

GRENADA 2001 BUDGET SPEECH

PRESENTED BY

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To The House of Representatives

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“Towards a Knowledge-Based Economy with Equity”

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1.0 INTRODUCTION

Mr. Speaker, I stand to move the following Motion, standing in my name which reads as follows: "whereas it is necessary to provide for the State of Grenada for the year 2001 by means of an Appropriation Act, be it resolved that the Estimates of Expenditure for the year 2001 be approved".

Mr. Speaker, permit me to commence the 2001 Budget Presentation by offering praise to the Almighty God, the Creator of the Universe, and the Giver of "every good and every perfect gift", for his guidance and strength in the past fiscal year.

Allow me also to take this opportunity to extend to every Grenadian, at home and abroad, the very best wishes for the New Year.

Mr. Speaker, I also wish to place on record my appreciation of Prime Minister, Dr. the Honourable Keith Mitchell, other members of Cabinet and indeed, the entire Government for their support in what has been a challenging year of mixed fortunes. There were many accomplishments, for which we are justifiably proud. However, there were also a few shortcomings for which we must take appropriate corrective actions.

Mr. Speaker, it seems like only a few short months ago, that I stood in this Honourable House to deliver the 2000 Budget.

In actuality, that was more than one year ago, and although this is a very short time in historical terms, I do believe it is an appropriate time to review the "first mile" of our journey into the New Millennium.

It would be recalled that in his Millennium Address to our Nation on December 31, 1999, our Prime Minister, Dr. the Hon. Keith Mitchell, articulated his vision for our beloved Country and designated the first decade of the New Millennium as the **Knowledge Enhancement Decade**. In keeping with this vision, the theme for the 2001 Budget Presentation is "**Towards a Knowledge-based Economy with Equity**".

Mr. Speaker, the rapid rise of the global knowledge economy has created a knowledge gap. It is now widely accepted that the key determinant of the competitiveness in small countries such as ours, is the narrowing of this knowledge gap.

In this regard, several steps have been taken by this New National Party (NNP) administration to reposition our economy, to take advantage of this new emerging situation. These include, the successful computerization of our Secondary Schools; the training of approximately one thousand (1000) Grenadians in Computer Literacy and the Introduction of Educational Software Programmes in selected subjects in our secondary schools.

As a result of these and other initiatives Grenada was able to attract a number of information-based industries and telemarketing operations.

Mr. Speaker, a major undertaking planned for this year, will be the launching of a broad-based Information Communication Technology Council, and the preparation of an Information Communication Technology Plan. Additionally, plans are well advanced to fully computerize all of our primary schools, as well as all Government Ministries and Departments. The overall objective is to involve all of our citizens in this Technological Revolution.

Mr. Speaker, I now turn to the external economic environment.

2.0 THE EXTERNAL ECONOMIC ENVIRONMENT

Mr. Speaker, the most adverse development in the world economy during the past year was the sharp rise in the price of oil on the world market. Crude oil prices rose to an all-time high of US\$38 per barrel in September 2000. This represented a significant shock to the world economy, paralleled only by the oil shocks of 1973 and 1979.

The rise in oil prices was directly attributed to the deliberate action of the Organisation of Petroleum Exporting Countries (OPEC) to keep production relatively low over an extended period of time even in the face of increased demand from the US and European economies.

Activities in the international financial services sector continued to grow but not without difficulty. Several countries including Grenada found themselves listed by the OECD as tax havens.

Most of the year therefore, was spent improving and upgrading the legal and regulatory framework for this promising sector, given its importance in the economic diversification thrust of our Region.

On a brighter note, 2000 may well be regarded as the year of deregulation for the telecommunications industry. The OECS, under the OECS Telecommunications Reform Project supported by the World Bank, established the Eastern Caribbean Telecommunications Authority (ECTEL) to regulate the provision of telecommunications services in the sub-region. This is a most important development with positive far-reaching implications for our Region's external competitiveness, and Grenada's goal to be a knowledge-based economy.

Mr. Speaker, I now turn to developments in our domestic economy.

3.0 REVIEW OF GRENADA'S ECONOMIC PERFORMANCE FOR 2000

3.1 Macro-Economic Review

Mr. Speaker, for the period 1995-1999, the local economy grew at an average rate of 7% compared to a 2.3% average growth rate for the OECS as a whole.

Preliminary data indicate that economic activity in Grenada remained buoyant in 2000, with real growth in GDP estimated at 6 percent. This was above the 5 percent target for the year. Growth in the domestic economy was sustained primarily by increased expansion in the construction and tourism sectors, as well as in the traditional and non-traditional agricultural sector.

In this regard, Government's commitment to the development of the Agricultural Sector continued to pay dividends. Banana production was up by 35.6% to 1.7 million pounds reflecting the continued success in the implementation of the Banana Rehabilitation Plan.

Production of cocoa increased by 23 percent to 2.6 million pounds, consequently, the value of export earnings increased from \$3.8 million to \$4.7 million. Earnings from export of nutmegs and mace increased to EC\$39.1 million. This was primarily due to an increase in export price from \$3.75 per pound to \$4.37 per pound.

There was also an increase in the volume of fish landed to 3.9 million pounds, with export earnings of approximately \$9.6 million.

Mr. Speaker, the resurgence of the fishing industry is encouraging after the difficulties experienced with the "fish kills" in 1999.

In the Tourism Sector, stay over visitors increased by 9.4%, to 137,048.

Export of manufactured goods increased by 11.9 percent, from \$64.3 million in 1999 to \$72.0 million in 2000. Principal export items included electronic components, flour, wheat bran and animal feed.

In the construction sector, the number of building permits issued by the Land Development Control Authority increased by 9.2% from 411 permits issued in 1999 to 449 issued in 2000. Building material sales increased by 6.4% to EC\$31.5 million.

The performance of the construction sector was also boosted by the significant level of public sector infrastructural activities that took place in the year 2000. Total public sector investment amounted to \$158 million, approximately 40.7 percent more than in 1999. Major infrastructural projects implemented in 2000 included Emergency Works Project, the Western Main Road Pipeline Project, and the Carriacou Multi-project.

Prices and Wages

The rate of inflation as measured by the Consumer Price Index was 2.2 percent in 2000 compared to 0.5 percent in 1999.

This slight increase was attributed to higher prices for fuel and oil-based products, resulting from the global increase in oil prices, a condition over which we have no control.

Mr. Speaker, it must also be remembered that the increase in prices took place in the last quarter of the year, which means that for the nine months of 2000 domestic prices were relatively low.

On the other hand, it must be noted that it was during the same period of the price increase that Government paid out approximately \$4.4 million in back pay to established and non-established workers in the Public Service. This increase in income impacted positively on the real wages of workers, thereby reducing the negative effects of the increase in oil prices on the purchasing power of consumers.

Employment

Mr. Speaker, data from the Central Statistical Office indicate that the national unemployment level dropped from 12.5% at the end of December 1999 to 11% at the end of December 2000.

In addition, data from the National Insurance Scheme revealed that in 2000 a total of 4,624 persons registered with the Scheme for the first time. This was substantially higher than the number of newly registered employees for 1999. To the extent that some of these newly registered employees represent individuals seeking employment for the first time, it is obvious that there was a substantial increase in employment generation in 2000.

This point is further demonstrated, when one analyses the age distribution of the newly registered employees. In this regard, 25 percent of the newly registered employees were under the age of 20, while 35 percent were in the age group 20-24 years. This means that many of our young school leavers are absorbing most of the newly created jobs in our economy.

Mr. Speaker, this is a most satisfying development for any government or country.

Mr. Speaker, you would recall, during my previous budget presentation I announced that this Government is working assiduously to reduce unemployment to single-digit figures within two years. The current estimates put unemployment at 11%. Moreover, there have been several major developments since this estimate. It is, therefore, likely that the national unemployment rate is now below 10%.

National Savings

Mr. Speaker, personal loans for the purchase of land and homes increased by 14.2% from EC\$279.9 million in 1999 to EC\$319.5 million in 2000. Bank deposits increased by 16.5% to \$1.2 billion largely influenced by savings and time deposits. Time deposits increased by 14.4% moving from \$300.0 million to \$342.8 million, while savings deposits increased by 13.0% moving from \$537.0 million to \$606.8 million in the year under review. These are all symptoms of a growing economy!

Utilities

In terms of the Utilities, international telephone minutes increased by 49.2% from 6.6 million minutes to 9.9 million minutes. The quantity of electricity generated increased by 12% from 116.7 million Kilowatts per hour to 131.3 million Kilowatts per hour (Kwh) with electricity consumption recording a 13.5% increase relative to 1999. Water production increased by 5.7% to 2.6 billion gallons.

Government Fiscal Operations (Public Finances)

Mr. Speaker, Government's revenue collections in 2000 amounted to \$313.7 million or 98% of the budgeted estimate for 2000. This represents an increase of 15.8% over 1999. Current expenditure totalled \$266.6 million or 98.2% of the 2000 estimate.

Consequently, for fiscal year 2000, Government achieved a current account surplus of \$47.1 million compared with \$50.4 million in 1999.

I am pleased to report that fiscal year 2000 marked the fourth consecutive year that Government has recorded a current account surplus on its fiscal operations. This surplus of \$47.1 million or 5.4% of GDP compares favourably with our fiscal target of a current account surplus of at least 3.5% of GDP.

Capital expenditure of \$158 million in 2000, was financed by the entire current account surplus of \$51.4 million, capital revenue of \$3.7 million, external grants of \$35 million and external loans of \$48 million.

4.0 MEDIUM TERM PROSPECTS

Mr. Speaker, according to IMF projections, global growth is expected to be sustained at about 4%. However, a slow-down in the US economy, and prolonged high oil prices, could adversely affect this projection.

On the domestic front, prospects for the Grenadian economy in 2001 and into the medium term are encouraging. In fact, both the Eastern Caribbean Central Bank (ECCB) and the International Monetary Fund (IMF) project strong economic performance with a growth rate of 5.0 percent, which is above both the CARICOM and World averages.

This growth projection is based, in part, on continued expansion activities in the construction sector where several major public and private sector projects are also due to come on stream.

Mr. Speaker, improved performance is also expected from the agricultural and tourism sectors with growth rates of 4% and 7% respectively.

The contribution of the manufacturing sector to Gross Domestic Product is expected to increase over the medium term with the expansion of industrial operations at Frequente, and subsequently, the establishment of a number of industrial centres throughout the State.

Mr. Speaker, it is important to note that in 1995, the contribution of the manufacturing sector to GDP was 6.6% compared to 7.9% in 2000.

Over the past three years, we have witnessed significant growth in this sector to the extent that in 2000, the value of manufactured exports was \$79.1 million.

Mr. Speaker, under this Administration, the manufacturing sector has come alive and is now playing an increasingly important role in our economy both in terms of employment and exports. The efforts of several of our local manufacturing companies must be highly commended.

With the relative peace and political stability that characterise the present economic climate, a major objective of Government is to sustain the economic growth achieved over the last three years. It is with this in mind that the 2001 Estimates were prepared.

I now turn to the Estimates of Revenue and Expenditure for Fiscal year 2001

5.0 2001 ESTIMATES OF REVENUE AND EXPENDITURE:

Mr. Speaker, the 2001 Budget seeks to address not only Government's plans and programmes for the current year, but more importantly, as articulated in my Budget Presentation of 2000 and the Medium Term Economic Strategy Paper 2000-2002, to build on the platform established for sustained growth and poverty eradication.

In furtherance of these objectives, the 2001 Budget provides for a total expenditure of \$525.2 million distributed as follows:

- Recurrent Expenditure: \$332.8 million
- Capital Expenditure: \$192.4 million

Mr. Speaker, of the \$332.8 million in recurrent expenditure, 45 percent will be used for the financing of salaries, wages, pensions, and gratuities.

Recurrent revenue for 2001 is estimated at \$337.2 million, this includes \$166.1 million from Customs and Excise and \$123.5 million from the Inland Revenue Department.

A current account surplus of \$48.9 million (less amortisation) is therefore projected.

The following is a breakdown of Capital Expenditure by major sectors:

Sector	Allocation (\$million)	Percentage of total
Physical Infrastructure	80.0	41.6
Agriculture	22.8	11.9
Tourism	13.4	7.0
Health	15.5	8.1
Education	19.5	10.1
Youth, Sports and Community Development	4.2	2.2
Other	37.0	19.1
Total	192.4	100.0

Mr. Speaker, of the \$192.4 million budgeted for capital expenditure, \$113.6 million or 59 percent will come from external sources, while the remaining \$78.8 million or 41% will be financed from local revenues. Of the \$113.6 million in external financing, \$51.7 million represents grant financing while \$61.9 million will be funded through loans.

Mr. Speaker, I now move to the Capital Expenditure Programme for 2001.

6.0 CAPITAL EXPENDITURE PROGRAMME FOR 2001

6.1 Communications and Works

Mr. Speaker, Government recognises that a well-developed economic infrastructure is necessary to promote domestic economic activity and attract and optimise foreign investment. Never before in the history of this Country have so many infrastructure works been commissioned, undertaken and completed – major roads, concrete roads, air and sea ports expansion, stadium, and ministerial complex to name a few. These are investments for our generation and the next.

Mr. Speaker, it is, therefore, not surprising, that for this and other reasons, the Grenadian economy has been the fastest-growing economy in the OECS over the past three years.

Mr. Speaker, the development of infrastructure will remain a high priority. Several major projects will continue, or commence in 2001. Consequently, \$80 million have been allocated to infrastructural development in 2001 as compared to the \$73 million spent in 2000.

The Ministry of Works must be highly commended for the improved rate of implementation that approximated 80% last year.

The major infrastructural projects for 2001 will include:

1. Road Maintenance Programme - \$14 million
2. Emergency Works (Disaster Rehabilitation) - \$9.0 million

3. Secondary Roads - \$10.0 million
4. Carriacou Multi-Project - \$9.7 million
5. ROC/GOG Multi-Project - \$7.0 million
6. Water Supply - \$5.5 million.

6.2 Agriculture and Fisheries

Mr. Speaker, the structure of Grenada's economy is changing on account of the rapid growth of the Services sector. In 1990, the Services Sector accounted for 53.2% of GDP. By the end of 2000, it accounted for approximately 70%. In contrast, Agriculture accounted for 46% of GDP in 1960, compared with 13% in 1990 and 8% by the end of 2000.

Mr. Speaker, the relative decline of Agriculture's share of GDP is a normal occurrence in a developing country. Grenada is no exception. Nonetheless, the agriculture sector will continue to be an important pillar of our economy for several socio-economic reasons.

Not the least among these reasons are the urgent need for domestic food security and the need for strong linkages with our growing tourism sector.

In this regard, the broad goal of Government is to place the sector on a solid commercial and scientific footing thereby increasing production and productivity, and at the same time making the sector more attractive to a younger generation of farmers.. As a consequence, the budgetary provision for the year 2001 is \$22.8 million, an increase of 17% over last year's allocation of \$19.5 million.

6.3 Tourism and Civil Aviation

Mr. Speaker, tourism continues to be a lead growth sector in our Economy. In support of sustaining this growth, the sum of \$13.4 million is earmarked. This includes \$10.0 million to the Grenada Board of Tourism. Mr. Speaker, you may recall that in my Budget Presentation last year, Government gave an undertaking to give the Grenada Board of Tourism, \$10.0 million each year for the next three years. I am pleased to note, that in excess of \$12 million dollars were disbursed to the Board of Tourism as promised.

Mr. Speaker, this is a Government of its word. Indeed, this Government has placed considerably more money at the disposal of the Board of Tourism for marketing and promotion than any other Administration.

As a demonstration of Government's commitment to support the revitalisation of the small hotels, I am pleased to advise that an allocation of \$250,000 has been made for the provision of technical assistance to these small hotels in 2001.

Government is very mindful of the importance of the cruise tourism sub-sector to the livelihoods of many of our People. A major initiative has been launched to enhance this sub-sector. Important steps are being taken to enhance conditions, services, and facilities for cruise tourists. These include the construction and

expansion of airport and seaport facilities, the upgrading of tourism sites throughout the State, and the implementation of urban renewal projects for the towns of St. George and Grenville.

6.4 Education and Human Resource Development

Mr. Speaker, the development of our human resources constitutes the single most important element of our national development. In the context of an ever-changing global environment, it is imperative that our education system reflects our current national development priorities. To this end, the Ministry of Education undertook the preparation of a 10-year strategic plan for the education system during the year 2000. The Education Plan is almost complete, having benefited from extensive consultations from a wide-range of stakeholders.

A new development for the T.A. Marrayshow Community College (T.A.M.C.C) in 2001 will be the introduction of university courses in Arts, Science and Business.

These courses will be offered during the day and evening thereby catering for persons who are working but would like to further their education and obtain a university degree.

This is a major turning point in our education system because this facility makes it possible for our people to gain a tertiary education at a far lower cost than they would have to pay if they had to travel abroad.

Efforts will be intensified in the area of technical and vocational education. The aim is to create a cadre of skilled and semi-skilled professionals able to contribute to national development. In this regard, a new skills-training centre in Seamoons St. Andrew will cater for the youth of St. Andrew's and St. David's.

This training centre will provide our youth with the opportunity to develop a wide range of vocational skills so that they can be readily absorbed in the dynamic job market or obtain self-employment.

Information technology and computer studies will continue to figure prominently in human resource development in 2001 with the National Employment and Skills Training Programme. It is our intention to make access to a personal computer available to every single Grenadian.

As a consequence, an aggressive and intensive training scheme will be pursued in workplaces, schools, communities, and villages. These programmes will empower our youth to take advantage of the tremendous opportunities that exist in high tech, knowledge-based industries.

At present, the rate of tax on personal computers is 5% whereas the rate of tax on computers for commercial use is 10%. However, the rates on computer parts and accessories are higher. Government will move swiftly to review the taxes on computer and computer accessories with a view to further reductions. We hope this move will encourage individual and corporate citizens to be part of the Digital Age.

In order to facilitate this massive effort to provide training and educational opportunities, increased resources are needed. Accordingly, \$19.8 million have been allocated in the 2001 Budget for capital projects to be undertaken within the Educational Sector, an increase of 22% over the actual expenditure of \$16.2 million in 2000. Of course, this is in addition to the recurrent expenditure of \$55 million for the Ministry of Education.

6.5 Health

Mr. Speaker, Government will intensify its Health Sector Reform Programme this year. In this regard, the completion of the New Hospital Development Programme and the decentralization of the management of Hospital Services will remain the top priorities.

During the past year, the issue of HIV/AIDS has risen to high prominence on the international development agenda. In terms of the per capita incidence of HIV/AIDS, the Caribbean is currently second only to sub-Saharan Africa. This is a most disturbing position! Consequently, the Ministry of Health will prepare a National Strategy to address the formidable threat posed by HIV/AIDS to our national development objectives.

Indeed, all our efforts in education and human resource development will be undermined if urgent steps are not taken to deal with this epidemic.

Additionally, the cost of medical care for HIV/AIDS patients is unbelievably high and will place a financial burden on both the families of the patients, as well as the Government.

Work on a National Health Plan will continue and be accelerated this year. It is expected that the issue of a National Health Insurance Scheme will be revisited with a view to identifying some feasible options for this Scheme.

Mr. Speaker, there has undoubtedly been noticeable improvement in the extent and quality of solid waste disposal services throughout Grenada, Carriacou and Petit Martinique. Government will continue to collaborate with the Grenada Solid Waste Authority to ensure proper management of waste disposal.

The recent completion of the sanitary landfills at Perseverance in Grenada and at Dumfries in Carriacou will serve as a major boost to this endeavour. For 2001, the Ministry of Health has been allocated \$15.5 million for capital expenditure.

6.6 Housing

Mr. Speaker, shelter is a basic human necessity. Accordingly, our Government is fully committed to improving access to housing opportunities for middle and low-income households and also improving the quality of the existing, and the new housing stock.

The first phase of the Beausejour Housing Project is now completed with the construction of twenty-eight (28) units. All of the utilities including water, electricity, and telephone have been installed. Recently, work commenced on the road leading to the housing development and it is expected that this road will be completed in the first half of this year.

Government has also completed the first phase of the Diamond Housing Project in St. Mark's with the completion of fifteen (15) units. Several of these units have already been sold and the owners will begin occupancy this month.

Furthermore, Government has given its approval for the Dunfermline Housing Project in St. Andrew's. This Project will commence this month. This Development will construct one hundred (100) units of two bedroom and three bedrooms houses with roads, electricity, water and a bridge on fifteen (15) acres of

land. This Project is estimated to cost \$12.5 million and should be completed within fourteen (14) months from the start-up date.

The National Insurance Scheme is planning to develop its 77 acres of land in Lauriston, Carriacou into a housing development. Plans are well on stream to award contracts for the infrastructural works.

Government through the Housing Authority of Grenada is collaborating with a Cuban firm to construct low income houses costing between \$30,000 and \$40,000 dollars. A model house from Cuba will soon be erected at the Sandino Complex of the Housing Authority, for viewing, by interested persons.

I am pleased to note that on October 05, 2000, the Physical Planning Unit of the Ministry of Finance and Planning, with assistance from the Organisation of American States, launched the National Building Code and Planning Guidelines. This new Code will be piloted for a period of one year, reviewed, amended if necessary, and then become permanent.

The Code aims to ensure that disaster-resistant building standards are instituted as a matter of law. This will undoubtedly assist all of our citizens, but particularly the poor since they are the most vulnerable when a natural disaster occurs.

6.7 Youth and Sports

Mr. Speaker, the long-term success of a Nation resides in its future generations. Consequently, youth development is of paramount importance in our development thrust.

Government is pleased to note that the National Youth Policy has been completed and that its implementation will commence this year.

Mr. Speaker, the Stadium has generated renewed interest in sport at all levels of society and is motivating our athletes to improve their performances. However, Government's

commitment to youth development goes way beyond the construction of the National Stadium.

With the kind assistance of the Government of the Republic of China, the Rural Sports Facilities Project will commence this year.

This most important project includes the upgrading of playing facilities at Cuthbert Peters Park in St. John's, Progress Park in St. Andrew's, La Sagesse in St. David's, Hillsborough in Carriacou and Alston George Park in St. Mark's.

Additionally, Government, through the National Lottery Authority will continue to upgrade the infrastructure for sport and recreation throughout the Country.

I am pleased to note that the Ministry of Sports has put together a National Sports Development Programme with emphasis on key sports such as cricket, football, netball, athletics and swimming among other sporting disciplines.

Mr. Speaker, as we demonstrated recently with the incentives to our successful cricketers and coach, our Government support for sports does not stop at infrastructural development. We are prepared to offer tangible benefits to our athletes who represent this country or region, and excel.

6.8 Carriacou and Petit Martinique

Mr. Speaker, the pace and extent of development in Carriacou and Petit Martinique under this Administration is unparalleled in the history of our Country.

I am pleased to announce that the Carriacou Multi-Project has finally commenced after a lengthy delay that included seeking additional financing from the Caribbean Development Bank for a section of road extensively damaged by Hurricane Lenny. It is expected that at least \$10 million dollars will be spent on this Project including the rebuilding of the Petite Martinique Jetty and the resurfacing of at least twelve (12) kilometres of road.

This year, the provision of capital expenditure for other projects has increased by 50% from \$2.4 million to \$3.6 million. Some of the projects include the Cultural and Sporting Centre, the ROC/GOG Multi-Project, the Hillsborough Welcome Centre and the Carriacou Integrated Land Use Forestry Development Project.

7.0 PRIVATE SECTOR INVESTMENTS

Mr. Speaker, this Administration recognises the Private Sector as the principal engine to propel our development in the New Millennium. As a consequence, we are prepared to support private sector initiative as best as we can. Our courageous position on the Egmont Development Project demonstrates our commitment to supporting the private sector, particularly the local private sector, in meaningful and substantial investments.

The Grenada Industrial Development Corporation (GIDC) reports that forty-four (44) investment proposals were received and reviewed by the Corporation during the past year with a potential investment value of over \$98.5 million. Most of these proposals are for tourism developments.

The hotel accommodation plant was enhanced with the major redevelopment of the Spice Island Beach Resort and the construction of the La Luna Hotel. Government wishes to commend the owners of these properties for these investments in the Grenadian economy.

Mr. Speaker, the year 2000 also witnessed expansion to one of Grenada's most modern yacht marinas. Grenada Marine, located at St. David's Harbour, is 100% locally owned, accordingly, the local entrepreneur must be commended.

Mr. Speaker, I am pleased to announce that infrastructural works have finally started on the first phase of the long-awaited Ritz Carlton Project.

Several other hotel projects are in the pipeline for this year including the Cinnamon Hill Development (250 rooms), the Grand Anse Resort (250 rooms) and the expansion of the Grenada Grand Beach Resort (54 rooms).

Mr. Speaker, a tourism development to be known as the Levera Beach Bungalow Hotel Project is also planned. The Project will construct 300 bungalows at Bathway in St. Patrick's and will employ 400 people during construction. This Project is estimated to cost US\$90 million and is likely to commence later this year. Mr. Speaker, this Project should not be confused with the Levera Hotel Project which is actively being considered.

Mr. Speaker, only recently a French investor purchased Calivigny Island from a Grenadian family. The Investor intends to construct villas for an upmarket clientele. This Project will start later this year.

Mr. Speaker, plans are well advanced for the construction of a multi-million dollar cruise ship terminal in St. George's by a Switzerland-based group of investors. Work on the construction of the St. George's Bus Terminus will commence shortly, while work has already started on the Sauteurs Bus Terminus.

Mr. Speaker, August 2000, witnessed the unofficial opening of the Spiceland Mall, the initiative of a Grenadian family.

This new facility offers a considerable range of shopping options for both our local residents and tourists. The family concerned ought to be applauded for this significant investment and the jobs created.

In the area of manufacturing, approximately EC\$6.1 million was invested in the expansion of the award-winning W&W Electronics – an electronics assembly plant at Frequente. The expansion of W&W Electronics is expected to generate an additional seven hundred (700) jobs.

Mr. Speaker, in keeping with our stated goal of agricultural diversification, plans are well underway for the establishment of a Multi-Agro-processing Plant in St. David's.

This facility will purchase local fruits and vegetables and convert them into semi-processed and processed goods. The Plant will be a major boost to the agricultural sector and will give farmers another option for their produce. The facility will be owned and operated by a local entrepreneur. Mindful of the critical importance of this Project, Government will assist the local entrepreneur by guaranteeing part of the financing.

8.0 IMPROVING THE REGULATORY FRAMEWORK

Mr. Speaker, our Government fundamentally believes that the private sector, both local and foreign, should play a lead role in the generation of activity in our economy. In this regard, the critical role of Government is to provide the enabling environment for the private sector to grow and flourish. The elements of this enabling environment include sound economic policies, incentives and appropriate regulatory frameworks.

I now wish to highlight some important areas of our economy that will benefit from a stronger regulatory framework.

8.1 International Financial Services

Mr. Speaker, the development of the International Financial Services Sector in Grenada is a conscious response to the fulfillment of our special development needs. These include the need to diversify our economic base, enhance national revenue, and create meaningful and quality employment opportunities for our people.

In pursuit of these objectives, Grenada launched its international financial services sector in 1996.

Recognising, however, that a well functioning, stable, and well regulated financial environment is vital to the development of the sector, the Government of Grenada, in January 2000, established the Grenada International Financial Services Authority (GIFSA) - a statutory body - charged with the principal responsibility of Supervising and Regulating the activities of the International Financial Services Sector.

Notwithstanding our efforts, the problems that subsequently surfaced with one of the major offshore banks, demonstrated that there were some weaknesses in our regulatory framework.

Mr. Speaker, I wish to make it abundantly clear that Government is currently commissioning a full and thorough investigation, utilizing international expert assistance. It is hoped that this investigation will provide information on possible illegalities in the operations of this Bank and such information will be used to bring those responsible for these illegal actions, to justice.

The primary concern of this Government is to ensure that a thorough and independent investigation is completed and that funds of legitimate depositors are recovered.

By so doing, Grenada's good name as an international financial services center will be preserved.

Additionally, Government will, in the next few days, make an application to the court for the international accounting firm of PriceWaterhouseCoopers to be appointed as the liquidator of First International Bank. This court-appointed liquidator will track the assets of the Bank both local and overseas, and distribute the proceeds of these assets to depositors and creditors as prescribed under the Companies Act.

In order to safeguard our jurisdiction from similar occurrences in the future, Government has embarked upon a number of measures designed to strengthen the **regulatory and supervisory capacity** of GIFSA. These include:

1. Review of all existing legislations governing that sector, with a view to strengthening them. This review should be completed in time for the Financial Action Task Force Review scheduled for March 2001.

2. The appointment of a National Drug Crime and Money Laundering Committee to deal with drug, crime and money laundering. This committee is already in place and headed by the Minister of Legal Affairs.
3. The appointment of an Anti-Money Laundering Supervisory Authority as provided for in the Money Laundering (Prevention) Act 1999. This Authority will accept and investigate reports on suspicious financial transactions, money laundering and other forms of financial crime. This Authority is already in place and is chaired by the National Security Adviser.
4. Regular training of the staff of GIFSA with assistance from external agencies such as the Caribbean Financial Action Task Force (CFATF) and the International Monetary Fund (IMF).
5. The establishment of a bank supervision department and the appointment of a bank supervisor to ensure that all offshore banks and other financial institutions are properly capitalized, and operate within the norms of that sector. Banks that are not properly capitalized will face the prospect of having their licenses revoked. A bank supervisor has already been appointed.
6. The separation of the promotional activities from the regulatory activities of GIFSA. The Grenada Industrial Development Corporation (GIDC) will undertake the promotional activities.

8.2 Labour Relations

Mr. Speaker, the promotion of industrial peace and tranquility throughout the State is of great importance to this Government. As a result, this year, the Department of Labour will be strengthened to better serve all of its clients.

Mr. Speaker, I am pleased to note that the Labour Code inclusive of the Employment Act and the Labour Relations Act came into force during 2000. The passage of this Legislation represents a major advance for workers' rights in this Country.

Mr. Speaker, the White Paper currently in circulation arose out of this Government's commitment to consultation as well as the apparent lack of goodwill on the part of some trade unions that appear not to regard the importance of a stable industrial climate. I call on all our social partners to put the Country first.

Mr. Speaker, the Department of Labour will be strengthened to function as an employment agency. To this end, a Labour Market Information System will be developed with on-line access for both employers and potential employees.

8.3 National Security

Mr. Speaker, Government is mindful of the menace posed to the stability of Grenada and the rest of the Caribbean by the transshipment and illegal trafficking of drugs and money laundering. Government intends to collaborate very closely with regional and international organizations to combat these challenges. External assistance will be sought for the procurement of equipment and training for the Police Force and the Coast Guard.

As part of its commitment to raise the capability of the Police Force, a new Police Headquarters will be built, several police stations refurbished, and a Crime Hotline will be established.

The Computerisation of the Police Force that started with criminal data records has now been extended to immigration. Very soon, all police stations will be linked through a computer network thus improving the speed of crime prevention and detection. An Automated Identification and Fingerprinting system is also planned.

8.4 Environmental Protection

Mr. Speaker, in light of all the developments, recently completed, planned or ongoing, the issue of physical and environmental protection is a high priority for this Administration.

During 2000, work was completed on both a National Biodiversity Plan of Action and a National Adaptation to Climate Change Strategy. Implementation of some of these recommendations will begin this year.

At present, a National Physical Development Plan is being prepared. Later this month, work will commence on the drafting of a comprehensive Physical Planning and Development Control Bill with accompanying regulations.

8.5 Foreign Affairs

Mr. Speaker, in October last year, the Ministry of Foreign Affairs convened a Meeting of Heads of Missions, Ambassadors at Large and Honorary Consuls with a view to strengthening Grenada's presence in the global environment. As a result, new policies for Protocol and the Appointment of Honorary Consuls have since been approved, while a new Foreign Policy Document will be presented for Cabinet's approval shortly.

Moreover, a Foreign Policy Bureau has been established to coordinate Grenada's representation at international fora.

9.0 COMMERCIALISATION

Mr. Speaker, this Administration remains committed to the principle of smaller government and a more efficient Public Service.

To this end, Government intends to actively pursue the policy of commercialisation by contracting out certain services. In 2001, several major government departments will benefit from this policy. These include:

1. The statutorisation of the T.A. Marryshow Community College
2. The statutorisation of the Government Printery; and
3. The conversion of the Hospital Services into an executive agency.

The policy of commercialisation has now been successfully implemented in the Ministry of Works.

We have all witnessed substantial improvement in the quality of the services offered to Government, by some of these former workers who are now under contract.

Mr. Speaker, the policy of commercialisation is more than just reducing the size of the Public Service and improving levels of service to the public. It is about unleashing the

entrepreneurial spirit of our people. In the area of cleaning of government buildings, for example, we now have several co-operatives offering cleaning services to Government under contract.

Mr. Speaker, the success of these cooperatives has been a revelation about what can be accomplished if people are given a chance to work for themselves. Mr. Speaker, not only has the quality of the service improved, but also, these cooperatives have been able to successfully bid for jobs in the private sector.

10.0 FISCAL MEASURES

Mr. Speaker, I am pleased to announce to this Honourable House, that there are no new taxes in this year's budget.

This is consistent with our philosophy that higher taxes are inimical to economic growth, and can cause undue hardship to the most disadvantaged groups in our society.

The significant improvement in revenue intake projected for this fiscal year, therefore, will depend on four major factors:

1. increased buoyancy in the economy
2. greater efficiency in the collection of revenue
3. higher levels of voluntary compliance on the part of some taxpayers.
4. greater reliance on non tax source of revenues, for example, user fees and licences.

Mr. Speaker as a result of the factors mentioned, both the Customs and Excise Department and Inland Revenue Department met and surpassed their revenue targets for 2000 by collecting \$157.5 million, and \$113.5 million respectively. It is projected that both departments will achieve their respective targets of \$166.1 million and \$123.5 million in 2001.

Notwithstanding the strong revenue performance, it must be noted that significant leakages and non-compliance in revenue collection still exist.

Mr. Speaker, in this age of declining foreign aid and concessionary financing, greater reliance must be placed on domestic resources to finance our development needs.

In this regard, Mr. Speaker, Government will implement further measures to ensure that there is greater compliance with our tax laws, and that other forms of leakages such as under-invoicing and smuggling are further reduced.

I am pleased to note that there has been a substantial increase in fines and interest payments for false declarations and late payment of taxes respectively.

This trend clearly demonstrates that our enforcement mechanisms are functioning, and these will be maintained. I trust that our taxpayers will see the wisdom of paying sooner rather than later.

Mr. Speaker, as I had promised, last year, the Audit Unit was re-established in the Inland Revenue Department and two accountants were recruited to complement the tax inspectors assigned to this Unit. This Unit has been receiving training from an experienced tax adviser and will not be merely reviewing the returns of taxpayers but, where appropriate, will undertake field audits to verify financial statements and tax returns.

During the past year, Government sought and obtained technical assistance from the International Monetary Fund to review some of its major tax legislations. This Mission also benefited from the inputs of the private sector. It is our intention to proceed with the implementation of some of the recommendations of this Mission during this fiscal year, particularly as they relate to the upgrading of tax legislations.

Mr. Speaker, based on the foregoing measures, we expect to see greater voluntary compliance with our various Tax Laws and, ultimately, improved revenue collection.

I now turn to the specific fiscal measures for 2001.

Strengthened Property Tax

Mr. Speaker, Government is committed to a property tax regime that is stable, equitable, transparent and responsive to economic growth. Given the buoyancy of the construction industry, the Property Tax is assuming increasing significance in Government's range of inland taxes. In 2000, property tax raised \$4.8 million compared with the target of \$4.5 million. We believe that the relatively low rates of property tax have contributed to improved compliance. However, there is room for improvement.

To this end, the Property Tax Act of 1997 will be amended to require demand notices to be issued by way of regular mail as opposed to registered mail. We expect this move to significantly improve voluntary compliance and at the same time, reduce the cost of administration.

As a consequence of the valuation exercise conducted during 2000, over 5,200 new properties were registered and will be liable to pay property tax in 2001. It is expected that property tax will generate at least \$6.0 million in year 2001.

Reduced Fuel Prices

Mr. Speaker, as I had indicated earlier, the sharp rise of oil prices on the world market has resulted in an increase in the local prices of both fuel and electricity.

During 2000, Government initially allowed the local price to increase to reflect international market developments. However, when the fuel prices showed no sign of falling, Government was forced to step in and set a ceiling of \$7.95 per gallon for the price of gasoline. Without this intervention, the local price of gasoline would have been approximately \$8.50 per gallon.

Mindful of the significance of fuel in the economy, and cognisant of the plight of the poor, Government took the bold decision in December 2000 to reduce the price of gasoline from \$7.95 per gallon to \$7.50 per gallon by further reducing the taxes on this commodity.

Mr. Speaker, Government also waived the Annual Stamp Tax for all gas stations.

Furthermore, Government gave the dealers an increased margin of 20 cents in December 2000, following an earlier increase of 10 cents on their margin in July 2000. The overall effect is a 35 cents increase to dealers, thereby raising their margin on a gallon of gasoline from 65 cents to \$1.00.

These decisions have resulted in Government losing millions of dollars in revenue in 2000. Further revenue losses will result in 2001. Nevertheless, Government feels compelled to intervene in the interest of the working people of this Nation.

Mr. Speaker, these are the actions of a caring and compassionate Government. It is Government's hope that these decisions will ease the burden of high fuel prices on all citizens, and will minimise any inflationary pressures.

Wages and Salaries

Mr. Speaker, Government remains committed to a vision of a modernised, efficient, customer-oriented, and ultimately well-paid Public Service. Following protracted negotiations, Government and the public sector unions agreed to a 14-15% increase in salary for the period 1996-2001. In monetary terms, this amounted to approximately \$15.0 million. Mr. Speaker, on the basis of these increases, I call on public officers to give of their best and urge the labour unions to encourage higher levels of productivity among their membership.

As part of Government's commitment to improve the terms and conditions for public officers, three committees have been established to review incentives for three categories of workers. These are the Nurses, the Police and Teachers.

Mr. Speaker, the demands placed on Ministers of Government are many and varied. Indeed, both as parliamentary representatives and heads of ministries, the pressures are non-stop. In light of these facts and the recent increases awarded to public officers, Government has decided to give a salary increase to Government ministers with effect from January 2001. This will redress an anomaly whereby some senior civil servants are receiving a higher basic salary than government ministers.

Rationalisation of Concessions

Mr. Speaker, we recognise that some concessions are necessary to facilitate private investment and charitable causes. In this regard, I am pleased to announce that churches will receive 100% duty and tax concessions on selected items. Mr. Speaker, Government's decision is in recognition of the vital role of the churches in the spiritual, moral and social development of our Nation.

Government applauds and supports the efforts of churches in this important area of nation building and will do everything possible to support their work, for as it is written "Man shall not live by bread alone" (Matthew 4.4).

This new regime will only take effect after a protocol has been discussed and agreed upon between Government and the church community. The protocol will detail the items for concessions, validity period, and the conditions for these concessions.

Mr. Speaker, this Government is committed to catering for the whole man!

11.0 POVERTY ALLEVIATION MEASURES

Mr. Speaker, as we commence our journey into the new millennium, our Government's broad vision of our beautiful State is a healthy, educated, productive and prosperous Nation prepared to meet the challenges of a complex and dynamic global environment.

Mr. Speaker, we have also intimated on several occasions that the prosperity of our nation must be measured not by how much we increase the welfare of the few, but by the extent to which we satisfy the needs of the many including the ordinary Grenadian man, woman, boy, and girl.

In light of this vision and philosophy, and the findings of the National Poverty Assessment, it may be recalled that the theme of last year's Budget Presentation was "Poverty Eradication, through Growth, Equity and People's Participation in the New Millennium".

Mr. Speaker, this New National Party (NNP) Administration fundamentally believes that social and economic development of our people converges at the point of employment generation.

Creating the enabling environment for our people, particularly the poor and dispossessed, to empower themselves, has been, and will continue to be our fundamental approach to poverty eradication.

We also recognize that we do have a moral responsibility to help those in society who are incapable of helping themselves, through the provision of the appropriate safety nets.

Mr. Speaker, the track record of this Administration in the area of economic empowerment, during its brief time in office, is an enviable one.

Mr. Speaker, this NNP Administration, since 1995 has exposed more young Grenadians to educational opportunities both locally and abroad, than any other administration in the history of this Country.

This administration has provided more skills training opportunities for our citizens at all ages, than any other administration.

Mr. Speaker, it was this Administration that pioneered the introduction of Micro-financing and On-the-job Training, so that more of our people particularly in the rural communities, could become self-employed.

Mr. Speaker, it is primarily because of the instrumentality and support of this Government that over eight hundred (800) of our young men and women are now gainfully employed in the telemarketing sector.

Mr. Speaker, those who condemn Government's support for this locally owned initiative, cannot truly profess to love our rural poor.

Mr. Speaker, if we have to embark upon a similar venture that will bring jobs to our people so that they can rise above their own levels of poverty we will do it without fear of criticism.

Call Centres Grenada Incorporated, is not about one or two individuals, it is about hundreds of our rural citizens, many of whom, for the first time in their lives, have been given an opportunity to earn a decent living and become independent young men and women.

Mr. Speaker, I hereby issue a challenge. If any local individual or group of individuals can come forward with a project that will create a similar number of jobs, at such low investment cost, this NNP Administration will grant similar consideration to that given to Call Centres Grenada Incorporated.

Mr. Speaker, this Administration has improved the quality of life of our rural residents, by providing them with a good network of roads, and access to a potable water supply. Our efforts at developing our rural infrastructure are unparalleled in the history of our Country.

Mr. Speaker, as a result of the implementation of prudent fiscal and economic measures, we have ensured that jobs have been created and unemployment reduced. This in turn has impacted positively on the alleviation of poverty, particularly, in our rural communities.

Mr. Speaker, I am pleased to announce the re-opening of the Grenada Craft Centre after several months of closure.

The Craft Centre, under new management, and close links with the Micro-enterprise Project is now poised to be the rallying point for the revitalisation of the handicraft industry. It is important to note that during the closure of the Centre, Government was not idle. Instead, it coordinated the establishment of several craft organisations in our rural parishes. These organisations will work very closely with the Craft Centre and the Small Business Agencies of Grenada to ensure the industry is viable and benefits all producers.

Mr. Speaker, this development augurs well for the rural economy.

Social Safety Nets

Mr. Speaker, during my last Budget Presentation, I outlined a fourteen (14) point action plan for tackling poverty in our country, particularly, as it relates to the provision of social safety nets.

I am therefore pleased to announce that we have made significant progress in the implementation of the majority of these actions. We also remain fully committed to building on the successes that we have achieved. Some of these achievements include the following:

1. Old Age Pension

Mr. Speaker, in 2000, Old Age Pension was increased from seventy-five (\$75) dollars per month to one hundred (100) dollars per month. The number of recipients have also increased. In the 2001 Budget, the allocation for Old Age Pension has increased by 16% as it is projected that an additional five hundred (500) persons will be included on the Old Age Pension list in 2001.

2. House Repair Program

Mr. Speaker, approximately six hundred and ten (610) family units received assistance under the House Repair Program in 2000, at a cost of approximately \$1.8M to Government. One third of this amount was

given free to the very needy. In the 2001 Budget, the allocation for House Repair Programme has increased by 40% to \$2.5M. It is estimated that over seven hundred (700) family units will benefit from this programme during this current fiscal year.

It is also instructive to note that the Caribbean Development Bank has already approved a US\$7.0M Shelter Project for Grenada.

Primary elements of this project include making soft loans available to rural residents, for the regularization of land titles; expansion and improvements to existing homes up to a maximum of \$25,000 per applicant, and the establishment of three low income housing projects at Mt. Reuil in St. Patrick's, Palmiste in St. John's, and Bogles in Carriacou.

Preliminary work has already commenced on the Housing Project at Mt. Reuil with the survey and subdivision of a portion of the Mt. Reuil Estate. This portion of land will be the site of this low-income housing demonstration project.

3. Special Projects

Mr. Speaker, approximately EC\$1.5m were spent on the implementation of Special Projects in 2000. This Program provides for the financing of small projects such as village roads, footpaths, retaining walls, and the provision of drinking water, in rural communities, and economically disadvantaged areas.

It is anticipated that many more rural communities will directly benefit under this programme in 2001, as budgetary provisions have increased by almost 70% to \$2.5M.

4. School Book/Uniforms for Needy Children

Mr. Speaker, during 2000, hundreds of our Nation's needy children received assistance under this programme, at a total cost of \$500,000. We remain eternally grateful to the Government and People of the Republic of China on Taiwan for providing the bulk of the financing of this program. In the 2001 Budget, the allocation of \$500,000 has been maintained.

5. Provident Fund

Mr. Speaker, in my last Budget Presentation I alluded to the fact that there were hundreds of our Senior Citizens, primarily the rural poor, who worked for almost all of their productive lives on Estates, and who contributed to the then Provident Fund and yet received no just reward for their time and labour.

Mr. Speaker, it is only under this New National Party Government, and the caring and compassionate leadership of our Prime Minister, Dr. Keith Mitchell, that this category of workers has been finally recognized and rewarded. Others had the opportunity, and they did nothing.

Accordingly, most estate workers who had contributed to the Provident Fund and had attained the age of sixty (60) by December 2000, and are not in receipt of any other pension, will now be entitled to a National Insurance Scheme (N.I.S.) pension of between \$120 and \$150 per month, for the rest of his or her life. Upon death, a survivor's benefit will be paid to his or her relatives.

Mr. Speaker, approximately EC\$2 million will be set aside annually, by the NIS, to satisfy this programme. The first disbursement of pension cheques was made in December of 2000 to 1,144 persons.

Mr. Speaker, the compassion and understanding of this NNP Administration, is not restricted to past agricultural workers only. We also recognize that there are hundreds of our senior citizens who worked as janitors, cooks, caretakers and grounds men at our various schools throughout the State. There are hundreds more who worked on "Travaux" gangs during the 1950s and 1960s building our roads. These workers did not contribute to any pension scheme, and as such are not entitled to receive a regular pension.

It is the intention of this Administration to make a one-off payment to these workers in recognition of their contribution to nation building. Both the Ministry of Education and the Ministry of Works are in the process of compiling the necessary data, so that this payment can be made later this year. It is estimated that this will cost Government thousands of dollars.

6. Other Measures

Mr. Speaker, additional poverty alleviation measures which were mentioned in the 2000 Budget presentation, and which will receive additional attention in 2001 include:

The Basic Needs Trust Fund - \$1.5 million;

The Micro Enterprise Development Fund \$500,000; and

The National Employment and Skills Training Program \$325,000

7 New Poverty Alleviation Measures

Mr. Speaker, this NNP Administration remains fully committed to alleviating poverty, by providing additional benefits to our people, particularly those who currently subsist below the poverty line and can no longer actively participate in the labour force.

In addition to the foregoing measures, therefore, I am pleased to announce three new initiatives, in the 2001 Budget, designed to alleviate poverty.

First, every citizen of our State who is in receipt of welfare allowances by virtue of age or disability, or any other person certified by the Department of Social Services, will be entitled to free transportation on our nation's buses during normal business hours. Private charters and hires will not be included.

It is intended that this initiative will commence later this year once all the necessary structures are put in place. It will be done on a trial basis initially, and then will be reviewed. We do expect this to be a permanent programme but its ultimate success will depend on the level of support and cooperation from the various bus associations operating in the country. It is anticipated that over 3000 needy persons will benefit from this initiative in its initial stage.

Mr. Speaker, this is the first time, in the history of our Country that any government has embarked upon such a noble and ambitious programme, designed to help our poor and needy citizens.

Second, Mr. Speaker, every citizen in our State who is in receipt of welfare allowance, by virtue of age or disability, or any other person certified by the Department of Social Services, will be entitled to receive free medication from any government or private pharmacy, for a selected range of ailments which require prescribed drugs.

Some of these major illnesses that are prevalent among our citizens include - hypertension, diabetes, glaucoma, cancer, and HIV/AIDS.

Additionally, duties and taxes on these drugs will be removed, thereby making them more affordable for all Grenadians who might be afflicted with these ailments. This medical assistance programme will commence later this year by which time all the requisite structures will be put in place to facilitate smooth implementation. Once again, the support and cooperation of all medical practitioners and pharmacies will be critical to the success of this initiative.

Also this initiative will be done on a trial basis initially, and then will be reviewed. This service will significantly improve upon what is currently offered by the Government dispensaries.

Mr. Speaker, this is the action of a Government that cares about the Health and Welfare of our people, a government that cares about the poor, the disabled, and the disadvantaged, the sick and suffering, the feeble and the forgotten.

Mr. Speaker, our Government cares!

Mr. Speaker, while others just talk about the poor, we act on behalf of the poor, and this is the hallmark of a caring, compassionate and conscientious government.

Third, Mr. Speaker, Government will launch in the course of this year the Rural Enterprise Project. This Project is aimed at addressing rural poverty. The Project will comprise three components: an enterprise development component; a community support component; and project coordination component.

Under the enterprise development component, there will be three sub-components. The first is production and services that would aim to increase production, productivity and incomes for rural households. The second is processing and marketing that would improve the efficiency and capacity of the market as it pertains to rural producers.

The third is micro-finance that would respond to the demand for finance needed for investment in improving production and processing systems identified during the course of the work and the need for seed capital for new enterprises.

Mr. Speaker, this Project is estimated to cost US\$5 million and will be jointly financed by the International Fund for Agricultural Development (IFAD) and the Caribbean Development Bank. It will be for a six-year period and will have its office located in St. Andrew's.

Mr. Speaker these are just some of the measures we intend to continue, as well as introduce and implement in this fiscal year to alleviate poverty and social injustice throughout Grenada, Carriacou and Petit Martinique. Accordingly, the recurrent allocation for social services has been increased from \$5.2 million in 2000 to \$7.8 million in 2001, an increase of 50%.

Mr. Speaker, this is a Government that means what it says and does what it says!

12.0 **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 Republic of China on Taiwan

The Government of the Republic of Cuba

The European Union

The Government of Japan

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

The Government of the Republic of Korea

The Caribbean Development Bank

The Kuwaiti Fund for Arab Economic Development

The United Nations Development Programme

The United Nations Children's Fund

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

The Government of the Republic of Venezuela

The Federal Republic of Germany

The Organisation of American States (OAS)

The Inter-American Institute for Co-operation on Agriculture

The World Bank and Related Institutions

The Association of Caribbean States

The Eastern Caribbean Central Bank (ECCB)

The CARICOM Secretariat

The Caribbean Export Development Agency

The Organisation of Eastern Caribbean States (OECS)

The Caribbean Regional Negotiating Machinery (CRNM)

The Caribbean Financial Action Task Force (CFATF)

The Caribbean Anti-Money Laundering Programme (CALP)

Mr. Speaker, I also take this opportunity to express my deepest appreciation of the Permanent Secretary and staff of the Ministry of Finance, and to the public workers in other Ministries and Departments who have contributed to the preparation and delivery of this Budget.

Mr. Speaker, I also thank the Clerk of Parliament and staff, for their assistance in the preparations for today's Presentation.

Mr. Speaker, I extend my heartfelt gratitude to all community-based groups and organisations for their advice and support. I also extend my gratitude to the Chairman and Members of the Multi-Partite Consultation Committee and other community groups and organisations with whom we consulted in the past year. Your contributions have enriched today's Presentation.

Sincere thanks to the thousands of Grenadians and friends and supporters of Grenada living abroad.

Thanks also to the many Grenadians and friends of Grenada who have provided constructive criticisms of our policies and programmes. Your criticism is a "mirror" through which we can see our strengths and weaknesses.

Mr. Speaker, my heartfelt thanks and appreciation are extended to all my constituents of St. Patrick West and the entire population of Grenada, Carriacou and Petit Martinique. Your patience, understanding and support during the past year were indeed a source of encouragement.

We look forward to your continued support and understanding as together "we aspire, build and advance, as one People," a society of which we can all be proud not only for ourselves but for our children, and our children's children.

13.0 CONCLUSION

Mr. Speaker, this Budget Presentation reflects the impressive achievements of this Government over the past few years and our plans to build on these achievements. Never before in the history of this Country has any government in such short a time, done so much, for so many people, in so many areas of national development.

Yes, Mr. Speaker, our record of performance is a proud and pleasing one.

From negative and sluggish economic growth averaging 2% between 1990 and 1995, to robust and sustained growth averaging 7% from 1995 to 2000.

From unemployment of 26.7% in 1994 to unemployment of 11% in 2000

From per capita income of EC\$5,430 in 1995 to EC\$8,750 in 2000.

The investment in infrastructure by this Government is unmatched by any other Government. Mr. Speaker, our focus on infrastructure has not been limited to major roads or improvements in air and seaports and our General Hospital. We have also done secondary roads, access roads, and farm roads and village footpaths throughout the length and breadth of this Country.

Our thrust in youth and sports development has not been limited to the National Stadium. We are now upgrading all our major sporting facilities throughout the Country.

Our priority has not merely been sustained robust economic growth, although that has been achieved. Mr. Speaker, we have provided massive resources to tackle the scourge of poverty in this country once and for all – old age pensions, house repair, special projects, housing developments, free transportation for our senior citizens, free prescription drugs for our senior citizens.

Mr. Speaker, when this Government took office in January 1999 with a complete parliamentary majority, there were those who feared exclusion.

However, Mr. Speaker, this Administration has demonstrated its willingness to embrace all of our sisters and brothers and to create opportunities for all.

Indeed, we must all be thankful to the Almighty God for his manifold blessings on this our beloved Country of Grenada, Carriacou and Petit Martinique. Under the visionary and courageous leadership of our Prime Minister, Dr. the Hon. Keith Mitchell supported by a team of highly motivated and committed individuals, this Government has worked hard and will continue to work hard for every citizen of this Land.

Mr. Speaker, the challenges facing our small country are formidable, but this Government is neither daunted nor discouraged. This is a Government with a vision, a mission and a plan.

We believe that with the help of Almighty God, the unity of our people (home and abroad) and the support of friendly countries, we can make it.

To our young people, I say, follow your dreams. You can count on this Government to help you in whatever way we can.

To our senior citizens, I say, enjoy your twilight years. We will help take care of you.

To our entrepreneurs, I say, we are prepared to support you. Go build your world and prosper.

You see, Mr. Speaker, this is a Government of the people and for the People. This is a Government for the needs of all of our People.

Mr. Speaker, once again, I wish every single Grenadian, at home and abroad, as well as friends of Grenada, a productive and prosperous New Year.

May God bless our beautiful Nation of Grenada, Carriacou and Petit Martinique.

I thank you.

ANNEX A – KNOWLEDGE ENHANCEMENT MEASURES

I now seize this opportunity to review the progress that has been made towards this goal during the first year and apprise the Nation of the actions planned for 2001 and beyond.

Mr. Speaker, the year 2000 witnessed the establishment of one of the largest telemarketing operations in the OECS, here in Grenada.

Mr. Speaker, the establishment of the Call Centre at Seamoon in St. Andrew's is a shining example of our new thrust in the Information Technology sector. To date, the Centre has

Already employed 800 young Grenadians, and plans to create more jobs in the New Year.

The fact that Government retains 40 percent ownership of the Company reflects the high level of importance placed on Information Technology in our national development at this particular time. The recent state visit to Ireland, the fastest growing economy in Europe, by the Prime Minister validated this strategic thrust by our Government.

We are confident that Information Technology Parks such as Grenada Call Centres, will have a major impact on reducing the national unemployment rate over the next few years by creating high quality employment opportunities for rural residents and generating much needed foreign exchange.

Mr. Speaker, during the past year, the National Employment and Skills Training Programme reached out to approximately one thousand (1,000) Grenadians of all ages with training in computer literacy and personal development.

Furthermore, twenty-five (25) Grenadians enrolled in a workshop on Programming the Interactive Website and every single participant found employment before completing the workshop.

Educational software programmes in Mathematics, English, French, Spanish and Biology were made available to Secondary Schools. A similar programme was started in Geography at the T.A. Marryshow Community College (TAMCC). In addition, the College began to offer Information Technology in the list of courses.

Specialised software and accessories were provided to the School for Special Education, the School for the Deaf and the St. Andrew's School for Special Education.

Mr. Speaker, having completed the Computerisation of our Secondary Schools, Government has now begun to train our secondary school teachers. As a result, some 400 Secondary School Teachers began a four-month National Computer Training Programme that is scheduled to end in February 2001.

Steps were also taken to expand the Computerisation initiative to our Primary Schools.

In this regard, Computer Systems were installed in the offices of the Principals of eighteen (18) primary schools, while Principals of all fifty-eight (58) primary schools received Computer Training.

Two of the Primary Schools have already been computerised and this programme will continue this year as we seek to computerise all our learning institutions.

Mr. Speaker, as part of our Government's aim to promote a more efficient and customer-oriented Public Service, more than one hundred (100) new computers were procured and installed in various government

ministries and departments. Moreover, efforts were made to raise the information technology skills of all public officers. This training programme will intensify this year.

Work is now well advanced on the establishment of a Computer Network linking all Government ministries and departments electronically. Similarly, technology is enabling various departments to improve services to the public.

In this regard, the Department of Economic Affairs in the Ministry of Finance has established a Website.

From a broader perspective, plans are already advanced for the establishment of a Government of Grenada website that will offer links to the websites of the various ministries and statutory bodies. This will facilitate more timely and effective information transfer to prospective tourists and investors.

Mr. Speaker, a major undertaking in 2001 will be the launching of a broad-based Information Communication Technology Council and the preparation of an Information and Communication Technology Plan. This Plan will involve all of our citizens in the Technological Revolution.

ANNEX B – IMPROVING THE REGULATORY FRAMEWORK

Insurance

Mr. Speaker, the insurance industry continues to be a significant player in the financial sector. There is a clear need, however, to strengthen the supervision of the insurance industry. As a consequence, Government intends to enact a new Insurance Bill during the first half of this year. In this regard, there have already been extensive consultations with the local insurance industry.

Furthermore, Mr. Speaker, provision has been made in the 2001 Estimates for an additional officer to serve in the Office of the Supervisor of Insurance. This Office will benefit from several training programmes during the year.

Mr. Speaker, I wish to make it clear that there will be no place in the industry for companies that are unable to meet their capitalisation requirements.

Maritime Administration

Mr. Speaker, since 1996, the Grenada Ports Authority has been responsible for the implementation of the Grenada Shipping Act of 1994. This means that the Authority is responsible for the regulation of shipping, the safety of Grenadian seamen and the safety of Grenadian ships.

As Minister responsible for Shipping, I urge all vessel owners to comply with the requirements of the Maritime Administration and to have their ships registered under the Grenada flag.

Mr. Speaker, this Government cares about the safety of how seamen and fisherfolk, however, without their cooperation and compliance, it will be difficult, if not impossible, for either the Maritime Administration or Government to be able to render assistance to them, if they are detained in foreign ports.

I am pleased to advise our seamen that very soon, the Grenada Ports Authority will be providing training for them in accordance with the latest international standards for training seafarers. I urge them to take advantage of this opportunity.

ANNEX C

GRENADA: MEDIUM TERM PROJECTIONS

	1999	2000	2001	2002
Real Growth Rate	8.2	6.0	5.0	5.0
Consumer Price Index	1.0	2.5	2.0	2.0
Central Government Savings/GDP	5.2	6.1	3.0	3.0
Debt Service Ratio	2.0	4.8	4.2	2.6
Debt Service/Current Revenue	16.7	19.6	18.9	16.3
External Debt/GDP	23.6	21.5	22.0	18.7
BOP Current Account/GDP	-23.7	-21.7	-20.8	-20.6
Direct Investment/GDP	12.01	11.32	9.73	9.26

ANNEX D

GRENADA: FISCAL SUMMARY

Projected

	1997	1998	1999	2000	2001
Current Revenue	205.9	232.1	270.8	313.7	337.3
Current Expenditure	200.2	222.9	218.6	266.6	288.1
Current Account Surplus	5.7	9.2	52.2	47.1	48.9
Customs & Excise	120.1	130.4	139.9	157.1	166.2
Inland Revenue	73.1	74.1	94.0	113.5	123.5