and agricultural wastes.

Government will provide a menu of incentives on the inputs required to build or install solar dryers, solar stills, and Biogas Digesters (the designs must first be approved by the Energy and Sustainable Development).

Government intends to promote the use of energy efficient lighting, equipment and appliances. To this end, Government intends to reduce the duties on compact fluorescent lights, and other energy efficient products, to encourage greater use of same.

Very recently, Government introduced measures to remove or zero rate the applicable GCT on Solar Water Heaters. We will extend this relief to other renewable technologies also, as we seek to become more energy independent.

Mr. Speaker, I now wish to speak on our energy development. Petroleum exploration and development has the potential to revolutionize our entire economy.

In a few days, Grenada will recommence technical discussions with the Government of Trinidad & Tobago on the Delimitation of our Maritime Boundaries. These talks are the result of the state visit of our esteemed Prime Minister to Trinidad in August of this year. At that time, our countries agreed to establish commissions for this purpose.

The finalization of these negotiations would pave the way for the maximum exploitation of our potential hydrocarbon reserves within Grenada's Exclusive Economic Zone (EEZ).

Government will strengthen the legal and institutional frameworks to facilitate petroleum exploration and development. We are seeking technical assistance to help us develop an appropriate, adequate, and relevant database to maximize our revenue earning capacity from this sector.

Our ultimate objective is to transform our economy from being a consumer to becoming a producer and exporter of Oil and Gas.

4.3.7 IMPROVING QUALITY HEALTH CARE

Mr. Speaker, good health is a basic human right and an imperative for economic growth and social development.

Government reiterates its commitment to improving the health of all citizens regardless of their political, religious, ethnic and social affiliation.

In this context, Government is moving towards the full implementation of the Five Year National Strategic Plan for Health with the focus of enhancing the quality and delivery of Preventative, Curative and Rehabilitative services.

Attention is also being focused on Institutional strengthening by redefining the roles of the administrative arm of the Ministry, the Health Information Epidemiology Unit and the Health Planning Unit. Efforts are also being made to strengthen and reorganize systems to improve efficiency and effectiveness.

In this regard a review of the Health Information System has already been completed by PAHO with recommendations for its upgrading and modernization. Additionally, PAHO has recently commenced a Human Resource Needs Assessment to examine the current situation, identify gaps, determine the human resource needs of the Ministry and make recommendations on the way forward. A Planning Unit has been established and a Chief Planner will soon be appointed

Rapid technological advances in medicine and demand for quality care have driven up the cost of health care dramatically thus making access more difficult. Consequently, Government is exploring the feasibility of establishing a National Health Insurance Scheme to ensure quality health care is accessible and affordable.

Efforts are also being made to establish a Billing and Admission system to enhance revenue collection at hospitals and other health institutions. Further, a twenty- four (24) hour system will be implemented in 2009 to ensure the full collection of revenue generated at hospitals.

A Medication Assistance Programme will be implemented to assist Disabled and Necessitous persons with chronic diseases such as diabetes, hypertension, glaucoma, cancer and asthma to purchase their medication to manage their condition and improve their quality of life.

Government will also place emphasis on the Primary Prevention through health education and the promotion and the revitalization of the Primary Health Care Teams.

Government is reviewing the Hospital Development Project following which a decision will be made on its future development. At the same time some corrective work will be done on the existing facilities to improve the environment of care.

In 2009, the infrastructural works will include:

- Refurbishment of the former Duncan's Ward to accommodate an Infectious Disease Unit
- Construction of laboratory and X-Ray facilities at Princess Alice Hospital
- Reconstruction of the Gouyave Health Centre with counterpart funding from the World Bank.
- Reconstruction of the Alcohol and Drug Rehabilitation Centre (Carlton House) with funding from CARICOM
- Installation of a Central Biomedical Waste Management facility (Global Fund)
- Installation of a Decompression Chamber to provide specialized rehabilitation Services (delivering on a promise we made in the election campaign).
- Employment of a Nephrologist and the re-introduction of Dialysis service.
- Employment of a full-time Oncologist to continue the cancer programme

In collaboration with PAHO, the Ministry will receive technical assistance in the following areas:

- . Upgrading of the Health Management Information System
- . Review and updating of Public Health Legislations and Regulations
- . Introduction of Billing & Admission System at hospitals
- . Introduction of National Emergency Transport Service

Mr. Speaker, Government is aware of the hardship and the anguish experienced by many families when illness strikes a family member. Very often, people are seen up and down the Country soliciting help and raising funds to cover costs of travel and treatment.

As a caring and compassionate Government, we hear the cries and see the tears of these families. Today, we wish to announce the establishment of an Emergency Health Fund. Government will contribute \$100,000, in the first instance, to start this Fund. We will approach the Private Sector and the National Insurance Scheme and request that they match Government's contribution.

This Fund will be used exclusively to help poor families who are faced with emergency health treatment needs that require travel abroad.

The allocation of Ministry of Health is \$63.8 million of which \$52.1 million is recurrent and \$11.7 is capital investments.

4.3.8 REPOSITIONING EDUCATION AND HUMAN RESOURCE DEVELOPMENT

Mr. Speaker, our Government understands that an essential ingredient for sustained prosperity is education and human resource development. Further, we are well aware of the concerns of the private sector validated by scientific studies which indicate that our graduates are often not adequately prepared for the world of work.

We must invest strategically and smartly. We must also work in partnership with the private sector. Consistent with another of campaign promises, we are pleased to announce that Government will grant a tax credit of 150% on approved training and human resource development programmes.

Skills Training

Consequently, the Ministries of Education and Youth Empowerment will collaborate closely to deliver relevant skills training programmes. To this end, the Ministry will establish a National Training Agency which will be the organization responsible for coordinating Technical and Vocational Education Training (TVET) in Grenada. The Agency will be given oversight by a council known as the Grenada Council for Technical and Vocational Education Training.

A number of institutions will be upgraded with relevant tools, equipment and machinery of a high quality that comply with new technology for specific skill area. Suitably trained staff will be recruited to ensure the delivery of technical and vocational education is of regional and international standards. Twenty (20) more teachers will receive competence-based training in Technical and Vocational Education.

Every programme will include a component in personal skills development. On completion, participants will receive a certificate which they can use in any CARICOM country.

Yes, Mr. Speaker, we are making our youth CSME-ready.

Literacy and Numeracy

The Ministry of Education and Human Resource Development will continue its focus on ensuring that every child leaving school is capable of reading, writing and numeracy up to at least the intermediate level. The CETT programme which was piloted in 18 schools will be extended to all 58 primary schools.

Trained Literacy teachers (Teachers with first Degrees) will be placed in all secondary schools to coordinate and conduct literacy activities during the school day.

A total of thirty-two (32) teachers will complete the first year of the degree program in Literacy Studies and five (5) teachers will complete their degree.

Preparations are being made to have twenty-eight (28) teachers begin the online degree in Numeracy.

A strategic plan is being developed to address the delivery of Mathematics in Primary schools.

Lifelong learning (formerly called Adult Literacy) will be delivered in collaboration with the Government of Cuba. Persons who graduated from Phase 1 of the “Yes I Can” Programme will now pursue studies in English language, Numeracy, History and Geography.

Schools Rehabilitation

Government will continue rebuilding, refurbishing and reequipping schools. In 2009 the following schools will undergo major construction:

- Crochu RC
- Woburn Methodist
- St Mary’s RC
- Calliste Government

Further, Phase 2 construction will proceed at:

- Anglican High School
- St. Andrews Anglican Secondary School
- St. Marks Secondary School

Construction will be completed at:

- TAMCC
- St. John’s Christian Secondary School

Under the Grenada Rural Enterprise Project (G-REP), the following human resource development centers will be constructed:

- Maran, St. John's
- Rose Hill, St. Patrick
- Hermitage, St. Patrick
- Mt. Craven, St. Patrick
- La Tante, St. Davids
- Belmont , Carriacou

This project is consistent with our Government to construct learning resource centres in every parish.

Student Support Services

These services are intended to enable every student to access education in spite of their parental or socio-economic situation.

Government will extend the free textbook programme to include all levels of the secondary school and all private schools, both primary and secondary. Approximately **14,500** students will receive all their text books at almost no cost to parents.

The School feeding programme will be reorganized to ensure efficiency and more healthy meals. Structures have been put in place to ensure that students who need meals get meals.

Students from disadvantaged homes will receive assistance for school uniforms.

There were an increased number of scholarships for teachers to complete degrees to upgrade their professional capacity and enhance learning outcomes:

- Counselling (20)
- Literacy & Numeracy (20)
- Technical Degrees (20)
- Education & General (60)
- Early Childhood(30)

The number of Grenadians receiving assistance to pursue studies will be increased.

Mr. Speaker, the allocation for Ministry of Education and Human Resource Development is \$110.4 million of which \$80.7 million is recurrent and \$29.7 million is capital investments.

4.3.9 FAST TRACKING YOUTH EMPOWERMENT

Mr. Speaker, it is the conviction of this Government that “every youth has value, every youth must contribute and every youth can earn”

In 2009, Government will introduce its Youth Upliftment programme. This new programme will build on the strengths and correct the weakness of the Imani programme. While the Imani programme has assisted some young persons to transition into permanent jobs, its glaring weaknesses include:

- It was not demand driven thereby creating a mismatch between the demand for labour and the availability of trained personnel;
- There was little or no monitoring and evaluation thus it was unable to track the skill development of participants.
- It was improperly structured and so the participants were unable to articulate their expectations.
- Worse, it was treated like a source of employment and not a job training programme without NIS and other employment benefits.
- It lacked transparency in the selection of participants.
- Regretably, the programme did not offer any form of certification after two years of what was supposed to be training.

We believe that in order for our beloved country to attain economic liberation and social stability our youth population must be adequately educated and properly trained to meet the challenges of the twenty first century.

Therefore our Government's vision is to see at least one university graduate per family by the year 2025.

The Youth Upliftment programme is the beginning of that process. This Programme we are convinced is the vehicle to reduce unemployment among youth and will create an opportunity for every youth to become a valuable asset to our beloved nation.

This programme has three components:

1. Training and Employment which includes:

- a. A job placement scheme in conjunction with the Ministry of Labour
- b. On the job training programme

2. Certification and Education which includes:

- a. skill certification programmes
- b. educational enhancement programmes
- c. Scholarship Desk

3. Personal Development which includes:

- a. Spiritual enhancement
- b. Community Service
- c. Life skills training

For the on the job training, participants will be paid a stipend of not less than Seven Hundred Dollars (\$700.00). Fifty percent (50%) of which will be paid through the Government for the period of their training and the other fifty percent (50%) paid by the employer.

All employers who participate in this programme will receive a tax credit of 150 percent for their contributions.

4.3.10 TACKLING COST OF LIVING

Mr. Speaker, the high cost of living is one of the most pressing issues for our people at this time. Our Government is committed to doing all it can to tackle the cost of living. This we can do by reducing prices where possible or putting more disposable income in the hands of our people so that they can meet their obligations. Since assuming office, we delivered on several promises made in this regard.

First, in September, we rolled out the first phase of the Free Textbooks programme. In doing so, we not only made a significant investment in the children of our Nation but we provided households with **\$5 million of disposable income** to use on other activities.

Second, in the first working session of Parliament, our Administration introduced a Bill to repeal the National Reconstruction Levy. I am pleased to confirm today that with effect from January 2009, our people will no longer be required to pay the National Reconstruction Levy. We thank the people of this Country for their sacrifice over the past three years in paying this levy. This action by our Government will allow the Grenadian people to keep an additional \$10 million dollars of their hard-earned money. Mr. Speaker, this relief is welcomed by all Grenadians in these hard economic times.

Third, from October to December of this year, our Government has allowed each household to import two barrels of foodstuffs, free of duties and taxes. At the end of November, **2,208 persons** had benefited from this initiative having cleared **3,281 barrels**, free of duties and taxes. We are pleased to have assisted in bringing some basic necessities and a little more cheer to our people at this special time of year.

Fourth, our Government has removed the duties on solar panels and hurricane straps and related accessories. This action has not only reduced the cost of these items but also

reduced the cost of energy over the medium term. Further, it facilitates improvement in our resilience to natural disasters.

Fifth, I am pleased to announce that from January 2009, the public assistance will be increased from \$150 to \$200 per month. In making this announcement, we are signaling our Government's commitment to increase this assistance to \$400 over time.

Our Government would have liked to give a larger increase but I am sure the public will appreciate the challenging fiscal situation inherited by this Government and the sharp slowdown in the global economy since we assumed office. I say to the detractors, the delivery of our promises is a process not an event!

Sixth, I am pleased to announce a reduction in the cost of tyres for buses. It should be recalled that when fuel prices increased in October, the bus associations, at Government's request agreed not to increase bus fares. In consideration for their sacrifice, Government agreed to consider concessions on tyres and or a reduction on the general consumption tax for insurance premiums. After careful consideration, we have decided to reduce the taxes on the cost of new tyres for public transportation buses. This concession will not apply to used or retreaded tyres.

Mr. Speaker, on behalf of the Nation, we wish to thank the bus associations for their sacrifice and goodwill. Further, we expect that the newly established Transport Board will address some of their concerns as matter of urgency.

Seventh, I am pleased to announce a reduction in retail price of fuel and cooking gas.

It may be recalled that at the time of announcement of the adjustment in the price of petroleum products, we indicated that if the downward trend in oil prices continue, we anticipate a reduction at the next review in December. We will deliver on that promise today.

It is important to inform the public that prior to the adjustment of the prices on October 24, 2008, Government significantly subsidized the cost of fuel. Consider this example, when the price of fuel peaked at US\$147 per barrel in July of this year, the price of a gallon of gasoline in Grenada was \$13.26. At that time, the price of gasoline should have been \$16.50. By keeping the price fixed at \$13.26, Government lost approximately \$8 million and the oil companies experienced margin losses of at least \$7 million this year.

Fiscal prudence dictates Grenada should return to the automatic fuel pricing mechanism which was first implemented by the OECS countries in 2006. As a Government committed to stronger economic management and fiscal responsibility, we intend to maintain the automatic fuel pricing mechanism. This means when the prices go up, consumers will pay more and when prices go down, consumers will pay less. Further, Government is also considering reviewing the prices of petroleum products every four weeks instead of every eight weeks. More frequent reviews will avoid the need for large adjustments as was the case in October.

That said, I am pleased to announce that effective Monday, December 15, 2008, the retail prices of petroleum products in the State of Grenada will be as follows:

Grenada:

	<u>Old Price</u>	<u>New Price</u>
Gasolene	\$15.65/IG	\$11.26/IG (a reduction of \$4.39)
Diesel	\$16.45/IG	\$11.16/IG (a reduction of \$5.29)
Kerosene	\$11.21/IG	\$10.17/IG (a reduction of
\$1.04)		

L.P.G (Cooking Gas):

20 lbs Cylinder	\$43.81	\$35.36 (a reduction of \$8.45)
100 lbs Cylinder	\$216.55	\$172.29 (a reduction of \$43.76)
Bulk	\$2.16/lb	\$1.71/lb (a reduction of 45 cents)

Carriacou:

	<u>Old Price</u>	<u>New Price</u>
Gasolene	\$15.81/IG	\$12.66/IG (a reduction of \$3.15)
Diesel	\$16.61/IG	\$11.21/IG (a reduction of \$5.40)
Kerosene	\$11.38/IG	\$10.34/IG (a reduction of \$1.04)

L.P.G (Cooking Gas)

20 lbs Cylinder	\$48.31	\$ 44.36 (a reduction of \$3.95)
100 lbs Cylinder	\$231.05	\$193.29 (a reduction of \$37.76)
Bulk	\$2.16/lb	\$1.71/lb (a reduction of \$0.45)

Petit Martinique:

	<u>Old Price</u>	<u>New Price</u>
Gasolene	\$12.81/IG	\$ 9.66/IG (a reduction of 3.15)
Diesel	\$13.61/IG	\$8.21/IG (a reduction of \$5.40)
Kerosene	\$11.38/IG	\$11.34/IG (a reduction of 4 cents)

Mr. Speaker, while there are those who would like to see prices remain higher, we cannot be expected to raise the price of gas to the public when prices go up and refuse to pass the full benefit to them when prices go down.

5.0 OTHER AREAS OF FOCUS

HOUSING

Mr. Speaker, housing is a basic need. Government is committed to helping our citizens secure a roof over their heads. Our aim is to improve the quality of life of our people and pursue those activities which make for stronger, better planned and sustainable communities. In this regard, the following will be undertaken:

Chinese Housing Programme Phase I

The Government of the People's Republic of China committed to provide 2000 housing units Grenada in the aftermath of the hurricanes. Government is obligated to provide the necessary land and infrastructure to accommodate these units.

The first phase will involve the construction of approximately 536 units in 3 different locations. These are:

- Mt. Gay, St. George's: Urban Expansion - 192 Units
- Soubise, St. Andrew's: Village Expansion - 154 Units
- Frequente, St. George's (Demonstration Village): Apartment Complex – 28 Units

In 2009, actual construction of houses will commence on the first two sites at Mt Gay and Soubise, since the infrastructural work has already been completed. Identification of sites for the Phase II of the Chinese Housing Program will commence in early 2009.

Venezuelan Housing Programme

The Government of Venezuela offered to construct 500 houses at the Simon Bolivar Village at LaCalome in St. David. As a result of coordination and delivery issues by Government, there have been numerous delays. To date, 100 houses have been

completed, and work is currently on going on the infrastructure and sewage system. Both activities are scheduled to be completed by the end of December 2008.

The selection of beneficiaries for both housing programmes will commence in early 2009.

Emergency Housing Program

The Emergency Housing Program is mandated to assist the most vulnerable persons. More than 1500 persons have already applied for such assistance. This programme will be restructured and continued in 2009.

Housing Loan Programs

The Emergency Housing Program carried a Loan Component, where many persons were granted loans to assist them in rebuilding their homes. While some persons have continued to repay their loans, others have defaulted and are in arrears. The Soft Loan Programme is in a similar state. In 2009, the Ministry will be very diligent in following up with persons to repay these loans.

Housing Repair Programme

The program is designed to offer material assistance, and in some cases, assistance with labour to the most vulnerable cases. The assessment of the House Repair Program revealed that many vulnerable families are still living in make-shift shelters and sub-standard situations. This program will therefore continue to address those needs in 2009.

EU Funding

Only last week, our Prime Minister signed an agreement with the European Union for support in the area of human settlements. Under this agreement, approximately EC\$15 million is earmarked for human settlements.

PHYSICAL INFRASTRUCTURE

Mr. Speaker, the sum of \$30.7 million including recurrent of \$6.6 million and capital of \$24.1million have been earmarked for Ministry of Works. As we speak, efforts are being made to raise financing for infrastructure having regard for the extensive damage to roads and bridges caused by heavy rains in November. As funds become available more work will be undertaken. That said, I take this opportunity to mention some of the major projects which will be implemented in 2009.

Grenville Redevelopment Project

The Grenville Market Square Development Project is designed to promote economic development in the town of Grenville and the entire eastern section of the country. The project provides key investments which will support the revitalization of agriculture and the development of small businesses. The main interventions include:

- State of the Art Market in Grenville
- Improved drainage in Grenville
- New Abbatoir at Mirabeau

This project is funded by the Caribbean Development Bank and more than \$7 million is projected to be spent in 2009.

Southern Grenada Water Supply Improvement Project

The European Union has allocated approximately EC\$20 million for this project. The purpose of this grant is to upgrade seven (7) critical water treatment plants in South-eastern Grenada.

The project is to get started in the first quarter of 2009.

Rehabilitation of Public Buildings

Mr. Speaker, there are several public buildings including the Governor General's Residence and Houses of Parliament that have been left unattended since their destruction by Hurricane Ivan in 2004. These institutions are fundamental to the proper functioning of democracy and must accorded the respect and dignity that they deserve. Accordingly, Government will take immediate steps to commence work on the restoration of these buildings.

This Budget provides the sum of \$150,000 for clean-up of the sites of the Governor General's Residence and Houses of Parliament and preparatory works including designs for new facilities.

Government will also actively explore options including site and funding for a Halls of Justice Project as part of a regional initiative being considered by the OECS Supreme Court. This project envisages hosting of all major courts together with offices for Judges and other officers of the Court.

Mr. Speaker, the current state of the St. George's Market Square is an embarrassment to the Nation and an indictment on the previous Administration. Our Government intends to right this wrong. We intend to avoid the adhoc approach of a phase here and a phase there. At present, a comprehensive review is being undertaken after which detailed designs will be prepared. Further, we will approach the Caribbean Development Bank for funding and supervision as has been done with the Grenville Market Development.

CARRIACOU AND PETIT MARTINIQUE

Mr. Speaker, Government is committed to the development of an economy in Carriacou and Petit Martinique. In this regard, we are pleased with the recent cruise ship calls to our sister isle. In pursuit of this vision, we will undertake several initiatives.

First, we must preserve the island itself and its beauty by putting an end to the practice of sand mining. Since Government is committed to sustainable development, the cessation of sand mining is the right thing to do. Steps have been taken to provide an environment-friendly alternative.

Second, Government will pursue its promise to reintroduce local government to ensure the peoples' voices are heard and they are provided with better services without having to travel to mainland.

Third, Carriacou will be established as a production centre for livestock production. For 2009, there is an allocation of \$100,000 to pilot a model farm for small ruminants.

Fourth, provision has been made to construct some basic passenger terminal facilities in Hillsborough and Petit Martinique to offer more comfort for persons using the ferry service. This is another of our campaign promises.

The total allocation for Carriacou and Petit Martinique is \$12.1 million, more than double the allocation of \$5.4 million in 2008.

INFORMATION COMMUNICATION TECHNOLOGY (ICT)

Mr. Speaker, Government recognizes that an extraordinary technological revolution is underway. The key driver of the New Economy of which we speak is knowledge. Consequently, we must leverage information communication technology to transform our Nation into a knowledge-based society.

We must increase the level of efficiency and effectiveness in the operations of the public sector and private sector through e-government and e-commerce.

Given the significance of Information Communication Technology (ICT) for national development, our Government is committed to e-Government. Properly designed and implemented, e-Government will improve efficiency in the delivery of government services, simplify compliance with government regulations, strengthen citizen participation and trust in government, and yield cost savings for citizens, businesses and the government itself.

Government renews our commitment to the E-Government for Regional Reform Program which will promote the efficiency, quality, and transparency of public services through the delivery of regionally integrated e-government applications that apply economies of scale.

Achieving the goals of efficiency, transparency and democratic participation involves changing both internal processes and the ways in which governments interact with citizens and businesses.

To this end, we are doing a thorough analysis our network capabilities in order to make the changes necessary in order to achieve the stated goals.

With support from the Government of India, an ICT Centre of Excellence will be built to train ICT professionals. This Centre will produce skilled Grenadians who can work in the new ICT sector created by this Administration.

FINANCIAL SECTOR REGULATION

Mr. Speaker, Government views the regulation and supervision of the financial sector to be extremely critical particularly in this period of global financial uncertainty. In this

regard, Government will continue to work closely with the Eastern Caribbean Central Bank which has the responsibility for the regulation and supervision of commercial banks and all credit institutions.

Government will also work with the Eastern Caribbean Securities Regulatory Commission, the agency responsible for all firms engaged in securities business which includes collective investment schemes.

The role of the Grenada Authority for the Regulation of Financial Institutions (GARFIN), the entity responsible for non-bank institutions including insurance companies, credit unions and money remitters is extremely important.

The programme of activities for GARFIN entails new legislation in conjunction with the other ECCU countries in the areas of insurance, money services businesses and cooperatives, all of which will be brought to Parliament in 2009. It also entails the proper licensing of all supervised entities and quarterly reporting by them. GARFIN has also commenced on-site supervision of supervised entities and this will be extended to all sectors in 2009.

Mr. Speaker, I reiterate Government's commitment to building a strong and clean financial system. There is no place in Grenada for unregulated or shady operators.

In 2009, a study will be undertaken of Grenada's offshore Legislation and the industry as a whole to ascertain the best way forward in this area for Grenada. Enhanced communication channels have also been developed with the industry and it is expected that the new regime of financial regulation which is being developed will bring a greater level of confidence in the financial sector and the economy in Grenada as a whole thus opening up avenues for greater investment.

Government will move to aggressively implement the recommendations from the Mutual Evaluation Review which was conducted in October this year. These recommendations relate to combating money laundering and terrorist financing.

NATIONAL EXPORT STRATEGY

Mr. Speaker, as part of the restructuring of the Ministry of Finance, Trade Division has been upgraded and renamed the Trade and Export Development Division. This change reflects Government commitment to entrench the nexus between trade negotiations and export performance.

Grenada through its membership in CARICOM is currently involved in the Doha Round of negotiations of the World Trade Organisation and the recently initiated CARICOM – Canada negotiations. To participate meaningfully in these negotiations, a Trade Negotiations Team made of professionals in the field (within and outside Grenada) has been approved by the Cabinet.

Government has made provisions in this Budget for the implementation of the Economic Partnership Agreements. Government intends to access funding through the CARICOM Development Fund, AID for Trade and the European Development Fund.

A National Export Council will be set up to monitor and manage the implementation of the National Export Strategy. At the same time efforts will be made to address production capacity and institutional constraints of the export sector.

The appointment of a Marketing manager in the Ministry of Agriculture should enable Grenada to redouble the efforts to exploit the benefits of the agriculture protocol with the Government of the Republic of Trinidad and Tobago. The current one way Trade with Trinidad will be addressed.

Equally important is the formation of clusters for exports and production. The Organisation of American States has provided funding for this project and the Marketing and National Importing Board is executing activities geared at forming clusters to increase capacity for exports through joint production, marketing, procurement and the sharing of services.

In 2009, with support from the Organisation of American States, exporters will be trained in the international trade requirements. Training will also be conducted in Fish Smoking techniques in selected fishing communities to create new value added products for exports. With this funding, the Grenada Bureau of Standards has already started a pilot project to identify exportable herbal products.

The Trade and Export Development Division will become a 'First Stop shop' for general trade information. The Division will continue to provide technical assistance to exporters and to source financial support in areas of goods and services.

Support services institutions such as the Grenada Industrial Development Corporation, the Grenada Bureau of Standards and the Grenada Marketing and National Importing Board will receive specialized training and their activities will be streamlined to offer specialized support.

CULTURE

Mr. Speaker, the NDC government is committed to developing a new economy. To that end, the development of the cultural industries is of paramount importance.

The Ministry of Culture will restructure the Grenada Cultural Foundation by amending the relevant laws and adopting a corporate structure to effectively deliver proper services.

Government will support a copyright regime that protects the creative work of our artistes.

The music industry will be given technical support through training opportunities for music producers. Outreach Programmes in Art, Painting and Photography will be conducted to develop capacity in those areas which will impact positively on the tourism product.

In the coming year, we are seeking to inaugurate an Indigenous World Music Festival.

As you may be aware, Grenada is the only Eastern Caribbean country without a major music festival outside of Carnival.

Planning for Carnival 2009 has already started with emphasis on institutional development, product enhancement and strategic marketing. Government is committed to having a well planned, executed and financially successful carnival. An allocation of \$700,000 is provided for Carnival.

The completion of the cultural policy, consultation and development of a broadcast policy with local content and the establishment of a film commission are initiatives that the Division of Culture will embark upon in the next year.

Finally, Government recognizes the Simon (Seamoon) Cultural Centre an important part of our cultural infrastructure and is committed to rebuilding that facility. The sum of EC\$500,000 has been earmarked for Phase I of this project.

GOOD GOVERNANCE

We believe in the trusteeship aspect of governance, to ensure corruption in public office remains something of the past. We will implement the Integrity in Public Life and the Prevention of Corruption Acts.

NATIONAL SECURITY

Government recognizes the importance of national security for development. Our vision is to keep Grenada safe. In this regard, the transformation of the Royal Grenada Police Force is essential.

Policing can no longer be seen as the enforcement of laws. Rather, its fundamental goal must be safer and more harmonious communities. To this end, Government intends to provide training in community policing to facilitate a stronger interface between communities and the Police.

In 2009, provision has been made for the establishment of a telecommunications network that will greatly improve the functioning of the RGPF.

Allocation has also been made to commence remedial work on the Coast Guard Base. On completion, Government will seek support to repair or replace the main vessel of the Coast Guard.

The budget for the Police is \$49.3 million of which \$45.2 million is recurrent expenditure and \$4.1 million for capital investments.

LAW AND JUSTICE

Mr. Speaker, in light of Government's ambitious development programmes, the Ministry of Legal Affairs anticipates a very heavy legislative agenda including:

Bills to be passed early 2009:-

- Health Practitioners Bill;
- Food Safety Bill;
- Disaster Preparedness;
- Intellectual Property Legislation;
- Plant Protection Legislation; and
- E-Government Legislation
- Value Added Tax
- Money Services
- Payment Systems
- Insurance
- Investment Promotion Bill
- Business Facilitation Bill

In 2009 the Ministry intends to establish the following:-

- Companies Registry
- Intellectual Property Office
- Land Registration Systems.

The proposed Halls of Justice will also be given high priority.

INDUSTRIAL RELATIONS

The main focus will be the implementation of the ILO Declaration on Social Justice for a Fair Globalization and the Decent Work Agenda, which details the following strategic objectives:-

- ▶ Enforce fundamental labour principles and rights
- ▶ Generate greater employment opportunities for men and women
- ▶ Expand and enhance social protection systems for workers
- ▶ Promote social dialogue and institution building with the various social Partners

The review of Minimum Wages for fourteen (14) categories of non-unionized workers, by the Wages Advisory Council will be completed.

PUBLIC SECTOR MODERNIZATION

Public Sector Modernization is better policy making, customer service orientation, and better service delivery. It is about making Government work better for everyone.

To achieve these outcomes, we will undertake a modernization program that includes the Public Sector Modernization Change Management Project, the Public Sector Modernization Project, and the OECS E-Government Project, among other initiatives.

As we implement this program, we will be entering a life changing era for public service providers and customers alike. The time will come when customers will renew drivers' licenses and passports over the internet; file and pay their tax returns online, and e-medical services among other benefits.

The allocations for these initiatives exceed \$2.8 million.

PENSION REFORM

Mr. Speaker, Government is mindful of the importance of this issue for many public officers. In this regard, Government is currently receiving advice on the available options and shall report to the stakeholders in due course.

Government will also expect the National Insurance Scheme to implement the recommendation of the 8th actuarial review to increase maximum level of insurable earnings from \$3,000 to between \$3,500 and \$4000.

DISASTER MITIGATION AND MANAGEMENT

Recent experiences have reminded us of our vulnerability to natural disasters. Therefore, as a responsible Government, we are committed to Disaster Mitigation and Management. This commitment will foster local and regional support for our renewed efforts at strengthening NaDMA, and the implementation of the Disaster Mitigation Strategy.

POVERTY REDUCTION AND SAFETY NETS

Mr. Speaker, in pursuit of the Millennium Development Goals, Government is committed to delivering a package of poverty reduction programmes and safety nets that protect the poor and vulnerable among us. In this regard, the completion of the Country Poverty Assessment will be a major priority in 2009. The completion of this Assessment will facilitate the preparation of a poverty reduction strategy which will serve as a basis for mobilizing development assistance.

Government through the Ministry of Social Development will provide Public Assistance to the most vulnerable. In delivering this programme, the recommendations of the recently completed audits will be implemented. These include the completion of new application forms by all recipients.

As I said earlier, we will increase the sum from \$150 to \$200. This means we are halfway to our stated goal of \$400.00. I repeat, the delivery of our promises is a process not an event.

Work will start on the establishment of a National Policy for the provision of Public Assistance.

Government will continue the Water Assistance Programme which was established to provide potable water to all households.

Persons who qualify would be allowed payment of connections up to a maximum of \$20.00 per month.

Government will also continue to provide burial assistance to families of the bereaved. Recipients of Public Assistance will be asked to indicate the funeral agency of their choice so that an arrangement could be worked out with the Funeral Agencies for coverage.

Assistance to victims of fire will also continue as an initial step to restoring normalcy to their lives.

This Food Basket programme will be administered in collaboration with the Ministry of Agriculture with a view to making the basket more healthy and nutritious thereby reinforcing our food security programme.

The transportation allowance to facilitate school attendance of students who are economically deprived will continue. This programme which was previously handled by three Ministries will now be administered by the Ministry of Education and Human Resources. This is another example of our commitment to reduce waste in government.

Roving Care Givers Programme

This programme of early stimulation in children ages zero (0) to three (3) years old serves as a safety net for those who have been denied any form of early stimulation and have inadequate forms of support. It operates in twenty four (24) rural communities in the parishes of St. David and St. Andrew and is expected to be expanded to St. George's

The programme provides employment opportunity for young Rovers who may have dropped out of school or who have no clear career path. It also provides training opportunities for children, parents, supervisors thus developing a cadre of skilled caregivers capable of implementing and replicating the programme as the need for expansion arises.

Funding has been provided by the Bernard van Leer Foundation and UNICEF and administered through GRENCASE. However, independent assessment has recommended the programme be institutionalized within the Ministry of Social Development from January 2009. Government would partner with the funding agency until 2011. Thereafter, Government will be fully responsible for the programme.

In Collaboration with the Ministry of Works, every effort would be made to commence rehabilitation of the Cadrona Home for the Aged in 2009.

Mr. Speaker, the sum allocated for these programmes is \$18 million.

6.0 ACKNOWLEDGEMENTS

Mr. Speaker, on behalf of the Government and People of this Nation, I would like to thank the following Governments and Institutions for providing financial, economic and technical assistance during the past year:

The Government of the People's Republic of China

The Government of the Republic of Cuba

The Government of the Republic of Trinidad & Tobago

The European Union

The Government of the United States of America and the United States Agency for International Development

The Government of Canada and the Canadian International Development Agency

The Government of the United Kingdom and the Department for International Development

The Government of France

The Government of Japan

The Government of the Bolivarian Republic of Venezuela

The Caribbean Development Bank

The Eastern Caribbean Central Bank (ECCB)

The World Bank Group

The International Monetary Fund

The Kuwaiti Fund for Arab Economic Development

The United Nations Development Programme

The United Nations Children's Fund

The Commonwealth Secretariat

The Food and Agriculture Organisation (FAO) of the United Nations

The Federal Republic of Germany

The Government of the Republic of Korea

The Organisation of American States (OAS)

The Inter-American Institute for Co-operation on Agriculture

The Association of Caribbean States

The CARICOM Secretariat

The Caribbean Export Development Agency

The Organisation of Eastern Caribbean States (OECS)

The Caribbean Regional Negotiating Machinery (CRNM)

The Caribbean Regional Technical Assistance Centre (CARTAC)

The Caribbean Financial Action Task Force (CFATF)

The Caribbean Anti-Money Laundering Programme (CALP)

Mr. Speaker, we are truly thankful to our citizens, labour unions, business and civil society, all of whom have made very thoughtful contributions to this Budget.

I am also indebted to the Prime Minister and my Cabinet Colleagues for their understanding and their spirit of cooperation in the preparation of this Budget.

I take this opportunity to express my deepest appreciation to the Permanent Secretary, management team and staff of the Ministry of Finance including the Government Printery.

I thank Permanent Secretaries and officers in other Ministries and Departments who have contributed to the preparation and delivery of this Budget.

I also express our gratitude to the Ms. Catherine Patillo, IMF Mission Chief and her team from the International Monetary Fund for their advice and support.

We also thank the Clerk of Parliament and staff for their assistance in the preparations for today's Presentation.

We are truly thankful to our citizens, labour unions, business and civil society, all of whom have made very thoughtful contributions to this Budget. I am also indebted to the Prime Minister and my Cabinet Colleagues for their understanding and their spirit of cooperation in the preparation of this Budget.

7.0 CONCLUSION

Mr. Speaker, our Government is committed to a vision of a Modern, Prosperous and Highly Productive Nation.

This budget is driven by strategic priorities. It is responsive yet realistic, hammered out on the anvil of harsh economic realities. It is creative, using the little that we have to do more with less. It is forward-looking, recognizing our prosperity tomorrow depends on what we do today.

Our journey will not be easy. It will require:

1. Political Courage;
2. Dialogue;
3. Sacrifice
4. Partnership and
5. Patience.

We must be prepared for some tough times. However, we must constantly remind ourselves that “tough times do not last but tough people do”.

With this Budget, we demonstrate our commitment to stronger economic management, laying the platform for sustained prosperity.

With this Budget, we set a course for development of our energy resources as part of the new economy that we must fashion to deliver jobs and prosperity for our people.

With this Budget, we make a fresh start in Agriculture giving our farmers the support they deserve.

With this Budget, we bring some relief from the high cost of living.

With this Budget, we show compassion for the sick and suffering among us.

With this Budget, we continue to invest in our children, the future of our Nation.

With this Budget, we convey shared hopes and dreams for a better Grenada, Carriacou and Petit Martinique.

Today, we are taking a major step in our pledge to **restore integrity, renew hope and build Grenada**

Together with God on our side, we will make things happen.

May God bless the people of Grenada, Carriacou and Petit Martinique.

I thank you.