



GOVERNMENT OF GRENADA

"Addressing Sustainable Growth, Human Resource
Development and Alleviating the High Cost of Living"



2008 *Budget* HIGHLIGHTS

LET THE PROGRESS CONTINUE

**The 2008 Budget
In Defense of the Poor and Vulnerable**

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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 2008 by means of an Appropriation Act, be it resolved that the Estimates of Revenue and Expenditure for the year 2008 be approved”. I also have the consent of the Governor-General to proceed with this Motion.

Mr. Speaker: My sense of history only serves to deepen my feeling of humility as I rise to address this Honourable Chamber for the 12th consecutive occasion as Prime Minister of Grenada, Carriacou and Petite Martinique, and once again make my contribution to this annual Budget Debate.

I am aware that there are those on the opposite side of the House who would not wish me to continue batting at the wicket and are getting impatient and hot under the collar at chasing around the field for so long. But I am mindful of the awesome responsibility of the position of Minister for Finance and Prime Minister and recognize that we still have more runs to put on the scoreboard before the series is over.

From the outset, I wish to record on behalf of my Cabinet colleagues profound thanks and appreciation to the previous Minister for Finance, Mr. Anthony Boatswain, who for the six years that he carried the portfolio responsibility strengthened the operations of the Ministry of Finance and Planning and guided the reconstruction efforts of our economy following the destruction by two major hurricanes within ten months of each other.

On behalf of the Government and people of Grenada, I wish to record our thanks and appreciation to the 27 international and regional Governments and institutions mentioned in the **Appendix** herein, that have provided invaluable financial, economic and technical assistance to us during the past year. We regard them as our partners in development. Much of what we have achieved in our rebuilding process would not have been possible without their help. We thank them sincerely.

I wish to thank, for their invaluable support, my Permanent Secretaries and staff in the Ministry of Finance and the Office of the Prime Minister, and all those who make their contribution at the various agencies which fall under my portfolio.

While any Prime Minister is accountable to the entire electorate, he/she cannot attain the position without the support of his/her own constituents. In my constituency of St. George's North West, I feel very humbled indeed, by the warmth of their love and support. I am very proud to serve them more so when I ask them to hold strain and they usually do.

To the staff of this Honourable House, who keep the wheels turning with all the constraints of the less than ideal physical facilities—thank you for your hard work, your courtesy and respect for this vital institution – the centre of our precious democratic system that makes our country what it is – a free society governed by and for the people.

Mr. Speaker, nothing is possible if the Almighty is not placed at the centre of all things. During the twelve (12) years in the political vineyard, I have had joyful days, but there have also been very challenging days. At all times I seek the inner strength and inspiration which can only come from the Almighty.

I give God thanks. We have a lot to be thankful for. We are a remarkable people. A creative people. A strong people. I feel it a privilege to have been the Leader these twelve productive, challenging and fulfilling years.

POSITIVE CHANGE

Mr. Speaker, the last twelve (12) years have been a period of great challenges and opportunities. We undertook a programme of far-reaching reforms to modernize and transform the Grenadian economy and society to improve the lives of the Grenadian people. It was a period in which we learnt a great deal, a period in which we accomplished a lot.

We set out to be agents of **positive change**. We had a clear vision of where we wanted to take Grenada and we continue to walk with the people hand in hand on the journey to that new Grenada.

We have tilled the soil and made it fertile. On the land of Grenada we have sown seeds of **progress**, which are now growing into trees producing **sweet fruits**. We have removed the curves and made the road straight, so that **all** can see where we are going. It is on this journey that we have invited **all** the people to walk, ride and drive with us as we continue the **progress**.

No enterprise, no system, which involves changes of the magnitude that we have undertaken will be without its critics. **Social change will cause pain and discomfort.**

But after the battering we have taken from those who would seek to continue **the old order**, it is indeed heartening to see the growing support for our economic and social programmes from the citizens, including the youths, the private sector (internal and external), and elements of Civil Society.

We have laid the solid foundation.

SOLID FOUNDATION

Mr. Speaker, the video footings that preceded my presentation, clearly depicted the remarkable achievements in the economy, specifically over the last three years. They showed the success of our people, economy and society as collectively we transformed **liabilities into assets** following on the heels of hurricanes in 2004 and 2005. Underlining this level of economic development is a new sense of national identity anchored in a new way of doing business against the background of a shared economic vision and destiny.

The video footings reflect the solid foundations we have laid in the economy and society as we pave the way for **progress** in:-

- Schools and housing rehabilitation
- In road construction
- In airport –ports upgrading/expansion
- In agricultural diversification
- In tourism recovery
- In private sector involvement in the economy
- and in health and education

The **progress** we have made underscores the most revolutionary programmes of reform and restructuring of the Grenadian economy in its entire history.

MINISTRY OF CARRIACOU & PETIT MARTINIQUE AFFAIRS

Mr. Speaker, since we took the bold step of creating the Ministry of Carriacou & Petit Martinique Affairs, giving the citizens there some autonomy over their own affairs, I am delighted to report that our sister

isles have been receiving the full attention of this Government. We spent in excess of EC\$3.5-m this year on skills training for the youths of our sister isles, the construction of the Cultural and Sporting Centre, the Food Security Programme, road rehabilitation and the lighting of the tennis court. We will increase the budgetary allocation to this Ministry in the coming year to EC\$4.3-m so as to facilitate the completion of the Cultural Sporting Centre and the Carriacou multi-purpose centre.

THE NEW ECONOMY

Mr. Speaker, the “new economy” of Grenada experienced real growth at an average of almost 4.0 % in the three (3) years following on the ravages of hurricanes Ivan and Emily. For this year alone, the economy grew at an acceptable rate of 3.1%--slightly below the OECS average of 3.5%. The outlook for 2008 is for projected real growth of 4.3%.

This experience of growth in the economy is reflected in the 9,400 (approximately) new jobs that were created in the period January 2005 to September 2007, impacting primarily the lives of our young people. They continue, under this Administration, to find employment and improve their lives. In the *2008 Estimates of Revenue and Expenditure*, job creation will continue to receive the highest priority.

In the “new economy”, Mr. Speaker, all the major sectors in the production process have experienced growth in one form or the other.

Agriculture is expected to grow by 17.5% on account of increased production in traditional as well as non-traditional crops. The hotel and restaurant sector, critical to the tourism sector, is projected to grow by 12.0% reflecting the tremendous increase in visitor arrivals from the United Kingdom and the United States of America.

The manufacturing sector is also slated to grow by some 6.5% and the value added in the communications, banking and insurance sectors is expected to grow by 10.0% and 4.0%, respectively.

We have succeeded in establishing a more diversified economy with levels of production comparable to what existed before hurricane Ivan.

The upshot of this **progress**, has been a sharp increase in current revenues by 10.5% to EC\$419.8-million because of higher collections of tax revenues which rose by 12.2% to EC\$378.2-m. In all of this, the Recoveries Unit within the Ministry of Finance succeeded in collecting EC \$7.3-m in the period February to October, 2007.

Mr. Speaker, the **progressive** growth in current revenue allowed us to increase spending marginally by 2.0% which reflected a surplus on current operations of EC\$93.8-m or 7.2% of GDP, compared to last year's figure of EC\$60.4-m.

Indeed, this has been the period of the most rapid investment coupled with reconstruction work in the post-independence history of Grenada. Capital expenditure is expected to reach some EC\$191.5-m by December of this year. Of this amount, EC\$17.4 –m is expected to be financed from grant receipts, EC\$93.8-m from the surplus on the current account and the balance—an overall deficit of EC\$80.0-m – from net loans from domestic and external sources. As a result of this level of **progress**, our debt to GDP ratio is expected to decline from 127.1 % in 2006 to 120.0 % by the end of this year.

Clearly, Mr. Speaker, Grenada now has the foundation in place to begin **growing** even more.

But, Mr. Speaker, for real growth and development to take place, we as a Government long ago recognized that the society must be rooted in the rule of law, reinforced by the extension of the rights and liberties of citizens, including freedom of the media and access to information.

Mr. Speaker, people have often commented on my deliberate non-confrontational approach to governance. It is not that I do not at times feel the urge to confront others. It is not that I cannot respond in a confrontational manner. It is simply that I deliberately refrain because **I am committed to fashioning a more democratic approach to governance**. Coming out of the **dark** and **contentious** period of the 1980s, the society needed a breathing space. We had to get everyone to accept that in a democratic society, people must feel free to put forward their views without being threatened or feeling fearful. **Never mind that many who now enjoy the benefits of the freedom of expression now**

use it to abuse us. I am not angry. For in the words of Nelson Mandela, “*It is our light, not our darkness, that frightens us most*”.

2008 ESTIMATES OF REVENUE AND EXPENDITURE

In this regard, Mr. Speaker, I wish to record the Government's abiding gratitude to the large numbers of Grenadians who participated engagingly in the **National Consultation** exercise a few weeks ago, the insights, suggestions and recommendations from which have helped us magnificently in crafting the *2008 Estimates of Revenue and Expenditure*.

A total expenditure (including amortization) of EC\$751.7-m is provided for in the *2008 Estimates of Revenue and Expenditure*.

Of this amount, we propose to allocate –

- \$398.5-m for Current Expenditure
- \$241.7-m for Capital Expenditure
- and \$111.5-m for Amortization.

The amount of EC\$751.7-m is 18.9% above the budgeted figure for the previous year and 30.5% higher than the actual provisional outturn for 2007.

We propose to realise in the current *Estimates and Expenditure* (2008) a revenue budget of EC\$460.1-m, which is approximately 4.3 % above the budgeted figure of last year and 9.6 % higher than the actual provisional outturn for 2007.

Mr. Speaker, you will quickly realise that the EC\$398.5-m budgeted current expenditure for 2008 is 13.6 % higher than the budgeted figure for last year and 22% above the actual provisional outturn for 2007.

Despite the inevitable and non-discretionary increases in recurrent expenditure, however, we expect to realize in the 2008 financial year, a current account surplus of EC\$61.6-m representing 4.6% of GDP. The Government, in an effort to keep expenditure down, will exercise the greatest control over discretionary expenditure on such items as goods and services and external travel. To a very great extent, the current account surplus will be utilized to finance in part the Government's budgeted capital expenditure programme to the tune of EC\$241.7-m which is 7.2% higher than the budgeted figure of 2007, or 17.9% of GDP.

MACRO-ECONOMIC STABILITY

Achieving macro-economic stability has been a major priority for us, because it is a necessary condition for growth. Macro-economic policy will therefore continue to be focused on supporting an acceleration of economic growth and a sustainable fiscal balance while maintaining low inflation, which is projected at 3.9% by year-end due to increases in the cost of fuel and other related items earlier this year.

Our impressive achievements in foreign and local investment, expansion in our infrastructure, stability and growth in the macro-economy, improvements in the social indicators, and improvements in our human capital are all building blocks to a brighter future for our people.

This is the reason, Mr. Speaker, why we are focused on “**Addressing Sustainable Growth, Human Resource Development and Alleviating the High Cost of Living**”.

Agriculture and Fisheries

Project-driven and with a massive amount of upgrading initiative taking place, the agricultural sector is set to increase its contribution to GDP by some 7.3% and to record growth of 7.5% in 2008. This positive turn-around will occur despite the setbacks to the sector by hurricanes Ivan and Emily. This year, because of tangible Government support, the sector recorded real growth of 17.5%.

Because of its strategic importance to the Grenadian economy and its pivotal role in the country's Food Security Programme, the Government invested capital in the sector this year in the sum of EC\$13.8-m, an amount we will increase next year to EC\$35.1-m.

In addition, we have expended some EC\$1.8-m this year on rehabilitating Government estates, providing support for rodent eradication and subsidizing a fertilizer scheme. In the coming year, we propose to increase spending in this area to the tune of EC\$2.5-m. At the same time, we will increase loan- financing for agricultural business to EC\$8-m up from EC\$3.9-m in the current financial year.

We will bring to conclusion negotiations for the financing of the EC\$80-m **Agricultural Diversification Project**, rehabilitate the cocoa and

nutmeg sectors and expand the Food Security Programme to help reduce the high cost of living through increased domestic agricultural production.

Tourism

Mr. Speaker, the tragedy of hurricane Ivan has added impetus to Government's plans to expand the island's tourism product to bolster sustainable growth.

The fruits of the improvements and **progress** in the tourism market can be seen in the increase in total visitor arrival or head-to-bed this year, by some 18.9% over last year. Our tourism client-base is expanding.

Considerable focus will now be placed on trailblazing for Grenadian tourism as we target the critical mass in the global marketplace by, among other strategies, niche marketing and aggressively promoting Grenada and paying much more attention than we have done in the past to the enhancement of our product. This improvement in the promotion and marketing of our tourism product is expected to cost some EC\$25-m.

Mr. Speaker, I am compelled to say that there does not exist a comfortable fit between local efforts at tourism improvement and the provision of efficient regional transportation. We have, in other words, deep concerns about the performance of **LIAT** as a regional airline and the maximization of our comparative advantage from tourism. Tourism will never boom and visitors to our respective regional shores, and domestic travelers, will never attain satisfaction if **LIAT** continues to operate below the bar of efficiency. In this regard, Mr. Speaker, I repeat my earlier proposal that the time has come for OECS governments to look seriously at improving air travel in the region by a combination of air and maritime services.

Infrastructure- Building for the Future

To realize the required levels of economic and social growth, the requisite physical infrastructure is needed to facilitate development and sustainable investments. The Government has therefore devoted a significant portion of its resources, time and energy to the building, rehabilitation and upgrading of the country's infrastructural network.

We have initiated major programmes of improvement in road construction, water supply, the provision of electricity, the expansion of our telecommunications network, the rebuilding of primary and secondary schools, the construction of modern hospitals, the reconstruction of the new National Stadium and the upgrading of the major playing fields throughout the island. **These major improvements are there for all to see.**

And there is more **progress** to come in the area of sustainable growth. For come next year, the Ministry of Communications and Works will spearhead the implementation of the EC\$30.0-m Grenville Market Square project which was launched in October of this year. The Government will also spend some EC\$11.5-m on implementing the Rock Fall and Landslip Projects, reconstructing York House and several police stations. In total, we have allocated EC\$31.7-m in the 2008 budget for the Ministry of Communications and Works.

The **progress** must continue.

Mr. Speaker, those social projects grant-funded by the **Caribbean Development Bank** (CDB) to the tune of US\$2.7-m in the areas of education, health and water, and which were completed and handed over to the respective Ministries, are mentioned in the **Appendix** to my **Report** to Parliament.

Investment –Private Sector Development

I now turn to the level of investments in the productive sector, which took place last year and will continue in the year to come.

The value of loans approved this year by the Grenada Development Bank (GDB) amounted to EC\$8.7-m and for next year is expected to increase significantly to EC\$29.5-m. These loans are shared among the education, tourism, agriculture and manufacturing sectors. Similarly, Mr. Speaker, in excess of EC\$0.5-m was disbursed to 42 small and micro-businesses this year by the Micro-enterprise Fund.

Of even greater significance was the value of private investment that actually commenced operations in the country this year amounting to EC\$323-m of which EC\$233-m were in the hotel sector with the balance spread across the manufacturing and services sectors.

It is expected that within the New Year some EC\$4.0-b in investments will be approved for the country, EC\$5.4-m of which will represent investment in the manufacturing and services sectors, including the tourism sector.

This Government is serious about addressing sustainable economic growth by foreign direct investments. The most impressive foreign direct investment project to date is the **Port Louis Project** which is in progress as I speak, and valued at **EC\$1.5-b**. Upon completion, this **Project** will put at the disposal of Grenadians well over **500 new jobs**.

The employment landscape in the country will be transformed forever upon the completion of similar capital-intensive projects in the tourist sector that will see the creation of an additional 854 new hotel rooms, such as the **Bacelot Bay and Spa**, the **Grand Harbour Condominium**, the **Virgin Beach Development**, the **Point Marquis Project**, the **Cinnamon Hill Project**, the **Cariview Estates Ltd. Project**, and the **Levera Resort Project** in the northern part of the island.

These are tangible **Projects**, Mr. Speaker, that will act as catalyst for further development in agriculture, housing and commercial activity, and, of course, **employment creation**. Cumulatively, an estimated **4000** tangible jobs will be created over the next 2 to 3 years on the basis of these projects.

Mr. Speaker, the progressive economic growth of which we speak is not imaginary- it is real! Business people are investing in the major productive sectors of Grenada. The economic measures of this Administration have begun to bear fruit. We are not just shouting about fancy investment programmes and what will be done – it is happening now!

INVESTING IN OUR PEOPLE- HUMAN RESOURCE DEVELOPMENT

One indisputable fact about the record of the Government I lead is the emphasis we have always placed on social development and the building of human capital. The gains have been considerable and the results are there for all to see.

To be sure, Mr. Speaker, we are not satisfied with where we are. We have come a long, long way from the days when a few fortunate ones of us were able to fulfill our potential and receive the level of education and training of which we are capable. **But, the investment in our people has been paying off and it is time that we accept that as a fact and move up to the next level.**

Education

Mr. Speaker, the education infrastructure having suffered considerable damage by hurricanes Ivan and Emily, has seen considerable rehabilitation work throughout the year spearheaded by the **Strategic Plan for Education Enhancement and Development (SPEED 11)**. We will continue the focus on the rehabilitation of schools in the coming year while paying special attention to Student Performance, Support Services and Teacher Education. Some 30 teachers are earmarked to pursue the Diploma in Early Childhood Education programme at the T.A. Marryshow Community College (TAMCC) and countless others, including principals, will benefit from the introduction of on-line UWI degree programmes.

The record shows, Mr. Speaker, that the Government undertook the most sweeping investment in the expansion and upgrading of primary and secondary schools throughout the past year. We have also bolstered the TAMCC transforming it into the single largest tertiary institution in the OECS and Barbados turning out 2,710 graduates this year alone. And through the provision of an unprecedented number of scholarships, Grenadian students are logging on to **progress** by pursuing studies in various disciplines all over the globe from China, Mexico, Canada, Cuba and the United States of America.

For those students here at home who are in need, we have provided school books and uniforms for them through the **Needy Students Assistance Programme**, and covered the average monthly transport cost of \$52,000 for 127 students attending TAMCC from outside St. George's.

But if young aspiring Grenadians are to fully benefit by way of employment from the massive levels of private sector investment projects now underway through the length and breadth of the country, they will have to be exposed to a level of training **never before undertaken in**

the history of this country. As such, we as Government have boldly embarked on a training project for the youths of Grenada that will build their capacity for multi-sector employment with an emphasis on the skills and competencies required to be competitive in regional labour markets as well.

We propose to pursue this landmark initiative through the **Grenada Training and Employment Project (GTEP)**, wherein we will educate, train and certify thousands of our young people based on approved national and regional standards. This path-breaking **Project**, which will be implemented in two (2) phases involving over twenty (20) centres throughout the island, will promote in a serious way **employability, employment creation and entrepreneurship among the nation's youth population.**

Mr. Speaker, this **Project** is a crucial strategy in our armory of initiatives to **build** the human resource potential of our people. When fully implemented, it will be seen where we are providing the **keys** to certification of our young people, which is relevant to the modern technologically driven world, and that these are the **keys** which those who missed out on their earlier academic programme will be able to use to unlock the door of opportunity in the future.

We say confidently to our young people: **log on to the progress!**

Sports - Cricket World Cup 2007 and Sporting Service Development

Eight months ago, Grenada successfully played host to Cricket World Cup 2007 matches, the largest sporting event of its kind in the entire history of the country. We received very high ratings regionally and internationally for our efforts as host and expect to receive payment of EC\$ 6.1-m (EC\$6,170,471.40) from the International Cricket Council (ICC) as proceeds from our gate receipts.

Mr. Speaker, in the international arena of track-and-field, as in many other areas of national life, our respect continues to grow. The programme of development of sporting facilities will continue.

Government will be providing lighting facilities for at least one (1) playing field in every single constituency throughout the island so

that our young people can have somewhere to play, train and exercise well into the evenings, seven days per week, on the road to becoming better sportsmen and women and healthier citizens.

The Government will soon be signing a contract with a very well known Grenadian to provide sporting service to our athletes which will involve the development of a comprehensive Sports Development Programme. This initiative is expected to provide jobs for many Grenadians whose remit will be the training of our young people all over the country in various sporting disciplines. The preliminary phasing- in of a Sports Medicine Programme will be an integral part of this process.

Health – Care and Treatment

Mr. Speaker, we propose to continue the **progress** in the health sector by improving considerably its capabilities to deliver efficient service to the people of Grenada.

We are going to pump EC\$5.68-m in the rehabilitation of the infrastructure of four (4) major health facilities. Supported by the World Bank, Phase 11 of the refurbishment of the Princess Alice hospital will commence next year at a cost of EC\$1.7-m. The reconstruction of the Gouyave health centre will be jointly funded by the Government of Grenada and the World Bank at an estimated cost of EC\$1.9-m. Repairs will be effected to the Tivoli and Paraclete medical stations to the tune of EC\$1.96-m under the **Basic Needs Trust Fund (BNTF)**, while EC\$180,000 have been allocated to carry out extension work on the Mt. Gay Psychiatric hospital.

Phase 11 of the New Hospital Project will recommence next year as a joint venture initiative between the Government of Grenada and the Government of Venezuela at an estimated cost of EC\$14-m. Engineering consultants from the Pan American Health Organization and Cuba are currently working to redesign the structural and architectural plans to facilitate the provision of essential services.

Next year, our collective emphasis as a Government will be on the prevention of chronic diseases and controls which will include the improved management of diabetes, hypertension, cancers, asthma and the care, treatment and support of persons infected with HIV/AIDS.

SOCIAL DEVELOPMENT

Mr. Speaker, this Government is concerned with preserving the quality and texture of the social fabric of our society. Our prosperity, in some instances, seems inversely related to negative social behaviour. Perhaps this is a feature of modern life in developing societies. Social problems, however, left unchecked can be damaging for a small society like ours.

To this extent, Cabinet has accepted recommendation to increase the staff complement of the Ministry of Social Development and Housing which will take ownership of the exercise to drive the campaign for positive social change in the social relations and norms of communities, social behaviour and institutions. This effort will involve the implementation and strengthening of the Child Protection Services, The National Parenting Programme, the Geriatric and Roving Caregivers Programmes, Laws against Sexual and Physical Abuse, especially Incest, Domestic Violence, Gender Discrimination, and the Convention of the Rights of the Child.

GOVERNANCE AND ACCOUNTABILITY

Mr. Speaker, a main ingredient of good governance is the elimination of corruption. This Government does not and will never condone corruption. It is accepted that the Government must lead the way in stamping out this scourge.

As of next year, we are going to spend EC\$250,000 in the establishment of the Integrity in Public Life Commission to ensure strict transparency and accountability by all involved in public life.

We intend to spend EC\$ 200,000 in the establishment of the Office of the Ombudsman whose mandate will be to investigate individuals' complaints of the maladministration of public authorities.

The Audit Department will be strengthened as well next year to the tune of EC\$100,000.

Some EC\$2.2-m will be allocated for the retrofitting of the coast guard vessel.

Note must be taken, Mr. Speaker, that we have passed the Public Procurement and Contract Administration Act that will facilitate the Public Procurement Authority treating with ensuring that there is transparency in the awarding of contracts within the public service.

Similarly, the Finance and Audit Act will allow the audit department to be more vigilant in auditing public sector departments, statutory bodies and Government-owned companies.

Mr. Speaker, as a sovereign nation, we believe it is time that we institute a National Honours system to self-validate and recognize the contribution of Grenadians at home and abroad, to every facet of national life in the process of building our nation and shaping our society. With the passage of the **National Honours Act** into law, we propose, for the first time, at our next Independence celebrations, to recognize appropriately our citizen's contribution to nation building in various fields of endeavour, and to reflect and consider recognition for national hero status, past and present.

NATIONAL SECURITY

Government will continue to strive for a crime-free society. Thank God, as a society we are not inflicted with the scourge of crime and violence to the same degree as some other countries. This is a welcoming feature of our national life since investors will always look to invest their vast resources where law and order work to effectively make countries and communities safe.

Despite our comparably low threshold of crime and violence, however, we will remain vigilant in our efforts to protect our borders against the threat of terrorism and equip our security service personnel to fight drug and alcohol abuse, the creeping gang-culture and domestic violence.

In aiding this process, the Government intends to embark upon a major recruitment drive to attract 170 new recruits into the police service over the next year bringing it closer to new levels of efficiency and competence, and to increase by EC\$5-m the budgetary allocation to the police.

We have increased the salary and fringe benefits of our policemen/women and prison officers for the period January 2008 to December 2012 and January 2006 to December 2009, respectively. The increase in the salary of our police constables represents a raise of 1.9% which will see their monthly salary move from EC\$21,372 per month in 2006 to EC\$23,556 per month in 2008, reflecting a monthly increase of EC\$283.00 and a total back pay package of EC\$2,280.00 for 2006 and 2007.

The increase in salary and fringe benefits for prison officers and the police, which includes new death and funeral benefits for police men and women, will be accompanied by improved working conditions. The police service will further benefit from increased training and further modernization with greater reliance on intelligence-driven and scientific methods of law enforcement.

Mr. Speaker, permit me to say a few words about our public sector workers.

As a Government, we recognize that since the Public Workers Union started wage negotiations with us for salary increases for the period January 2006 to the 31st December, 2008, the cost of living have been increasing through no fault of the Government and that many of its members are currently faced with cost-of-living related difficulties. The package of salary increases agreed on between the leadership of the Union and the Government have some very attractive benefits. But the protracted nature of the negotiations is preventing workers from enjoying the said benefits to be had from the salary increases which would cushion their experience with the rising cost of living significantly. We care for our employees and is sensitive to their plight.

As such, we are prepared to intervene even further in helping our employees to cope with the rising cost of living by exploring a number of options, including discussions with the banks for a reduction in the interest rates for the mortgages of public sector workers, making available to them at concessionary rates some of the houses now being built, and a possible raising of the threshold of the National Reconstruction Levy (NRL), among other considerations.

We would hope that given our willingness to reach an agreement that our teachers and public officers will sign their salary negotiations with the Government hopefully by early 2008.

Mr. Speaker, in respect of the Pension System to provide for a pension for Public Officers who were appointed to the Service on or after the 4th of April 1983, I would wish to advise the House that Government awaits the findings of the Actuary and Pension Planner from the firm of Bacon Woodrow and De Souza out of Trinidad who has been retained to examine the implications of various pension schemes, recommend an appropriate one for Grenada and suggest proposals for its financing. The report of the Pension Planner should be completed by next year February.

DISASTER MANAGEMENT

Mr. Speaker, my Government continues to educate Grenadians about disaster preparedness and provide the necessary resources to best prepare the country for the inevitable. Given our experience of hurricane Ivan and the lessons we learnt from it, the issue of our capability for disaster-management and our adaptability to the challenges of re-construction after such disasters, continue to receive praise and attention from regional and international bodies wishing to learn more about our successful disaster-management model.

We continue to be invited to international conferences worldwide to address the issue of disaster-management in the context of climate change, and I wish to commend wholeheartedly the National Disaster Management Agency (NaDMA) and its community network of volunteers, and also the private sector and all relevant agencies, for the tremendous job of work in maintaining Grenada's efficient response capability to natural disasters and our improved methods of preparedness at the grassroots community level. The Government has every intention to further improve our capability for disaster management.

THE HIGH COST OF LIVING – MOBILIZING THE NATIONAL WILL

Mr. Speaker, Grenadians are hurting because of the rising cost of living. It has been very difficult for many to cope in face of the sudden rise in the

cost of the items in their basic food basket. We are not the worst affected by high prices among OECS countries since the average price per pound in Grenada of selected items like **brown sugar, brown rice, chicken wings, cheddar cheese, flour and full cream milk** is the lowest relative to other OECS countries such as Dominica, St. Lucia, St. Vincent and the Grenadines and St. Kitts.

The average price for these items in Grenada is EC\$4.50 compared to EC\$6.41 in Dominica, EC\$4.60 in St. Lucia, EC\$4.61 in St. Vincent and the Grenadine and EC\$5.46 in St. Kitts.

Truth to tell, we would have liked if there was bi-partisan agreement nationally on the **reasons** for the rising cost of our oil import bill, petroleum product increases and the rise in the price of staple food items. But this is not the case.

Thankfully, the average Grenadian understands the problem. Given the borderless information -age in which we live, they have come to appreciate that the burden of higher prices is not the fault of the Government. They know that the source and circumstance of the dramatic rise in the cost of goods and services throughout CARICOM is externally driven by events in the global environment.

The high cost of oil and other factors have increased the cost of living for everyone, but especially for those persons who are low income earners. Food, bus fares, electricity, petrol and petroleum products have all increased putting further pressure on struggling mothers, the dispossessed, the disabled, senior citizens, minimum wage earners, the youths on the block, and other vulnerable groups.

Coming so soon after we took the hit from hurricanes Ivan and Emily which landed our economy flat on its back, this is truly a testing time for us, as for all the other inhabitants in CARICOM. This is why as a Government, we not only support the decision of the Monetary Council of the ECCB to recommend strategies for price reduction in our region, but in addition , I have requested that a special meeting of all CARICOM Heads be convened at the earliest possible time to discuss this burning issue. My proposal has received the favourable response of the Governments of Jamaica, St. Kitts/Nevis, Dominica, Guyana and

Trinidad and Tobago. Guyana has agreed to host this meeting which, it was agreed yesterday, will be held on Friday, December 7th, 2007.

SPECIAL INITIATIVES IN 2008

(a) Removal of Custom Service Charge

That is why, Mr. Speaker, after brain-storming the specifics of a relief package, the Cabinet decided last month to remove forthwith the Custom Service Charge on bulk milk imported by the MNIB which in turn led to a price reduction on a pound of bulk milk from \$11.95 to \$10.85, and why we have asked the major importers, beginning in June of this year, to reduce their mark-up on those items purchased mainly by the poor -- cheese, chicken, cooking oil and baby milk.

We wish to thank and compliment the private sector for its positive role in this initiative and to express our wish that we can work together in similar fashion in the future in the national interest.

(b) Free Milk Programme

Simultaneously with the above initiative, we have decided to introduce, as of next month, a free milk distribution programme targeting homes with needy and vulnerable children under 15 years of age. Some **1,800** families are expected to benefit under this programme, with the capacity for more families benefiting later in the New Year.

(c) Food Basket Distribution Scheme

Mr. Speaker, I am pleased to announce to this Honourable House the introduction of an emergency **Food Basket Distribution Scheme** at a cost of **EC\$8.0-m** which will last for one (1) year in the first instance as part of the Government's relief package in face of the spiraling cost of living. The emphasis, Mr. Speaker, is on **emergency need**.

Under this cost-of-living assistance programme, beneficiaries within the neediest households in Grenada will, on a monthly basis, receive milk, sugar, rice, chicken and oil in their emergency **Food Baskets** on the basis of a Risk and Vulnerability Assessment undertaken by the Ministry of Social Development and Housing that takes into account considerations of **consumption pattern**.

(d) Old Age Pension

Mr. Speaker, when the New National Party (NNP) formed the Government in 1995, we discovered that one of the most negatively affected groups, old age pensioners, were receiving a meager pension of only \$50.00 per month under the **Old Age Pension Scheme**. As a **progressive** Government, this proved unacceptable to us.

Under the instruction of the Cabinet, the Public Assistance unit in the Ministry of Social Development and Housing, increased, first of all, the number of beneficiaries under the **Old Age Pension Scheme** to 5000 and then increased commensurately their allowance upwards to EC\$130 per month. But there is no **stopping the progress**. We intend, without apology, to do more for our senior citizens in need.

It is the unanimous decision of the Cabinet, therefore, Mr. Speaker, that starting next January, old age pension in Grenada will be increased from the current level of EC\$130 per month to EC\$150 per month to be accompanied by an increase in the pool of beneficiaries from 5000 to 6000 persons.

This is the example of a Government stepping with progress!

(e) Free Transportation for School Children

We are going to act decisively and fulfill our promise to provide free transport to school for all children of secondary school age whose parents, upon proof, cannot afford the bus fare to send them to school. Let me be very clear on this. This is not meant to be a welfare programme based on the principle of hand-outs. Those parents who can afford the bus fare for their children ought to be responsible and pay. This programme is for those parents who show genuine difficulty in meeting the bus fare needs of their children attending secondary school anywhere in Grenada.

We plan also to expand the school feeding programme for students across the island. In addition, more persons are going to be made eligible beneficiaries under the Free Medicine and Free Water programmes of the Ministries of Health and Finance, respectively; and we will move early next year, full speed ahead, to providing a **free transportation system for the elderly**.

(f) Stimulating Agricultural Production

In as much as we have been able to devise a cost of living relief package, we are respectful of the recommendations that arose from the 2008 Budget **National Consultation** meeting held a few weeks ago. We share the Consultative view that increased domestic agricultural production is a **progressive** solution to tackling the high cost of food. It is in Grenada /Grenadians best interest to produce more of what we eat and eat more of what we produce.

[i]

Guided by the recommendations of the recent **National Consultative** meeting to reduce food prices, therefore, the following measures have been decided:

- We **will** expand the country's irrigation programme. Using the Food Security Programme, the Government will subsidise the cost of irrigation equipment to all interested bona-fide farmers in the country.
- We **will** expand the existing fertilizer programme by reducing the price of fertilizer to our farmers.
- We **will** reduce the cost of poultry and pig feed in collaboration with Caribbean Agro Industries.
- We **will** continue to distribute high quality goats for milk production.

[ii] Mr. Speaker, this Government will spare no effort in encouraging Grenadian families to exercise budget-management and food purchasing strategies so as to better cope with the burden of high prices. We encourage the use of the expertise within the **Grenada Food and Nutrition Council (GFHC)** and the special **Food and Budget Counseling Desk** of the Ministry of Planning and Economic Development.

[iii] Duty Concessions

Since hurricane Ivan has marginalized considerably bona fide operatives in the agricultural sector causing many to suffer hardship, together with the need to stimulate local agricultural production, grow what we eat and eat what we grow to reduce dependence on imported food and aid in alleviating the high cost of living, the Government is of the view that the time is right to grant a **100 % duty and tax concession** (excluding

Customs Service Charge) for two years on the importation into Grenada of trucks and pick-ups for use by bona fide farmers in the agricultural sector of the economy. The mechanisms for implementation will be announced shortly and the policy will be subject to review after the first two years.

Hotels in the tourism sector will benefit considerably from this initiative as they come to rely more on local food crops.

Local taxi operators serving the hotels, airport and the general public, are being encouraged to improve their fleet of taxis to complement the several multi-million dollar projects coming on stream in the tourism sector with the promise of increased foreign exchange earnings and significant employment generation. Discussions with the sector along this line so far, have proven fruitful. There is now a new **Grenada Taxi Council** comprising the four taxi associations in the country.

We want to see new and more user-friendly taxis in operation that visitors, returning residents and locals alike will find pleasurable. Given this, the Cabinet has decided that effective next January and for a period of two years, all vehicles imported by the **Grenada Taxi Council** will attract a **duty and tax concession of 100% minus** the Custom Service Charge. A **Memorandum of Understanding** is soon to be signed between the Government and the **Grenada Taxi Council** indicating the types of vehicles to be imported.

The Government considers that the lynch-pin to dealing with the everyday reality of the rising cost of living due to the rise in our energy bill has to do with mass transit or ground transportation. In the past we have assisted local bus operators to cope with the impact of the high cost of fuel by granting them General Consumption Tax (GCT) concession on the importation into Grenada of buses, which reduced their costs. We are prepared to revisit the issue of yet further concessions for our bus operators once they can organize themselves.

Any further concession to bus operators, however, will have to be tied to a lowering of bus fares for the commuting public. An efficiently run bus service in Grenada that encourages the owners of motor vehicles to park their cars and ride the buses could lower the country's energy bill by some

25%. Government will initiate discussions for a further round of concession for bus operators in the context of this possibility.

LET THE PROGRESS CONTINUE

Mr. Speaker, this Budget Presentation reflects the non-partisan policy approach of the Government and the heavy emphasis on national development. It considers the interests of all sectors of the Grenadian society conscious that in our **progress** we remain one people under God.

In summary, Mr. Speaker, the record of our **progress** these past twelve (12) years as a Government and a nation is there for all to see. A record born out of our vision to create a better, more prosperous Grenada. Our **progress** is reflected in the facilities we have created for the advancement of our young people in every aspect of their development-recreation, education and training, employment and entrepreneurial development.

This is why we are spending EC\$8.0-m upgrading the playing fields and on hard court construction in the country and putting in lighting facilities in at least one playing field in every constituency. **Let the progress continue.**

It is our vision for the total development of our young men and women in response to global competition that led us to conceptualise the **Grenada Training and Employment Project (GTEP)** costing EC\$10.0-m. **Let the progress continue.**

No Government before has done more to prepare our youth to be ready to fill the jobs that will be coming on stream as the economy expands. We will spend EC\$11.0-m for the National Youth Training and Employment Project. **Let the progress continue.**

No Government in the history of Grenada, staring at the consequences of two hurricanes some ten months apart, has devoted more resources to providing access to education for our people- basic or pre-schools, primary schools, secondary schools, a tertiary college. Our vision and commitment is there for all to see. **Let the progress continue.**

As part of our bold plans for national development, we have completed and handed over 2 medical stations and 4 pre-schools at a cost of EC\$2.8-m. **Let the progress continue.**

We have transformed the Grenadian economy so that it experienced real growth this year of 3.1% and created approximately 9,400 new jobs between January 2005 and September 2007 primarily in the manufacturing, agricultural and tourism sectors of the economy. **We have done this so that the progress will continue.**

We are committed to the prosperity of our farmers and spending EC\$2.5-m next year up from EC\$1.8 on the **Agricultural Recovery Programme** geared towards subsidizing our fertilizer scheme, rehabilitating government estates and eradicating rodents. **We are doing this so that the progress of our farmers can continue.**

More than 49 of our fishermen received soft-loans throughout the course of this year to the tune of EC\$670,000. **Let the progress continue.**

The agricultural sector's contribution to GDP was 7.3% this year and is projected to grow by 7.5% in the coming year. With Government support, the sector has grown by 17.5%. **Let the progress continue.**

Government has pumped EC\$13.8-m into the agricultural sector in 2007 but will increase the amount to EC\$35.1-m in 2008. **Let the progress continue.**

We will conclude negotiations in the coming year for the **Agricultural Diversification Project** at a cost of EC\$80-m. **Let the progress continue.**

We are going to expend EC\$25-m in the coming year to target the considerable critical mass in the global tourism market-place who considers Grenada a destination of choice. **Let the progress continue.**

We have attracted well in excess of **EC\$4-b** in foreign direct investment in the tourism sector that will provide approximately **4000 new jobs** over the next 2-3 years. And there is still more investments to come. **Let the progress continue.**

This Government is providing more health facilities and we are going to invest EC\$5.68-m in the rehabilitation of the infrastructure of four (4) major such facilities.

Let the progress continue.

The Government has spent millions of dollars to cushion the effects of poverty on our citizens. Given the rising cost of living we are going further to spend EC\$8.00-m on the emergency **Food Basket Distribution Scheme** as part of a relief package. **Let the progress continue.**

We have increased the pension threshold for our golden-agers from EC\$130 per month to EC\$150 per month and added an additional 1000 beneficiaries to the current list of 5000. **Let the progress continue.**

In the current financial year capital expenditure reached EC\$191.5-m and our debt to GDP ratio declined from 127.1% in 2006 inching downward towards 120.0% by the end of this year. **Let the progress continue.**

Approximately 1000 new houses will be built in the New Year and beyond. Five hundred (500) dwellings will be funded/ or built by the Government of Venezuela while the Government of the People's Republic of China will build exclusively approximately an additional 500. **Let the progress continue.**

Grenada's enterprising young people will be assisted by the Government in establishing their own businesses via the Small Business Development Fund to the tune of EC\$2.0-m. **Let the progress continue.**

The Needy Students Assistance Programme, the School Feeding Programme, our Farm Roads Project and our Fishing Industry Fund, will all receive considerable budgetary support from Government in the coming year. **We are doing this so that the progress of our people can continue.**

We are going to provide 100% duty and tax concession to farmers and taxi operators to aid in the struggle to lower the effects of the rising cost of living on the citizens of Grenada, and enhance our foreign exchange capacity. **Let the progress continue.**

And for the first time in the history of modern Grenada, Government is going to provide budgetary support to the tune of **EC\$500,000.00**, as a faith-based initiative, in support of grassroots church-based programmes specifically geared towards youth empowerment by way of skills training, values and attitudes education, conflict resolution and community development. This initiative will be non-denominational and treated as a Pilot-Project for the first year. Given its success, Government will consider increasing support for it in future budgets. **Let the progress continue!**

VISION FOR THE FUTURE

Mr. Speaker, I have tried to give my fellow Grenadians an account of the stewardship of the Government, which I have had the honour to lead. I have tried to do this within the shortest possible time.

It can hardly be doubted that the searchlight of the media has been trained on this Administration to an extent that has been experienced by no Administration that has preceded it. But I accept this as part of the cut and thrust of the participatory democracy which the Party I lead has always held to be an integral part of its philosophy. We are consoled by the words of Nelson Mandela, who in 1994, said:

**“As we are liberated from our fears,
our presence automatically liberates
others”.**

The New National Party (NNP) administration place a very high premium on personal liberty and individual freedom. The state today exists to facilitate human **progress** and happiness through the liberation of the creative potential of the people.

Mr. Speaker, my proudest moments as a Grenadian and Prime Minister visits me whenever I see the hundreds of young Grenadians making use of the opportunities before them to “step up in life”. I look at them and I see the reflection of myself. My soul flutter with sweet joy when I see ordinary Grenadian men and women opening businesses for themselves and taking their rightful place at the table of opportunity and success. I am able to withstand the fiercest of onslaught from the most tribalistic quarter, when I see our teachers, such as they did after hurricane Ivan,

standing steadfast in defence of the **Kingdom of the mind** of our little children. Children who look like me with books in their hands, only needing to enter the gateway of educational opportunity open for them to realize their dream.

I am mightily pleased, Mr. Speaker, when I see our young adults taking up the numerous scholarships available to them in pursuit of study to become doctors, engineers, accountants, lawyers and scientists. And I am equally proud when I see Grenadians, from dock workers to public servants, playing their part in advancing the welfare of the society.

I see myself in all these persons and easily identify with them. For I too am from humble beginnings who once walked with books in hand as a child towards realizing my dream for an education. Today, I am happiest when I am among the majority of the people with whom I share a common bond of history.

The NNP Government have accepted the mantle of leadership of this country with humility and quiet determination never to break faith with the ideals and the vision bequeathed to our generation; a determination which propels us to create a more equitable society where every man, woman and child is given the opportunity to realize their potential.

Our record has demonstrated that we have in fact kept the faith.

Today I reaffirm our solemn commitment to remaining faithful to the vision, values and beliefs with which we started this exciting journey. We are guided in our belief by the knowledge that **“What we are is God's gift to us. What we become is our gift to God”**.

I reaffirm the commitment of my Government to a renewed covenant of service to our people.

Yes, we have made errors of honest intention. But history will prove that they pale in comparison to the outstanding successes and fine record of achievements. We stand on the wisdom of Proverb 3:5,6:

“Trust in the Lord with all your heart; and don't lean on your own understanding. In all

things acknowledge him, and he shall direct your way”.

We pity those, even within this Honourable House, who would reject the power and significance of the Almighty in all we do. We direct them to James 5:16-

“Confess your faults one to another, and pray one for another, that ye may be healed”.

Mr. Speaker, there is still more to be done before we can claim to have accomplished the final challenges of economic independence.

But we can claim without arrogance that in a world where change is as radical and as constant as never before in human history, we have begun the process of transforming the Grenadian economy so that the transformation is now irreversible and Grenada is better prepared to successfully ride the waves of globalization. We have come a far way in improving the quality of life of our people.

As agent of **positive change** in our land, my Government has had the vision and the commitment to bring us to this stage of development. We are now ready to proceed to the next exciting phase of our growth as a nation and a people.

This, then, is our pledge to the Grenadian people

- That we will not rest as we continue along the path of **progress** and lead the way for all to achieve our dreams and our ambitions for Grenada and for ourselves.

May God bless Grenada as we continue the **progress** towards addressing sustainable growth, human resource development and alleviating the high cost of living for the benefit of all our people. In the words of Brian Littrell, we say to all Grenadians at home and abroad:

“Shoot for the moon. Even if you miss, you'll land among the stars”.

APPENDICES

Appendix 1

The Caribbean Development Bank (CDB): 2007 Grant-funded Projects handed over to various Ministries

- **Woburn Medical Station**
- **Mt. Rich Pre-School**
- **Pearls Pre-School**
- **Hillsborough Pre-School**
- **Mt. Pleasant Medical Station**
- **Petit Martinique Pre-School Washroom**

On-going Projects

- **The Green Street Pre-School**
- **River View Child Development Centre & Pre-School**
- **Hillsborough Child Development Centre**

CDB approved Projects for implementation in 2008

- **La Digue Pre-School**
- **Paradise Pre-School**
- **Grenville Pre-School**
- **Victoria Pre-School**
- **Tivoli Pre-School**
- **Paraclete Health Centre**
- **Cozier Water Project**

APPENDIX 2

List of Governments and Institutions that provided financial, economic and technical assistance to Grenada during 2007.

The Government of the People's Republic of China
The Government of the Republic of Trinidad and Tobago
The Government of the Republic of Cuba
The Government of the Republic of Venezuela
The European Union
The Government of the United Kingdom and the Department for International Development
The Government of Canada and the Canadian International Development Agency
The Government of France
The Government of the United States of America and the United States Agency for International Development (USAID)
The Government of Belgium
The Caribbean Development Bank (CDB)
The Kuwaiti Fund for Arab Economic Development
The United Nations Development Programme (UNDP)
The United Nations Children's Fund (UNICEF)
The United Nations Environmental Programme (UNEP)
The Food and Agriculture Organisation (FAO) of the United Nations
The Federal Republic of Germany
The Organisation of American States (OAS)
The Inter-American Institute for Co-operation on Agriculture
The World Bank Group
The International Monetary Fund (IMF)
The Eastern Caribbean Central Bank (ECCB)
The CARICOM Secretariat
The Caribbean Export Development Agency
The Organisation of Eastern Caribbean States (OECS)
The Commonwealth Secretariat and Commonwealth Fund for Technical Cooperation
The Caribbean Regional Technical Assistance Centre (CARTAC)

