



Government of Grenada

# 2015

## BUDGET STATEMENT

Presented by

**Dr. the Rt. Hon. Keith C. Mitchell**

Prime Minister and

Minister of Finance and Energy



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## **1.0 INTRODUCTION**

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

“**Whereas** it is necessary to provide for the State of Grenada for the year 2015 by means of an Appropriation Act;

**Be it resolved** that the Estimates of Expenditure for the year 2015 be approved.”

Mr. Speaker, as this is a Money Motion, I wish to signal to this honourable House that I have the consent of the Governor-General to proceed.

Mr. Speaker, 2014 has been a year of both adversity and achievement.

Earlier this month, we lost our friend and brother, Senator Jester Emmons. He was a bright spark in the Senate, representing the people of Carriacou and Petite Martinique whom he loved passionately. He will be greatly missed.

We also lost several prominent senior citizens including former Chief Justice, Carol Bristol Q.C. and the former Permanent Secretary and Director General in the Ministry of Finance, Lauriston Wilson Jr. O.B.E. May the souls of the departed rest in peace.

Continuing its unwelcomed tour across the Caribbean, the Chikungunya virus affected many of our citizens. Indeed, the sick benefit applications to the National Insurance Scheme tripled on account of this virus. Without a doubt, productivity in both the public and private sectors suffered as our Nation grappled with this particular virus. Thankfully, recent reports from Health officials indicate that there has been a drastic decline in the number of cases, which suggests that the virus is almost gone from our shores.

On a brighter note, we celebrated the triumph of our athletic ambassadors at the Commonwealth Games in Glasgow led by Kirani James and Kurt Felix. In the course of the year, our Olympic champion,

Kirani James also set a national record for the 400 metres of 43.74 seconds.

On the race track, Lewis Hamilton, whose fore-parents are Grenadian, was again crowned Formula I World Champion.

Despite the ebb and flow, highs and lows, we advanced and with God's help, lifted our head, as a Nation.

I am drawn to a portion of Scripture in Psalms 3.3, English Standard Version, which reads and I quote"

***“But you, O Lord, are a shield about me; my glory, and the lifter of my head”***. End of quote.

Mr. Speaker, the theme chosen for the 2015 Budget is ***“Maintaining Fiscal Discipline, Creating Jobs and Protecting the Vulnerable”***.

Our theme reflects our resolute determination to exercise sound fiscal management and responsibility; our unrelenting drive to create even more jobs for our people; and our unwavering commitment, as a caring Government, to ensure our poor and vulnerable are protected.

I now turn to International and Regional Economic Developments.

## **2.0 INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS**

### **2.1 Recent Economic Performance of Global Economy and Prospects**

According to the IMF's World Economic Outlook (WEO) report of October 2014, global growth has been weaker than expected and is projected to reach 3.3 percent, only marginally better than the 3.2 percent recorded in 2013.

China will again lead the way with a likely growth rate of 7.4 percent. The USA is projected to improve to 2.2 percent while the UK is projected to significantly improve with growth of 3.2 percent.

The IMF Managing Director, Christine Lagarde, had this to say when she addressed the 2014 Annual Meetings last month and I quote *“it is taking a very long time for the global economy to climb out of the hole dug by the Great Recession”*. End of quote.

The global economy is projected to grow by 3.8 percent in 2015.

## **2.2 Performance of the Eastern Caribbean Currency Union**

In respect of the Eastern Caribbean Currency Union, growth in 2014 is projected to be 1.4 percent.

More details on the performances of the global economy, CARICOM and the ECCU are available in Annex I of this Statement.

## **2.3 Update on the BAICO and CLICO Situation**

Mr. Speaker, our Government remains very concerned about the hardship being experienced by policyholders of BAICO and CLICO.

Under the ECCU Policyholders Relief Programme and the preceding phases, just over EC\$100 million has already been paid out.

We continue to work with regional Governments on this issue and will complete Phase III and commence Phase IV as soon as more funds are available.

In respect of CLICO, discussions are ongoing among the ECCU Governments, the Government of Barbados and the Judicial Manager and we anticipate faster progress in 2015.

We express appreciation to the Government of Trinidad and Tobago for partnering with the Governments of the Eastern Caribbean Currency Union (ECCU) to help in the resolution of this regional problem.

## **3.0 DOMESTIC ECONOMIC DEVELOPMENTS**

### **3.1 Economic Performance and Prospects**

Mr. Speaker, preliminary indications are that the Grenadian economy is likely to grow by 2.6 per cent this year, higher than the ECCU

average of 1.4 percent. It is also better than the 1.5 percent projected when we presented the 2014 Budget.

The lead sectors contributing to this performance are: Tourism; Agriculture; and Education.

More details can be found in Annex I and II.

Mr. Speaker, on arrival in office, the unemployment rate was over 40 percent. The final results of the 2013 Labour Force Survey revealed that the unemployment rate had fallen to 32.5 percent.

Despite some layoffs in the banking sector, the preliminary results of the 2014 Labour Force Survey indicate that unemployment has again fallen and is now 29.5 percent. Among women, it is now 31.5 percent. Among our youth (ages 15-24), it has fallen from 53.2 per cent to 45.4 percent.

Mr. Speaker, we are the first to recognize that the rate of unemployment is still too high but we are encouraged that it is moving in the right direction.

We expect a further reduction as some of the major private sector projects come on stream in 2015 and beyond.

For 2015, the Grenadian economy is projected to grow by at least 2.0 per cent.

### **3.2 FISCAL PERFORMANCE**

Mr. Speaker, for the first ten months of the year, Government's fiscal situation has shown dramatic improvement over the previous year.

We have seen strong growth in revenues. We attribute this improved revenue performance to a combination of factors including higher economic activity, new fiscal measures and improved tax administration.

Grant receipts have also been very encouraging.



Before I continue, I wish to place on record our appreciation of the Bolivarian Republic of Venezuela for the excellent support Grenada has received from the PetroCaribe Programme since inception. This year alone, we will receive \$23.3 million in grants for critical social programmes. I have been assured that Grenada can continue to expect this critical support.

More details can be seen in Annex III.

In terms of budget support for the Homegrown Programme, we have already received \$75 million. We anticipate receiving another \$23-28 million by the end of the year.

Recurrent spending has been restrained allowing us to invest significantly more in our capital programmes – the growth side of the budget.

Based on our performance for the first ten months of the year, we are confident that we will meet our targets under the Home-grown Programme for the end of the year.

Mr. Speaker, we commend the Comptrollers and staff of both Customs and Inland Revenue for their contribution to this robust revenue effort and look forward to further improvement in administration.

In terms of the estimated outturn for 2014, we now project the following:

Total revenues and grants at \$579.4 million (24.3 percent of GDP).

Capital Expenditure at \$221.2 million (9.3% of GDP), this is 38% higher than 2013 revealing an impressive implementation rate of almost 85%.

A Primary Balance of \$42.1 million compared with a target of \$55.3 million.

More details can be seen in Annex I.

Mr. Speaker, we are, indeed, harvesting the first fruits of the Home-grown Programme. That said, it is critical that we build on this strong and encouraging start.

One indicator of an improving fiscal situation is that Grenada is meeting more of its obligations to regional and international organisations. This year, we have already paid \$6.0 million.

A list of some of these payments can be viewed in Annex IV.

### **3.3 PUBLIC DEBT AND DEBT RESTRUCTURING**

#### *Public Debt*

At December 31, 2014, the total Public Sector Debt is expected to be \$2.56 billion or 107% of GDP, broken down as follows:

Central Government Debt – \$2.11 billion

Government Guarantees – \$132.3 million

Other Public Sector Debt – \$313.9 million

Total Public Sector Debt – \$2.56 billion

Total Debt Stock is estimated to grow by 2.9 per cent. However, the stock of Government Guarantees has fallen to \$132.3 million from \$141.3 million, a reduction of \$9.0 million during the past year.

The Public Debt to GDP ratio is expected to fall from 109% in 2013 to 107%.

Mr. Speaker, there are some persons who continue to suggest that Government is not paying any debts. This is simply untrue.

In 2014, Grenada has already made debt payments of \$245.6 million. This sum includes \$207 million in principal repayments (of which \$120 million were Treasury Bill rollovers) and \$34.1 million were interest costs.

Further details on the Public Debt can be examined in Annex V and VI.

### *Debt Restructuring*

Mr. Speaker, it may be recalled that in March 2013, one week after the Cabinet was sworn in, our Government took the tough but necessary decision to pursue a comprehensive restructuring of the Public Debt.

We then proceeded to develop our Homegrown Programme and to engage the IMF and other partners for their support.

In an ideal situation, we would have preferred to develop the Homegrown Programme, secure the support of the IMF and other partners and then announce the restructuring. Unfortunately, our new Administration did not have the luxury of time to proceed in that manner. Indeed, it was well known that the previous Administration had paid the last coupon due in September 2012 on the last day of the grace period in October 2012 and borrowed to complete the payment. It was also well known that the NDC Administration was selling every asset in its sight to pay salaries to public officers. This was the situation inherited by our Government. We had to act swiftly and decisively.

It is now a matter of public record that the Homegrown Programme commenced in January 2014 and the IMF's Board endorsed it in June 2014.

Since June of this year, negotiations with our creditors have intensified and are close to being finalised. Upon completion, we expect to see a rise in Grenada's credit rating.

On the matter of the outstanding debt to Taiwan, I wish to report that the Government has proceeded in a proactive and responsible fashion. Within four months of assuming office, Grenada and Taiwan reached agreement on a standstill of the legal proceedings in New York. Subsequently, we have negotiated debt relief consistent with the needs of the Homegrown Programme, endorsed by the IMF.

More details will be given when this process is completed.

I now turn to the Estimates of Revenue and Expenditure for 2015.

#### **4.0 ESTIMATES OF REVENUE AND EXPENDITURE FOR 2015**

##### **4.1 Budget and Financing Summary**

Mr. Speaker, the 2015 Estimates of Revenue and Expenditure provide for total expenditure (including principal repayments) of one billion, one hundred and fifty-two million, two hundred and thirty-four thousand, two hundred and thirty-seven dollars **(1,152,234,237)**.

The overall budget can be summarized as follows:

Recurrent Revenue: \$545.4 million

Recurrent Expenditure: \$482.7 million

Current Account Surplus: \$62.7 million

Primary Surplus (after Grants): \$65.6 million

Capital Expenditure: \$312.3 million

Principal Repayments/Amortization: \$357.3 million

Overall Deficit (after Grants): \$36.5 million (1.5 percent of GDP)

The Overall Deficit will be financed from domestic and external sources.

It should be noted that Recurrent Revenue of \$545.4 million is approximately 11.6 per cent more than expected collections in 2014.

The sources of financing for the capital expenditure of \$312.3 million are as follows: \$67.5 million from budget support and borrowing, \$213.1 million from grants and the proceeds of the National Transformation Fund and \$31.6 million from external loan disbursements.

The seven largest allocations, by vote, are:

1. Debt - \$459.3 million (39.9% of total expenditure)

2. Ministry of Education and Human Resources - \$114.1 million (9.9% of total expenditure)
3. Ministry of Finance and Energy - \$90.3 million (7.9% of total expenditure)
4. Ministry of Youth and Sports - \$67.5 million (5.9% of total expenditure)
5. Ministry of Health - \$64.0 million (5.6% of total expenditure)
6. Ministry of Works - \$58.8 million (5.1% of total expenditure)
7. Pensions and Gratuities - \$48.4 million (4.2% of total expenditure)

More details are available in Annex VII.

## **5.0 MAINTAINING FISCAL DISCIPLINE**

### **5.1 Introducing Fiscal Responsibility Legislation**

Mr. Speaker, attracting investment (local and foreign) so vital for job creation requires fiscal and debt sustainability. For this reason, our Government has made getting our Nation's fiscal house in order, our top priority.

Subsequent to the announcements of major fiscal measures in the 2014 Budget, our Government secured parliamentary approval for many of these measures and we are proceeding with these measures, with staggered implementation dates.

The 2015 Budget represents the second year of the Homegrown Programme and is consistent with our obligations set out in the Letter of Intent with the IMF. This Letter has been widely circulated since July of this year.

I will not repeat those obligations here except to reiterate that Grenada intends to meet its obligations under the Programme.

Throughout our engagement with our Social Partners and citizens, the question has been posed, how do we safeguard the gains of the

Homegrown Programme such that we do not have to repeat some of these painful measures?

Mr. Speaker, we have heard this concern.

As a consequence, the Committee of Social Partners agreed to establish a Monitoring Committee including all Partners and the ECCB. This Committee meets every month to review progress, ask questions and provide guidance.

Very shortly, our Government intends to submit Fiscal Responsibility legislation to Parliament. This law is essentially an expenditure rule.

This unprecedented step of Fiscal Responsibility legislation is a very important development and is intended to ensure that throughout the life of the Homegrown Programme and beyond, Government lives within its means.

The draft Fiscal Responsibility Bill has been in circulation among the Social Partners and other key stakeholders for feedback prior to its finalization and submission to Parliament.

## **5.2 Stronger Oversight of Statutory Bodies**

Mr. Speaker, the era of statutory bodies operating without strong oversight and direction from central government is over.

Under the recently enacted Public Finance Management Act, new protocols have been introduced in this regard. Furthermore, Cabinet recently approved several recommendations from a strategic review of statutory bodies completed earlier this year.

It is imperative that the entire public sector, not just central government, gets its financial house in order.

## **5.3 Expenditure Reduction**

### ***Attrition Policy*** (Personnel Expenditure)

In August of this year, Cabinet approved the Attrition Policy for the Grenada Public Service, with immediate effect.

As a first step, in the implementation of this Policy, Government committed itself to abolish 90% of all truly vacant posts. Cabinet has now formally abolished these positions. As a consequence, the 2015 Budget provides for 5,181 positions (4,917 permanent; and 264 unestablished) compared with 5,603 in 2014 (5,339 permanent; and 264 unestablished) - a net reduction of **422 posts**.

A summary list of the 425 positions abolished across the Public Service can be seen in Annex VIII.

### ***Waste Reduction*** (Non-personnel Expenditure)

For the first 10 months, Government saved \$4.6 million broken down as follows:

Electricity (\$2.5 million); Mobile telecommunications (\$901,000); Fuel (\$365,654.66); Water (\$554,714.86); Overtime (\$218,874.84); and International Travel (\$554,714.86).

We are now moving to implement new arrangements for fixed line and internet communications. The Unified Communications System utilizing the Internet Protocol phones will significantly reduce the cost of telecommunications services to the Government. This savings could be as high as 70% (about \$4 million per year).

We will also pursue more energy efficient initiatives.

## **5.4 Improving Tax Administration**

Mr. Speaker, during this year, our Government commissioned independent reviews of our current tax policy and tax administration in both Inland Revenue and Customs.

### *Reorganized Inland Revenue Division*

Mr. Speaker, we have heard the requests of our people for a more customer-friendly, transparent and efficient service; and we are putting plans in place to address those concerns.

The Inland Revenue Division will be restructured to reflect a modern tax administration service.

### *A New Tax Administration Act*

As part of our drive to strengthen tax administration, especially at the Inland Revenue Division, Government will soon introduce a Tax Administration Bill in Parliament; even as we enact several amendments to ensure that traditional loopholes in the system are closed.

### *Closing Loopholes*

Mr. Speaker, the following amendments will be made to effectively close some current loopholes

- Limit deductions for motor vehicle operating expenses and travel expenses to restrict them to business use
- Pool and ring-fence unincorporated business income and rental property income so that losses in each of these categories cannot be set off against other types of income such as personal income tax
- Require that deductions for interest and other overhead expenses incurred to earn foreign-source income be deducted only against foreign-source income
- Introduce accelerated depreciation allowances as the main income tax incentive for investment.

Mr. Speaker, these adjustments will be effective for tax year 2015 not 2014. The current regime will be maintained for income tax returns for 2014. However, these announcements are being made now to give the business community ample time to adjust.

## **6.0 INVESTING IN OUR PEOPLE AND PROTECTING OUR VULNERABLE**

### **6.1 Education and Human Resource Development**

Mr. Speaker, Grenada's long term viability requires a revamped and relevant education system.



In 2015, the investment in Education will be \$114.1 million.

We are aware of the weaknesses in administration at the Ministry of Education, and in collaboration with the Minister and the Permanent Secretary, we are working aggressively to address those.

I have been assured by the Minister of Education that steps are being taken to ensure that the issue of late payment to temporary teachers due to red tape becomes a thing of the past.

We will also address issues at T.A. Marrayshow Community College, with a view to ensuring effective administration and optimal results from our students.

Government will support our Nation's teachers with training opportunities and scholarships. Of particular focus will be raising the national competency levels in English and Mathematics.

The Schools Rehabilitation Programme will continue with major work on the following schools:

- GBSS Expansion
- TAMCC Science Laboratory
- Mac Donald College Expansion
- St. Mary's R.C
- Woburn Methodist
- St. Patrick's Anglican

The National Training Agency is working with eight centres, including NEWLO and Police Training School to have them certified to deliver certain training programmes.

A recent skills survey undertaken by the Authority, indicate that many of our tradesmen and women have no formal certificates for their occupation. This issue is being addressed, as it can limit their opportunities for certain projects and their ability to offer their services outside of Grenada.

## **6.2 Youth and Sports Development**

Mr. Speaker, our Government understands that if we do not take care of our youth, our Country has no future.

In 2015, the priorities will include:

- Continuation of the New Imani Programme to a ceiling of three to four thousand young people
- Implementation of the National Youth Policy Action Plan and a continuation of a number of projects aimed at youth development.

In respect of sports, the priorities will include

- Lighting of the National Cricket Stadium
- Lighting of La Sagesse Playing Field, and other facilities around the island
- Upgrading of Cuthbert Peters Park (already started)
- Upgrading of the Alston George Park, St. Mark's (already started)
- Expansion of the Youth Development Centre (already started)

The lighting projects will be done with support from the National Lotteries Authority.

An allocation of \$500,000 has been made for the Young Entrepreneurs Fund.

A provision of \$500,000 has been made to continue partnerships with churches on community development initiatives.

This Budget provides \$67.5 million for youth and sport development, of which \$30 million is for the New Imani Programme.

## **6.3 Health Care**

Mr. Speaker, delivering quality health care remains a top priority for Government. Over the past 21 months, we have made some impor-

tant strides, but much remains to be done. We thank Sister Modeste for her stewardship of this challenging ministry, as we welcome Minister Steele, with his managerial background and skills, to take up the mantle.

We have heard the cry of our people regarding the poor customer service at the Hospital, and we are taking action to address those.

The primary health care programme will be further strengthened as this investment has the potential for the greatest return for health of our citizens. We will continue to promote healthy lifestyles, including buying and eating local.

The recent challenges with the Ebola virus have caused us to install important infrastructure and protocols to better prepare for these unwanted viruses.

In respect of secondary care, Phase II of General Hospital is now underway with work on the Eye Ward, followed by the facility for Accidents and Emergencies.

A new Oxygen Plant has been installed, making oxygen shortages a thing of the past.

The building to house the new X-ray machine at Princess Alice will soon be completed. We note and applaud the partnership to procure this equipment, which included the Benjamin Foundation, GRENLEC and Government.

The construction of the storage tank at Princess Royal in Carriacou has been completed.

We are actively working to establish a state of the art Medical Park that will put us at the forefront of health care and medical tourism in the Caribbean.

We will continue to implement other management changes, and patient care services, as well as continue to explore avenues of training for our practitioners.

The total allocation for Health is \$64.0 million.

## **6.4 Housing And Social Care**

Mr. Speaker, the housing needs of our people are extensive. We hear them every day.

As such, government has rolled out four initiatives to satisfy the housing challenges of our people. Those include:

- an increased allocation from \$5.35 million to \$6 million for Grenada Home Improvement Scheme
- an increase from \$2 million to \$ 4 million in the allocation for the Soft Loan programme managed by the Housing Authority
- the agreement with the Chinese to provide more low income housing, following the distribution of homes to 350 families in Soubise, Frequente and Mt. Gay. The second phase of the Chinese Housing Programme will provide homes for 650 families, and will be constructed in Beausejour and Frequente in St. George's, Black Bay in St. John's, Diamond, St. Mark's, St. Patrick's and Dumfries in Carriacou.
- The pursuit of public private partnership, which will not only provide hundreds of quality and affordable low and middle income houses, but, like the other initiatives, will see the creation of hundreds of jobs in the economy, and an improved livelihood for our people.

Mr. Speaker, Government expects to spend \$13 million under our flagship safety net programme called "Support for Education, Empowerment and Development "(SEED).

In addition, the Needy Assistance programme has been doubled from \$500,000 to \$1 million. This Programme is in the Prime Minister's Ministry and provides health care, food, transportation and other basic assistance to poor and vulnerable citizens.

The Uniform and Transportation Allowance so badly needed to help our children to secure their education has been increased from \$500,000 to \$800,000.

The sum of \$3.1 million will be made available to provide our children with a hot meal under the School Feeding Programme.

An allocation of \$100,000 has been made to provide transportation support for students in the outer parishes who attend T.A. Marryshow Community College so that a student's success or failure cannot be attributed to his or her ability to get to and from school.

Mr. Speaker, in partnership with the Government of the Bolivarian Republic of Venezuela through the Petrocaribe Agreement, a new LPG Plant will be commissioned at Queen's Park. This Plant will allow Government to offer a lower price for LPG (Cooking Gas).

At long last, the Grand Bacolet Juvenile Rehabilitation Centre has been completed and will be officially opened early next year. Its operation will also facilitate the implementation of the Juvenile Justice Act. The Centre will provide second chance opportunities to our young offenders, who will not only receive counseling services, but also skills and job training services. This will help to facilitate their smooth and successful re-entry into the job market, and their overall re-incorporation into society.

When it opens its doors, the Juvenile Rehabilitation Centre will also provide long term jobs and opportunities for our social work professionals and other support staff.

The total allocation for Housing and Social Development is \$35.9 million.

## **7.0 CREATING JOBS**

### **7.1 Improving the Investment Climate**

Mr. Speaker, Government is increasing its efforts to improve the investment climate.

It should be noted that although Grenada's overall ranking fell in the 2015 Doing Business Report, Grenada's ranking on trading across borders actually improved from 61 to 51 out of 179 countries. Indeed,

Grenada is ranked second in the OECS and third in CARICOM in this category.

Grenada's Ease of Doing Business Ranking is shown in Annex X.

We will continue to take steps to improve our ranking.

Two weeks ago, the House of Representatives passed a new Investment Act, replacing the Investment Promotion Act of 2009, which was never brought into force. The reasons for it not being brought into force by the previous Administration remain unclear.

We also passed a new Customs Act.

We will soon enact Fiscal Incentives legislation to give effect to the Investment Bill and provide better oversight for monitoring of the concessions by Inland Revenue and Customs.

Thereafter, we will restructure the Grenada Industrial Development Corporation in line with the requirements of the new Investment Act.

During the first six months, we will also pass new insolvency legislation and replace the 1909 winding up rules which are still on our books.

With the above actions, we are confident that our Doing Business ranking will improve considerably.

## **7.2 Citizenship By Investment Programme**

Given the importance of the Citizenship By Investment Programme and the expectations for the 2015 Budget, additional marketing agents have been appointed and additional projects will be undertaken, including:

1. NOIL, Inc. Alternative Energy. This US \$10 million Project will see the construction of industrial and residential solar energy systems to help reduce the cost of electricity for Grenadians.

The Project will generate 20 construction jobs and 35 permanent jobs.

2. Levera Resort Development. This US\$60 million project will increase room stock in our tourism sector but will also positively impact agriculture. It will generate 50 construction jobs and 60 long term jobs.
3. The Point at Petite Calivigny. This US\$8 million investment will be a world class residential club. It will generate 100 construction jobs and 40 long term jobs
4. The Sanctuary at Fiji Beach. This US\$6 million project will be located in L'esterre, Carriacou and will generate 60 construction jobs and 40 permanent jobs.
5. Grand Harbour Waterfront. This US\$40 million luxury waterfront apartment project will generate 100 construction jobs and 95 long term jobs

Mr. Speaker, in order to safeguard Grenada's image and insulate us from criminals, we have engaged the services and support of private due diligence service contractors, international governmental partnerships and our own Financial Intelligence Unit.

The total number of jobs under the CBI programme for 2015 is estimated to be 690.

### **7.3 Agriculture and Fisheries**

Mr. Speaker, the growth and development of our Agriculture is essential for our economic salvation.

For 2015, we will pursue the following priorities:

1. Implementation of the Food and Nutrition Security Policy and Action Plan - \$100,000.
2. Supporting investments in Root Crops, Fruit Tree Crops, Nutmeg, Cocoa and other High Demand Crops, including sour sop and banana- \$700,000
3. Supporting Investments in Irrigation Expansion and Protective Agriculture

4. Increase Livestock production – poultry, pigs, small ruminants, cattle and bees
5. Fighting Praedial Larceny – \$500,000
6. Supporting Land and Forestry Management
7. Commercialization of government estates
8. Facilitate the obtaining of land titles and surveyors' licenses, in an effort to heed the cry of some of our citizens
9. Improving Fisheries Management – support for the implementation of the fisheries and ocean governance policies; expand Marine Protected Areas and improve their management; and support fisher folk in the area of Quality Assurance and Value Addition.
10. Climate Change Adaptation and Biodiversity Projects with the support of the German Government and UNDP – \$2.2 million

In 2015, the Marketing and National Importing Board intends to almost double its purchases from farmers while offering higher prices. It will also aim to increase exports by at least \$1 million, while it provides for a more reliable supply of produce and more stable prices for farmers.

The total allocation for Agriculture and Fisheries is \$39.1 million including \$29.7 million for capital projects. This sum is \$10.3 million higher than 2014.

#### **7.4 Tourism and Culture**

Tourism is Grenada's largest source of foreign exchange with tourist expenditure estimated to be, on average, \$350M each year over the past ten years. This sector is estimated to generate direct employment for about 5,000 persons.

Mr. Speaker,

For the first nine months of this year, arrivals grew by 16.4 percent. The major reasons for this dramatic improvement include the



opening of Sandals Resort, improved airlift, and some very aggressive marketing by the newly established Grenada Tourism Authority.

Unlike the previous Administration which debated and delayed, we moved ahead and launched the Grenada Tourism Authority in January of this year.

Grenada's new brand, Pure Grenada: The Spice of the Caribbean, has proven to be invaluable.

The Caribbean Premier League and the Bangladesh Tour of the West Indies brought otherwise unaffordable, significant brand awareness and advertising of Grenada in more than 20 countries worldwide.

Of course, the England-West Indies Test Match in April will also be a major boost. With at least 2,000 visitors expected during that period, the GTA has reintroduced the Homestay Programme.

Mr. Speaker, since the return of the NNP Administration, Grenadians again have the privilege to watch international cricket, in all formats, played right here in Grenada.

Government will continue to increase airlift to Grenada. Earlier this month, we welcomed Condor, a direct service from Germany. Next month, American Airlines will commence a daily service from Miami.

In terms of attraction sites, the trails at Grand Etang will be upgraded, and Phase II of the Centennial Park will be completed.

Other attractions and tourist sites will also be commercialised.

Several major infrastructural works are planned at the Maurice Bishop International Airport including: Upgrading of the Runway Lighting System, Procurement of Air Traffic Control Equipment, and Airport By-Pass Road.

On the sister isle of Carriacou, Government has decided to locate the new airport at Dumfries. This new facility will provide for night landing and will be capable of receiving LIAT's ATR 72 aircrafts.

Meanwhile, we move forward with private sector plans to upgrade the existing airport facility in Carriacou, refurbishing the runway and providing for safer and more efficient travel.

In respect of hotels, work is about to commence on two major hotels – Silver Sands and Riviera, as well as expansion of the Port Louis facilities.

The total allocation for Tourism is \$26.3 million, with approximately \$20 million of that to be placed under the management of the Tourism Authority.

Before I move on, I wish to again thank Minister Otway-Noel for her energetic leadership of this vital sector over the past 21 months.

In the area of Culture, legislation will be passed to establish the Film Commission and move forward with the development of a film industry.

## **7.5 Energy Development**

Grenada will continue to pursue cooperation arrangements with Trinidad and Tobago and other countries for joint development and eventual exploration and exploitation.

As we have consistently articulated, the price of electricity in Grenada is among the highest in the world and is stifling growth and job creation.

Early next year, Government will enact legislation for a new Electricity Supply Act that will promote renewables among households, hotels and other businesses. There will be a strong focus on communities' access to renewables such as Solar PV to help lower the high costs of energy.

Tenders for the Carriacou Wind Energy Project were opened last week and construction is expected to start next year.

Government will receive external grant support to prove resources for geothermal energy, before entering into licensing arrangements with interested developers.

## **7.6 Information Communications Technologies (ICT)**

To foster the development of ICT and IT enabled services as drivers for employment and entrepreneurship and economic growth, the following initiatives will be undertaken under the Caribbean Regional Communication Infrastructure Programme:

1. The design of a broadband network with high bandwidth to help Government deliver faster and better services to citizens;
2. Skills assessment of the labour market to develop programmes to meet the labour market requirements for ICT;
3. Business Incubation Grants to encourage and support the development of small business in IT enabled services, thereby promoting employment opportunities.

Government has engaged the services of Multi-Group Relationship Management (MGRM), a well reputed and world class ICT firm from India, with offices in 52 countries, to advise on a unified communication system and Government IT Platform. In this regard MGRM will continue the engagement commenced by the Waste Reduction Committee with the providers of telecommunications services to secure reductions in telecommunications charges.

In support of Government's waste reduction thrust, plans are proceeding for the operation of a paperless Cabinet. Already fifteen laptops have been procured through the support of International Telecommunication Union.

I am pleased to report, as per our promise coming into office, Government is now in negotiations with the Government of Venezuela for the provision of laptops and/or Tablets for our students across the Tri-island state. We intend to fully deliver on our promise to ensure that our students can access the Information superhighway, and thus be highly competitive on the world stage.

Government, under the banner of OECS and CARICOM, will be engaging all telecommunication providers licensed in Grenada, to ensure that any action including mergers or acquisitions do not diminish competition, and in particular, will not negatively impact

the downward drive of prices of telecommunication services, nor inhibit the establishment of new and smaller entities entering the market with new services.

Grenada currently holds the Chairmanship of the Council of Ministers of ECTEL and is therefore required to play a major role in this process to protect consumers of the sub-grouping in particular, and the wider region in general.

## **7.7 Trade and Export Development**

The value of Total Exports for the first nine months of this year was \$631.9 million, an increase of 9.3 per cent over the same period last year. This is good news.

One of the key challenges facing our manufacturers is their inability to meet the standards for the export market. With funding support from the CARICOM Development Fund, the Division of Trade and the Grenada Bureau of Standards will work with selected businesses to have them certified to international standards.

In 2015, the major focus is on increasing exports especially in the markets in which CARICOM has signed trade agreements such as Venezuela, Cuba, Dominican Republic, Costa Rica and the European Union.

CARICOM hopes to conclude negotiations with Canada on a new Free Trade Agreement.

Government, in collaboration with the private sector, will continue the Buy Local Campaign.

## **7.8 Support for Small Business Development**

Mr. Speaker, since the launch of the Small Business Development Fund in September 2013, 200 loans have been approved and 184 loans have been disbursed for a total disbursement of \$2.4 million.

To date, about 600 jobs have been created from these loans.

For 2015, the allocation for the Fund has been doubled to \$4 million.

We anticipate as many as 1,000 jobs will be created.

The GIDC Small Business Centre aims to help at least 15 small and medium enterprises to commence operations and to train 175 entrepreneurs.

To ensure, a better enabling environment for small business, Government will bring a Small Business legislation to Parliament next year.

## **7.9 MAJOR GOVERNMENT PROJECTS**

Mr. Speaker, this Budget provides \$312.3 million for Government's capital programme in 2015.

I now present some of the major projects that will put thousands of our people back to work; thus helping them to provide for their families.

### ***National Athletic and Football Stadium***

With the support of the People's Republic of China (PRC), work on the Athletics and Football Stadium is progressing well and is expected to be completed by August 2015.

The total cost is estimated at \$65 million.

This Facility will become a prized asset for our sports tourism product.

### ***Grenada House of Parliament***

This Project has commenced with the earthworks using a local contractor.

In addition to the grant from the UAE, Grenada has now secured US\$5 million from the Government of Mexico, to proceed with the Project beyond Phase II. It is estimated that 50 jobs will be created through this project, which should be completed at the end of 2016.

## ***Market Access and Rural Enterprise Development Project (MAREP)***

The list of successes for 2014 can be viewed in Annex XI.

For 2015, the priorities are:

- Vocational Skills Training (VST) for 400 rural youths at a cost of EC \$1,000,000.
- Financing of forty (40) community projects under the Rural Investment Fund (RIF) at a cost of \$800,000.
- Make available to the rural business community a Line of Credit (LOC) in the sum of EC\$ 1,500,000 for rural community business projects.
- Improvement/Construction of nine (9) farm access roads and (1) bridge.
- Entrepreneurial training for 70 rural youths at a cost of EC\$ 70,000.00.
- To stimulate the further development of Industries in the following areas; Poultry, Small ruminants, Bees, Fish, Root crops and Agro-processing.
- Extend MAREP work in another 30 communities including Carriacou and Petite Martinique.

The expansion of MAREP services will afford further opportunities to make a serious dent in the unemployment statistics in this nation.

A total of \$3.3 million is projected to be spent next year.

We anticipate the creation of at least 300- 400 jobs.

## ***Basic Needs Trust Fund (BNTF) Programme***

Mr. Speaker, like MAREP, the BNTF Programme is another resurrection story and another viable entity for the creation of jobs and opportunities.

On arrival in office, the CDB was considering cancellation of the grant for this Programme.

Since then there has been a significant turnaround.

The list of Projects completed this year can be viewed in Annex XII.

For the period, 2015-16, a total of \$6.6 million dollars is programmed for projects. These include:

- Paraclete Government
- Bonair Government
- Mt. Moritz Anglican
- St. Dominic's Preschool
- Resource Day Care Centre

We project to spend at least \$4.6 million on this Programme in 2015.

It is estimated that 200 jobs will be created.

### ***Concrete Roads Project***

Concrete road projects estimated at \$5 million will be undertaken, and will provide income to dozens of workers.

### ***Agricultural Feeder Roads Phase II***

We have completed work on roads in Laura Estate, Mt. Tranquil and Morne Delice to Mount Gazo.

Work is currently underway on the following roads:

- Munich-Grand Bacolet (St. Andrew)
- Mamma Cannes-Grand Bacolet (St. Andrew)
- Waltham (St. Mark)
- Mt. St. John (St. Andrew's)
- Concord Road (bridge to waterfalls) (St. John )
- Plaisance (St. Patrick)
- Grenville Vale to New Hampshire (St. George's)

At present, 120 Grenadians are employed on this Project. This number will increase next year.

Most of the equipment and materials on the project have been rented/ leased or purchased from local companies and suppliers.

All the concrete used has been purchased from the Gravel & Concrete Corporation.

In 2015, the following roads will be done:

- Laborie; and
- Clozier-Bull Hill-Windsor.

This Project will generate an additional 150 jobs.

Negotiations are advanced for Phase III which will include the Mabouya Road in St John's.

### ***Road Rehabilitation and Maintenance Programmes***

Mr. Speaker, many of our roads neglected by the previous Administration are now in a deplorable state. With the asphalt plant functional once more, we have begun to address this problem.

This Budget provides \$7 million for Asphalt Works.

A provision of \$10 million has been made for Road maintenance programme including Debushing.

Additionally, \$5 million has been earmarked for Concrete Works to provide concrete roads, drainage and retaining walls.

It is estimated that there will be more than 10,000 short term income earning opportunities.

### ***Special Projects***

Special Projects has proven to be a very useful programme as it addresses real needs in communities and also provides employment



opportunities for many small contractors in the various constituencies.

This year, the allocation has increased from \$5 million to \$7 million.

It is estimated that 250 jobs will be created.

### ***Regional Disaster and Vulnerability Reduction Project***

This Project is jointly funded by the World Bank and the Climate Investment Fund to the tune of \$70.7 million. Its objective is to increase resilience to climate change and reduce vulnerability to natural disasters.

Next year, the major activities include:

- Sendall's Tunnel Rockfall Protection
- St. John's River Flood Mitigation
- Completion of the Holy Cross R.C School in Munich
- Rebuilding of the Cadrona Home for the Aged, and the refurbishment of the Hills View Home for the Aged
- Construction of Lance and Hubble Bridges

The sum of \$6.5 million has been allocated.

This Project is estimated to generate 100 jobs.

### **OFID/GOG School Rehabilitation Project**

The projects for completion in 2015 are:

- GBSS Expansion
- TAMCC Science Laboratory
- St. Mary R.C School (La Fillette)
- Mac Donald College Expansion
- Woburn Methodist Upgrade

The sum of \$13.4 million has been budgeted.

It is estimated that the Project will generate 150 jobs.

### **St. Patrick's Roads Project**

This Project seeks to rehabilitate 16 kilometres of road from Duquense to Sauteurs and from Mt. Fendue to Pointzfield at an estimated cost of \$27.0 million.

Construction will start in the second half of 2015. The Project is expected to generate at least 50 jobs.

## **7.10 PUBLIC PRIVATE PARTNERSHIPS**

Mr. Speaker, there are several development projects for which Government is seeking Public Private Partnerships.

### *Medical Park*

Government is pursuing the development of a Medical Park in the Mt. Hartman area. The Park will leverage the presence and brand of St. George's University. Its center piece will be a New Hospital, as well as specialty clinics for cosmetic surgery, a retirement village and a hotel development.

This Park has the potential to generate 3,000–4,000 jobs.

### *Grenada Aviation Academy*

The Airports Authority is currently pursuing a public private partnership in discussions with investors from the Caribbean, USA and Europe to establish an Aviation Academy at Pearls. The Academy aims to provide a world class institute for line maintenance, maintenance repair organisations, training in airport management, airline management, air traffic control and licensing of pilots.

### *Renewable Energy and Energy Efficient Solutions*

Government will partner the private sector to install renewable energy such as solar PV and energy efficient devices to reduce the electricity

bill as well as Grenada's carbon footprint. The partnership will be based on sharing the savings to repay the costs of these investments.

## **7.11 MAJOR PRIVATE SECTOR PROJECTS**

Mr. Speaker, we are seeing more and more investors coming forward to do business in Grenada.

The following major projects have recently started or will soon commence:

- **Clarkes Court Marina:** this Marina is expected to commence operation in 2015 and will generate at least twenty (25) jobs
- **Calabash Hotel Expansion:** this is a \$40 million development that includes the building of 10 additional suites. So far, the construction phase has employed close to 50 workers, and upon conclusion, there will be an additional 12 new hotel jobs.
- **Sandals La Source Resort Sales and Marketing Centre:** this Centre will house a dedicated sales force to encourage tourists to come to Sandals. An additional 40 jobs will be created.
- **Clear Harbour:** an expansion of its medical billings service resulted in the creation of 289 jobs this month bring its total staff complement to 678. A further 200-300 jobs will be created in 2015. When the expansion is completed, Clear Harbour will have 850 places.
- **Silver Sands Hotel:** this investment includes 66 rooms and 10 villas (a total of 106 rooms), to the tune of USD \$60 million. The construction phase of this project will see the employment of approximately 200 workers.
- **Port Louis** expansion project will provide for a further 150 workers
- **Tyrrel Bay Marina:** this is a US\$9 million investment and is generating about 15-20 jobs.

- **Sanctuary Resort:** a 13 room boutique & residential resort in Carriacou which will generate ten (10) jobs.
- **Mermaid Hotel and Callalou Restaurant in Carriacou:**
- **Balloon over the Town of St. George:** a new tourist attraction.
- **Grenada Quality Meats:** a livestock farm and meat processing plant in St. David's which will create another forty (40) jobs.

Mr. Speaker, job opportunities, especially for workers in the construction industry, will be many and varied in the year ahead, with all of the ongoing or incoming projects.

Based on some of the major public and private sector projects which I have mentioned, we anticipate the creation of at least 3,500 jobs.

## **8.0 IMPROVING GOVERNANCE**

### **8.1 Committee of Social Partners**

Mr. Speaker, our Government is committed to inclusive governance.

Following recent outreach activities through the National Social Partners Forum, we hope to sign and bring to Parliament soon the Social Protocol.

Pursuant to the Compact, we have already commenced work on some major initiatives, including

1. Review of the Labour Code;
2. Pension Reform
3. National Plan 2030.

The Monitoring Committee of the Homegrown Programme will continue to closely observe its progress and make suggestions as appropriate.

I wish to applaud all the Social Partners for their strong commitment to meaningful dialogue and nation building.

## **8.2 Constitution Reform**

This Budget provides resources to support a referendum in the first quarter of 2015.

We hope that this referendum will help to shape the Grenada Constitution in our own image and likeness and pave the way forward.

## **8.3 Financial Sector Regulation**

Consistent with the decisions of the Monetary Council, Government will take the following Bills to Parliament:

1. ECCB Agreement (Amendment) Act
2. Revised Banking Act
3. Uniform Insurance Act
4. Eastern Caribbean Financial Services Regulatory Commission Act

GARFIN continues to develop its regulatory and supervisory procedures for monitoring of the non-bank financial sector in Grenada.

A risk based, on-site examination methodology for credit unions was developed with support from CARTAC. By December 2014, all credit unions in Grenada would have been subject to examination using this new methodology. A similar risk based system is being developed for insurance companies.

In 2015, work will continue on a project to create a single insurance regulatory authority for the ECCU region.

Grenada successfully completed its Phase II Peer Review by the Global Forum in September 2014. This Review, in which Grenada was rated “largely compliant,” focused on implementation of the relevant exchange of information Agreements and legislation. Grena-

da's successful Phase II Review confirms again our commitment to the Global Forum's internationally accepted standards on tax transparency.

#### **8.4 Foreign Affairs**

In 2014, the Ministry of Foreign Affairs and International Business prioritized its engagement of new partners throughout Latin America, Asia, and the Middle East, resulting in the mobilization of at least US\$20 million and tangible deliverables for the Grenadian people. One example is the mobilisation of US\$5 million from Mexico for Parliament House.

We also secured visa waivers for Spain, Brazil and the People's Republic of China:

Diplomatic relations were established with Montenegro.

Grenada's Mission to the U.S.A was instrumental in negotiating a Memorandum of Understanding with the U.S.A on energy security, which will be helpful to other islands looking to reform their energy sector in support of environmental, economic, and social objectives.

The Ambassador to the U.S. was also instrumental in the signing of two MOUs encompassing the "Blue Economy" and "Climate-Smart Agriculture" to improve sustainable productivity for the benefit of farmers, fishermen, agri and tourism businesses.

In 2015, the priorities include:

- Online facility to make applications for skills certificates more accessible to the general public
- Improved and more secure IT network to reduce wastage and improve information integrity
- To find creative and cost-effective ways to increase Grenada's diplomatic presence in strategic capitals
- Further explore Grenada's participation in regional integration constructs

- Donation of health implements
- USD 3 million of additional grant aid
- Major projects in heritage preservation

We expect further Visa Waivers from Mexico and The European Union Schengen Zone.

## **8.5 Carriacou and Petite Martinique**

In 2015, key projects include:

1. Road Works - \$1.2 million
2. Agriculture Programme - \$685,000
3. Sports and Culture Support Programme - \$515,000
4. Asphalt and Concrete Works - \$500,000
5. Skills Training and General Education Projects - \$361,896
6. Petite Martinique Playing Field- \$350,000

These projects will help to put dozens of people out to work.

The total allocation for Carriacou and Petite Martinique is \$13.4 million; of which \$4.3 million is earmarked for capital expenditure.

## **8.6 Labour and Industrial Relations**

The Labour Advisory Board, facilitated by a consultant provided by Canada, recently reviewed the 1999 Labour Code; draft Occupational Health and Safety Bill; and the Policy on HIV and AIDS in the Workplace.

Following completion of the various consultations, Government will bring a Revised Labour Code inclusive of the Employment Act, the Labour Relations Bill and the Occupational Health and Safety Bill to Parliament.

Implementation of the Labour Market Information System will further improve the quality of information and the services provided to stakeholders of the Ministry of Labour.

The Ministry of Labour will intensify its efforts to identify employment opportunities through the re-establishment of the Employment Bureau. It will also review the Migration Policy which covers the employment of foreign nationals, as well as the seasonal migration programmes to North America.

Finally, it will seek new employment opportunities through bilateral agreements with countries in and outside of the Caribbean.

## **8.7 Public Sector Modernisation**

Pursuant to the demands of the Homegrown Programme, the Department of Public Administration is re-orienting itself to rise to the challenges before it.

For 2015, the priorities include:

1. A focus on the implementation of recommendations for an enhanced educational service delivery
2. Completion of the DPA's Corporate Plan and official articulation of a new DPA to promote a relentless focus on RESULTS
3. Implementation of key recommendations of the HR Audit, to improve efficiency and effectiveness of Public Service operations
4. Development of a Human Resource Strategy Plan for the Public Service
5. Establishment and/or strengthening Communities of Practice in areas such as ICT and Finance Officers networks.
6. Adoption and implementation contract management and Revised Staff Orders for improved management of the Public Service
7. Development of a Public Service Act

## **8.8 National Security**

The Royal Grenada Police Force (RGPF) remains committed to providing a safe and secure environment for citizens and visitors alike.



In 2014, the RGPF response mechanism was boosted significantly with the delivery of seven (7) new vehicles which were distributed nation-wide.

In spite of resource constraints, the RGPF continued to maintain a detection rate of 77% in 2014 and will work to further improve in that area.

As reflected in the statistical analysis of 2013/2014 data, reported crime contracted by ten percent (10%); reported road accidents by 6% and reported sexual offences by twenty-eight percent (28%).

Statistical analysis also brought to light a 200% increase in road fatalities (from 3 to 9 deaths). This is a cause for concern and the RGPF continues to urge, in particular younger drivers, to exercise greater care and tolerance on the Nation's roads.

As we forge ahead to 2015, the RGPF will continue to amplify ongoing community policing efforts which is central to crime fighting. The RGPF also aims to recruit thirty (30) persons to strengthen frontline efforts and to ensure personnel numbers reflect established strengths.

Government commends the Commissioner of Police and his team on their achievements.

## **8.8 Disaster Mitigation and Management**

In 2014, Government focused on the development of a new five-year Climate Smart Country Work Programme and for the first time, a Comprehensive Disaster Management Policy.

NaDMA's institutional capacity has been strengthened significantly with the World Bank's donation of two (2) new vehicles and equipment to enhance its telecommunication platforms.

Grenada was also selected as a pilot country, together with Barbados, for the implementation of the European Volunteers for the Response of Emergencies in the Caribbean Project (EVRECA). The Project

includes two deliverables; training in volunteer management and the development of efficient voluntary service support system.

In 2015, NaDMA will prioritize the implementation of the new five-year Climate Smart Country Work Programme, continuous development of the CDM Policy and the enactment of the CDM legislation.

### **8.10 Information**

The Government Information Service (GIS) has significantly expanded its programme content over the past year including the investigative weekly feature programme “State of Affairs,” which, by many accounts, has lifted the bar for Television journalism in Grenada.

GIS now offers more local programming than any other television station in the Country.

There was a significant increase in the live broadcasts of programmes such as the National Social Partners Forum, the Constituency Forum and the Constitutional Review Consultations.

In 2015, GIS will offer weekly programmes generated by our youth, as well as programmes promoting healthy lifestyles and local products.

GIS will work with the National Telecommunications Regulatory Commission (NTRC) to make its programming even more accessible to every person, especially citizens in the diaspora.

### **8.11 Legislative Agenda**

In 2015, Government’s legislative agenda will include:

- Banking
- ECCB Agreement Amendment
- Asset Management Company
- Bankruptcy

- Electricity Supply
- Fiscal Incentives
- Labour Code
- Tax Administration
- Public Service
- Small Business

Mr. Speaker, I wish to thank the Attorney General and the Drafting Unit for all their hard work to deliver this ambitious legislative agenda.

I also wish to thank all parliamentarians but especially Hon. Gregory Bowen, Leader of Government Business for his exceptional work during this very demanding period of legislation.

## **9.0 ACKNOWLEDGEMENTS**

Mr. Speaker, on behalf of the Government and People of Grenada, I wish to place on record our appreciation of the following Governments and Organisations for their financial, economic and technical assistance during the past year:

The Government of the People's Republic of China

The Government of the Bolivarian Republic of Venezuela

The European Union

The Government of the Republic of Cuba

The Government of the United Arab Emirates

The Government of Mexico

The Government of Canada and the Department of Foreign Affairs Trade and Development

The Government of the United States of America and the Department for Energy

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

The Government of the Republic of Trinidad & Tobago

The Government of Japan

The Government of India

The Government of the Federal Republic of Germany

The Government of the Netherlands

The Government of the Federative Republic of Brazil

The Government of New Zealand

The Government of the Kingdom of Morocco

The Government of the Republic of Turkey

The Government of the Republic of Kazakhstan

The Government of the Republic of Korea

The Government of the Russian Federation

The Government of the Republic of France

The Government of the Republic of Chile

The Government of the Argentine Republic

The Government of Costa Rica

The Caribbean Development Bank

The Eastern Caribbean Central Bank (ECCB)

The World Bank Group

The Kuwaiti Fund for Arab Economic Development

The OPEC Fund for International Development (OFID)

The International Monetary Fund

The Organisation of Eastern Caribbean States (OECS)

The CARICOM Secretariat

The Caribbean Regional Technical Assistance Centre (CARTAC)

The United Nations Development Programme

The Caribbean Tourism Organisation (CTO)

The United Nations Population Fund

UN Women

The United Nations Children's Fund

United Nations Educational Scientific and Cultural Organization (UNESCO)

United Nations Economic Commission For Latin America And The Caribbean (UNECLAC)

The Commonwealth Secretariat

The Organisation of American States (OAS)

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

The International Renewable Energy Agency (IRENA)

The Inter-American Institute for Co-operation on Agriculture

The Caribbean Disaster Emergency Agency (CDEMA)

The Association of Caribbean States

The Community of Latin American and Caribbean States (CELAC)

The Caribbean Export Development Agency

The Caribbean Regional Negotiating Machinery (CRNM)

The Caribbean Financial Action Task Force (CFATF)

The Caribbean Anti-Money Laundering Programme (CALP)

Mr. Speaker, we thank our social partners and citizens for their contributions to this Budget.

I express my appreciation of my Cabinet Colleagues for their dedication and sacrifice to help build our Nation.

I take this opportunity to express my deepest appreciation to the Permanent Secretary, Deputy Permanent Secretaries, Chief Budget Officer and members of the Budget Unit, Head of Policy and other members of the Policy Unit, Corporate Communications Officer, management team and staff of the Ministry of Finance as well as the Manager and staff of the Government Printery.

I thank the Attorney General and his staff, the Secretary to the Cabinet, Permanent Secretaries, Heads of Non-Ministerial Departments, Press Secretary and other public officers who have contributed to the preparation and delivery of this Budget.

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

Finally, Mr. Speaker, I wish to thank you for permitting the use of technology to support my presentation today.

## **10.0 SUMMARY AND CONCLUSION**

Mr. Speaker, when we assumed office 21 months ago, our Country was in economic freefall; confidence was at an all-time low; and hope was virtually gone.

We were required to take swift and courageous decisions to rescue our Country. We did.

Through the Committee of Social Partners, we have come together as a Nation, mindful that the most fertile ground is common ground.

Today, we are reaping the first fruits of these courageous decisions and collective action.

Grenada's economy is growing again. For the second straight year, Grenada will be among the top performers in the ECCU, with growth in 2014 of at least 2.6 percent.

Tourism has taken off.

Unemployment is falling. From more than 40 percent when we assumed office, it is now down to 29.5 percent.

We are delivering on our promise of more jobs.

We are paying down Unpaid Claims thereby providing much needed oxygen for our local private sector.

Public officers and pensioners have not only received an increase in pay, they have now received all their backpay – a whopping \$47.8 million.

Our young people are getting more opportunities for skills and business development. Just over 3,000 are now in the Imani Programme.

More scholarships are being provided. This year alone, we have provided 236 scholarships. More will be provided.

Government estates are becoming more productive resulting in higher production and more employment.

Our farmers are selling more to Marketing Board and are receiving higher prices.

Through the Feeder Roads Programme, our farmers are getting better and faster access to their farms.

Exports are increasing.

We are supporting families with their housing needs. This year alone, more than 500 families have already received material assistance. Under the Chinese Housing Programme, 350 families will receive new homes in time for Christmas this year.

Under our flagship safety nets programme, 4,084 persons including 2,250 senior citizens and 1,834 children are receiving support.

Under the Debushing Programme, more than 12,000 persons have received income support.

The people of Carriacou and Petite Martinique have not been left out.

After years of waiting, the Top Hill Senior Citizens Home is now virtually complete.

Constant water shortages will soon be a thing of the past as two desalination plants have now been installed.

We are now providing better health care to our sisters and brothers in Petite Martinique through their newly refurbished Medical Centre.

Mr. Speaker, it is ironic that the NDC Administration campaigned on good governance, transparency and accountability yet it could not even deliver one declaration to the Integrity Commission in its four and a half years in office.

Today, the Integrity Commission is fully functional.

It took the New National Party, the party that gets things done, to deliver the Integrity Commission.

Mr. Speaker, our Government is even delivering on the promises of the previous Administration.

Mr. Speaker, it is said a picture is worth a thousand words.



The pictures we have seen today speak volumes about our development prospects.

The evidence is clear and compelling.

Our Country is moving forward and upward.

Better days are coming.

Construction of two new hotels is about to begin.

More than 3,500 new jobs will be created.

Grenada is on the rise.

And so we march on, with a solid and versatile team. Men and women who answered the call of Country.

The invigorating rains of the last few weeks have ushered in green shoots, complemented by the blooming flowers of yellow; a refreshing stream that touches and inspires everyone.

We are pleased that most of us have cast aside the old ways; and most old political rivals have answered the call for inclusion, and accepted that the modern reality for the survival of the Grenadian nation demands a new alliance.

With love in our hearts, we extend our hands to those who wish to seize this moment of national unity.

And so let us march on...together.

The Scriptures in Phillipians 3:13 aptly says: ***I forget about the things behind me and reach out for the things ahead of me***".

To this, I simply add: May God bless our Nation of Grenada, Carriacou and Petite Martinique!

## ANNEX I

### Macro Economic & Fiscal Review 2014

(Preliminary)

Prepared by:

Macroeconomic Policy & Research Unit  
October 2014

#### INTERNATIONAL AND REGIONAL DEVELOPMENTS

“The pace of global recovery has disappointed in recent years, with weaker-than-expected global growth for the first half of 2014 and increased downside risks, the projected pickup in growth may again failed to materialise or fall short of expectation.” These were the sentiments expressed by the IMF in its October 2014 World Economic Outlook (WEO) Report. With world growth in the first half of 2014 slower than expected, global growth for 2014 is projected at 3.3 percent. The growth projection for 2015 is slightly higher at 3.8 percent.

Growth is expected to strengthen in 2014–15 across most advanced economies, but the pace of recovery remains different across regions. The strongest rebound in growth is expected in the United States, while growth in the Euro Area and Japan will remain modest. Growth elsewhere, including the United Kingdom is projected to be solid.

**Table 1: IMF PROJECTIONS OF GLOBAL GROWTH FOR SELECTED COUNTRIES**

	2012	2013	2014 (Proj.)	2015 (Proj.)
<b>World Output</b>	<b>3.4</b>	<b>3.3</b>	<b>3.3</b>	<b>3.8</b>
<b>Advanced Economies</b>	<b>1.2</b>	<b>1.4</b>	<b>1.8</b>	<b>2.3</b>
United States	2.3	2.2	2.2	3.1
Euro Area	(0.7)	(0.4)	0.8	1.3
Japan	1.5	1.5	0.9	0.8
United Kingdom	0.3	1.7	3.2	2.7
<b>Emerging and Developing Economies</b>	<b>6.7</b>	<b>6.6</b>	<b>6.5</b>	<b>6.6</b>
Russia	3.4	1.3	0.2	0.5
China	7.7	7.7	7.4	7.1
India	4.7	5.0	5.6	6.4
Brazil	1.0	2.5	0.3	1.4

SOURCE: IMF, World Economic Outlook, October 2014

Growth in the United States is expected to rise from 2.2 percent in 2014 to 3.1 percent in 2015 due to an accommodative monetary policy stance, favourable financial conditions and a healthier housing market. Employment growth is projected to be strong, but some recovery of the labor market participation rate will slow the decline in the unemployment rate.

In China, growth is projected at 7.4 percent in 2014 since the authorities deployed policy measures to support activities such as; tax relief for small and medium enterprises, accelerated fiscal and infrastructure spending, and targeted cuts in required reserve ratios. For 2015, growth is projected at 7.1 percent, as the economy makes the transition to a more sustainable path.

In the Euro Area, prospects are uneven across countries. A weak recovery is projected to gradually take hold, supported by a reduction in fiscal drag, accommodative monetary policy, and improving lending conditions. Growth is projected to average 0.8 percent in 2014 and 1.3 percent in 2015.

Overall, growth in emerging market and developing economies is projected to increase modestly supported by stronger domestic demand as well as a recovery in external demand associated with faster growth in advanced economies. The forecast for 2014 is 4.4 percent while it is 5.0 percent in 2015.

### **Recent Economic Performance of Caricom and the ECCU**

The economies in the region, continue to feel the lingering effects of the slow growth in advanced economies. The IMF Newsletter for the Caribbean Region October 2014 issue, cited that economic growth in the Caribbean continues to be weak, at a projected 1.5 percent for 2014, on average, up from 1.4 percent in 2013.

Although commodity prices were lower in 2014, the commodity exporting countries continue to grow at a more rapid pace than the economies that are serviced-based. Among the commodity exporters, Trinidad remains on course to grow at 3.4 percent, Guyana and Suriname are slowing down to around 3.0 percent and Belize to 2.0 percent due to declining oil production.

In contrast, growth in tourism-based economies is projected at 1.2 percent, on average. Barbados is experiencing its second consecutive year of economic stagnation amidst its austerity measures, and St. Lucia is projected to contract by 1.1 percent in 2014. After bottoming out in 2013, Jamaica is recovering slowly, and is projected to grow by a modest 1.1 percent in 2014.

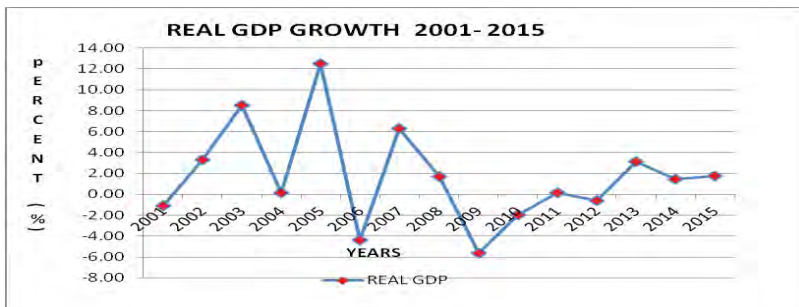
Over the medium term, competition from other less expensive tourist destinations could depress further the economic prospects for the region, which will require a renewed reform momentum to boost growth.

According to the June 2014 Economic and Financial Review of the Eastern Caribbean Currency Union, preliminary data suggested that economic activity at the ECCU level accelerated during the period January to June 2014. Major sectors such as; construction, hotels and restaurants, wholesale and retail trade and agriculture, livestock and forestry all recorded an increase in output. By contrast, output in the manufacturing and financial intermediation sectors contracted. The expansion of economic activity was reflective of the improved performance across the ECCU member countries with the exception of Saint Lucia. For 2014, growth is projected at 1.4 percent and it is projected to increase to 2.1 percent in 2015.

### **PERFORMANCE OF DOMESTIC ECONOMY**

Preliminary data indicated that the Grenadian economy, as measured by the change in real GDP is projected to expand by 2.6 percent in 2014, following a revised estimated growth of 3.1 percent in 2013. The continued recovery, albeit at a slower rate is buoyed mainly by expansions in Agriculture, Tourism and Education. The completion of construction work on the Sandals La Source project has slowed down construction activity in 2014, but this was compensated by an increase in tourist arrivals and an increase in total agricultural output.

**Figure 1:**



Source: ECCB, CSO

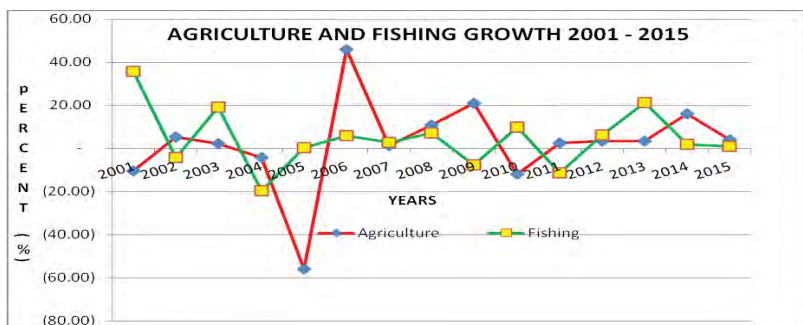
### **AGRICULTURE & FISHING**

Total agriculture production accounted for 4.0 percent of total GDP in 2013, with an overall increase in the sector of 3.6 percent. During the first nine months of 2014, output among the traditional crops was favorable. Nutmeg production increased by 50.7 percent (355.4 m lbs) as a result of the maturing of some of the trees that were planted in the aftermath of Hurricane Ivan and direct incentives provided to local nutmeg farmers. Additionally, Co-

coa increased marginally by 3.8 percent (53.8 m lbs). Output of other crops mainly ground provision, fruits and vegetables, expanded by 81.5 percent. However, Banana production declined by 23.4 percent (2,720.90 m lbs).

The Fishing industry continues to be a striving sub sector in the Grenadian economy. During the period under review fishing production increased by 6.1 percent (304,700 lbs), while fish export increased by 21.0 percent (367,600 lbs). This continued improvement in the sub sector can be attributed to increases in the number and size of boats especially from Carriacou and Petit Martinique. Additionally, efforts have been made to improve the communication network between fishermen out at sea which provided a greater level of confidence to allow them to go out into deeper waters.

**Figure 2:**



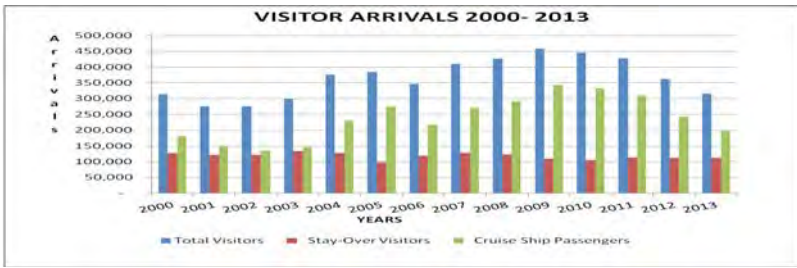
SOURCE: ECCB, CSO

## TOURISM

For the period January to September 2014, activity in the tourism industry expanded as evidenced by a strong growth in both stay-over and cruise ship arrivals. Total visitor arrivals for the period grew by 16.4 percent or 36,018 compared to a reduction of 14.8 percent or 38,759 in the corresponding period of 2013. This rewarding improvement facilitated partly through an aggressive marketing campaign by the Grenada Tourism Authority (GTA) and the opening of Sandals La Source Grenada, can be attributable to increased airlift from the major source markets namely, the USA, Canada and the UK.

In the cruise-visitors category, the number of passengers increased by 16.6 percent to 155,199, in contrast to a contraction of 22.0 percent in the first nine months of 2013. The expansion in the number of cruise ship passengers was associated with an increase in the number of cruise ship calls during the year thus far.

Figure 3:



SOURCE:CSO

### CONSTRUCTION SECTOR

The construction sector was the leading sector for growth in 2013 due mainly to major construction work that was undertaken on the Sandals La Source project and the NIS Complex. The contribution of this sector to overall in 2013 was 26.3 percent.

However, for the period under review, pace of activity in the construction sector is estimated to have slowed marginally, relative to the corresponding period in 2013. This was evidenced by a 3.9 percent decline in the value of imported construction materials and supplies, which is a critical indicator of construction activity. A further reduction in construction activity was moderated by activity currently being undertaken on the National Athletic and Football Stadium and the maintenance and rehabilitation of roads and schools, coupled with a few small public and private projects.

Additionally, data available for the period January to June 2014, revealed that commercial bank credit for construction related activity declined by 16.3 percent when compared to the similar period of 2013.

Figure 4:

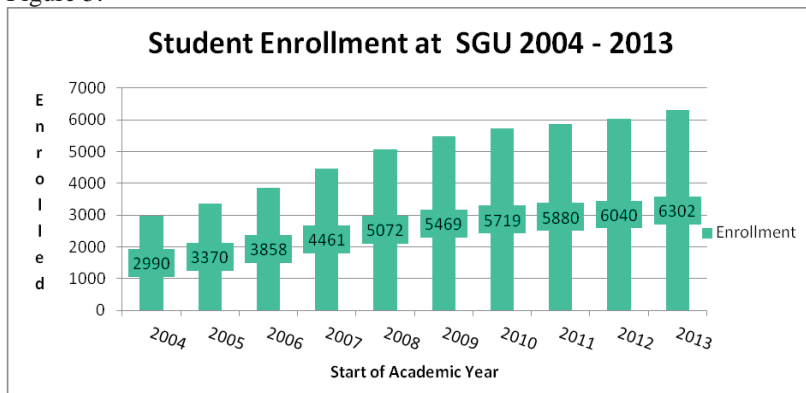


SOURCE: ECCB, CSO

## EDUCATION SECTOR

The Education sector has continued to contribute significantly to the growth and development of Grenada. The private component of the Education sector, SGU, is the leading player in this sector. In 2013, the total University enrollment was up 4.4 percent from the previous year and remains on a healthy trajectory with year-over-year enrollment rates continuing to increase at a steady pace.

Figure 5:



Source: SGU

## INDUSTRIAL PRODUCTION

Output in the manufacturing sector is estimated to have declined in the period under review. The downturn was influenced by contractions in the production of a number of manufactured items, which resulted in lower levels of production in key sub industries. Accordingly, Beverages and Tobacco production fell by 10.5 percent, Chemicals and Paints which grew by 7.8 percent in 2013, declined by 1.5 percent for the period January to September 2014.

Additionally, declines in output were observed in Grain Mill Products & Bakery Products. This category reduced marginally by 1.1 percent compared to a 7.6 percent increase the previous period. However, increases were realized for Prepared Animal Feed of 4.4 percent attributed to increased demand which was necessary to facilitate increase output in the poultry industry.

## CONSUMER PRICE INDEX AND INFLATION

Price pressures remained stable in Grenada during the first nine months of 2014. The Consumer Price Index moved from 108.03 index points in Sep-

tember 2013 to 108.17 index points in September 2014 representing an increase of 0.13 percent. The major groups recorded the following increases:- “Food and Non-alcoholic Beverages” 1.25 percent, “Alcohol Beverages, Tobacco & Narcotics” 3.51 percent, “Clothing and Footwear” 0.22 percent, “Housing, Water, Electricity, Gas and other fuels” 0.03 percent, “Health” 1.55 percent, “Recreation and Culture” 3.12 percent, “Education” 2.67 percent and “Restaurants and Hotels” 0.01 percent.

All the other groups recorded decreases between 0.11 percent and 1.90 percent. Accordingly, the inflation rate for the period September 2014 is 0.13 percent. This can be compared to a decrease of 1.43 percent for the same period in 2013.

**Figure 6:**



Source: CSO

The above figure shows the changes in the CPI as at December 2002 to December 2013.

## BALANCE OF PAYMENTS

The overall Balance of Payments position worsened in 2014, moving from a surplus of \$84.8m in 2013 to a projected deficit of \$1.6m. This movement is due in part to a reduction in inflows to the Financial Account in 2014 in contrast to significant inflows to that account in the previous year.

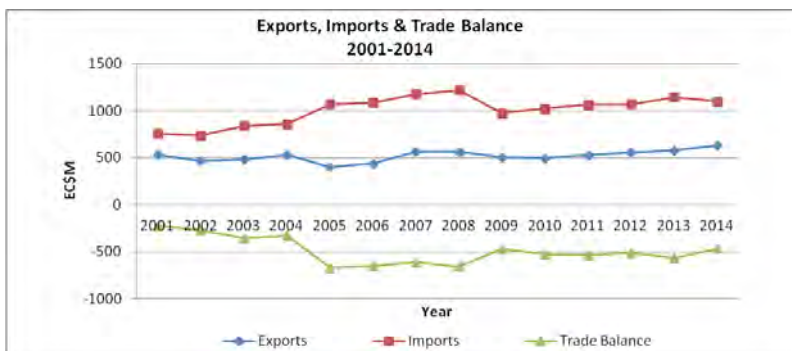
Preliminary data indicates a decrease of 20.28 percent in the Current Account deficit from \$597.6m in 2013 to \$476.4m in 2014. This is largely the result of improvements in the Balance of Trade. Exports increased by 9.3 percent in 2014 to \$631.9m mainly attributable to an increase in service oriented exports. Imports declined by 4.03 percent in 2014 to \$1.1b essentially due to a 5 percent reduction in merchandise imports. This reduction led to an improvement in the merchandise import deficit from \$773.9m in 2013 to \$731.3m in 2014.



In 2014, Grenada's Food and Energy Import Bills remained high. In 2013 the Food Import Bill stood at \$205.5m and it is estimated to increase to \$214.3m at the end of 2014. Additionally, the Energy Import Bill is estimated to increase by \$20.8m at the end of 2014. This shows that Grenada is highly dependent on external sources for its food and energy supplies.

Transactions on the Services account resulted in a net inflow of \$242.7m; a 30.8 percent increase from the previous year; due largely to a 15.4 percent increase in travel receipts in 2014.

**Figure 7:**

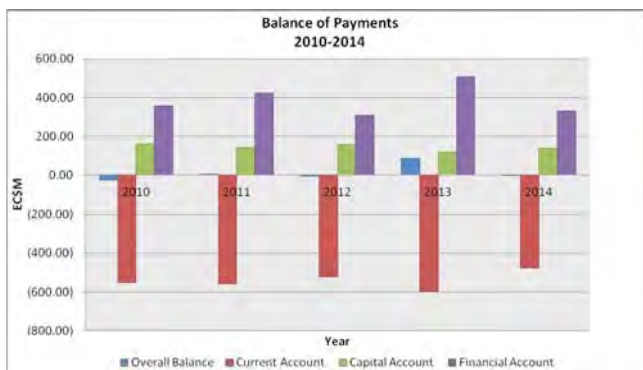


Source: ECCB/CSO

On the Income Account, net outflows are expected to increase by 26.9 percent to \$58.4m in 2014. Net Current Transfers, however, remain steady with only a slight contraction of 0.1 percent likely in 2014 to \$49.41m.

It is predicted that the surplus on the Capital and Financial Account will contract from \$625.3m in 2013 to an estimated \$469m in 2014. Net inflows to the Capital Account are expected to expand by 17.1 percent from \$118.6m to \$138.8m. This movement is however offset by a reduction in the surplus on the Financial Account from \$506.8m in 2013 to \$330.2m in 2014, largely due to a decrease in FDIs associated with the completion of the Sandals Project in 2013.

**Figure 8:**



Source: ECCB/CSO

**Table 2:**

Selected Balance of Payments Indicators				
	2013	2014	Percentage Change	Percentage of GDP
<b>Overall Balance</b>	84.79	<b>(1.63)</b>	-101.9	0.1
<b>Current Account Balance</b>	(597.64)	<b>(476.41)</b>	-20.3	20.1
Merchandise Trade Balance	(773.89)	<b>(731.09)</b>	-5.5	30.9
Services Trade Balance	185.53	<b>242.65</b>	30.8	10.3
Exports	578.41	<b>631.94</b>	9.3	26.7
Imports	1,145.56	<b>1,099.39</b>	-4.0	46.5
Travel Receipts	327.47	<b>377.97</b>	15.4	16.0
Income (Net Outflow)	(79.92)	<b>(58.38)</b>	-26.9	2.5
Net Current Transfers	49.44	<b>49.41</b>	-0.1	2.1
<b>Capital Account Balance</b>	118.57	<b>138.80</b>	17.1	5.9
<b>Financial Account Balance</b>	506.74	<b>330.19</b>	-34.8	14.0

Source: ECCB/CSO

## FISCAL REVIEW 2014

### OVERVIEW

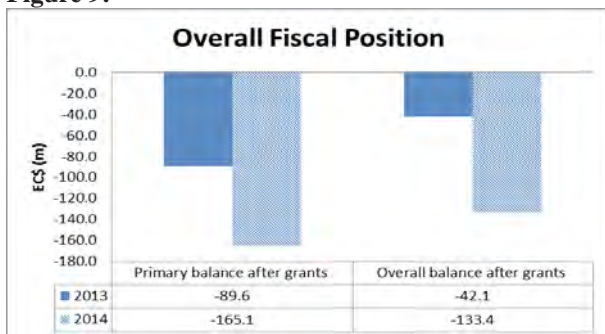
Government's fiscal position showed a marked improvement in 2014 over the 2013 performance.

The primary balance (after grants) moved from a huge deficit of \$89.6 m or 4.0 percent of GDP in 2013 to a much smaller deficit of \$42.1 m or 1.8 percent of GDP in 2014. This outturn compares very favourably with the primary balance target under the Home Grown Structural Adjustment (HSAP) Programme (a deficit of \$57.0 m or 2.4 percent).

The overall balance also showed considerable improvement from around \$165.1 m or 7.3 percent of GDP in 2013 to \$133.4 m or 5.6 percent of GDP in 2014.

The strong fiscal performance can be directly attributed to: (i) reforms undertaken by Government as part of the HSAP; and, (ii) continued expansion in the local economy.

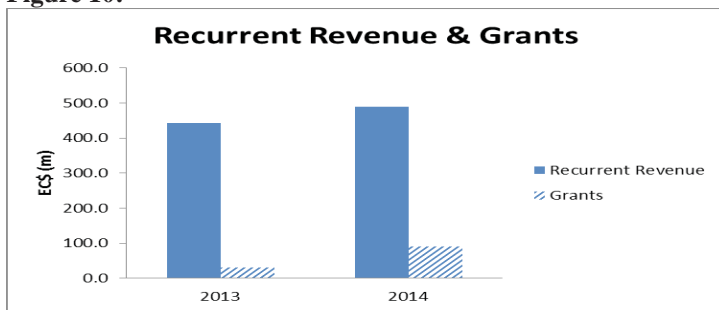
**Figure 9:**



## REVENUES AND GRANTS

At the end of 2014, total revenues and grants are expected to reach \$579.4m in 2014 or 24.3 percent of GDP compared to \$474.4 m or 20.7 percent in 2013.

**Figure 10:**



## CURRENT REVENUES

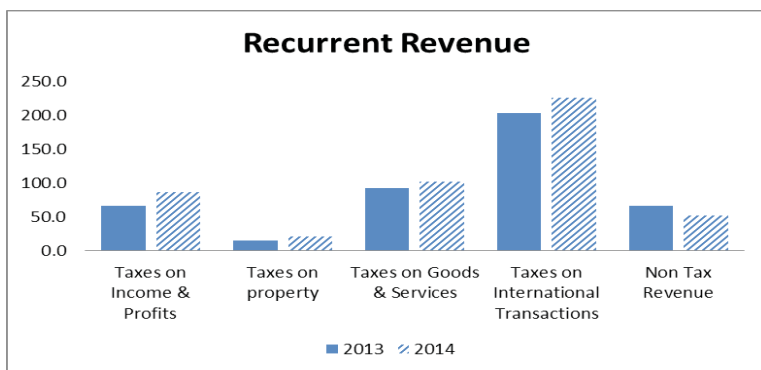
Current revenues are estimated to rise by 10.2 percent from \$443.4 m in 2013 to \$488.5 m by the end of 2014. As indicated earlier, the strong revenue performance was on account of the implementation of revenue enhancing measures, growth in the domestic economy and the continued efforts to improve the administration and collection of revenues.

Of this amount, tax receipts, which represent the main component, are expected to reach \$436.2 m, an increase of 15.8 percent.

Taxes on Income & Profits and Property are estimated to grow significantly, 30.9 percent and 37.6 percent respectively over the 2013 outcome. Taxes on Goods & Services and International Transactions are estimated to grow by 10.6 percent and 11.6 percent.

Non Tax revenues are expected to amount to \$52.3 m in 2014, 21.5 percent less than the \$66.7 m realized in 2013.

**Figure 11:**



## GRANTS

Grant receipts have been more favorable in 2014 and are estimated to amount to \$90.8 or 3.8 percent of GDP compared to the \$31.1 m or 1.4 percent received in the previous year. The main sources of grants in 2014 were People's Republic of China and PetroCaribe.

## TOTAL EXPENDITURE

Total expenditure in 2014 is projected at \$712.9 m or 29.9 percent of GDP, above the \$639.8 m or the 28.4 percent attained in 2013. This represents an

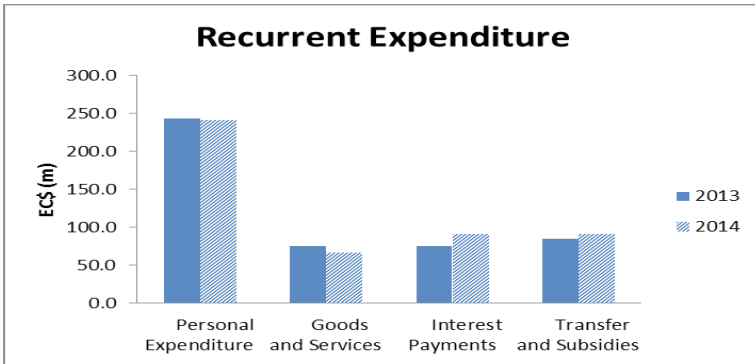
increase of 11.4 percent largely on account of higher capital investments in 2014.

### CURRENT EXPENDITURES

Current expenditures are projected to reach \$491.6 m in 2014 or 20.6 percent of GDP compared to \$479.4 m or 21.2 percent of GDP at the end of 2013.

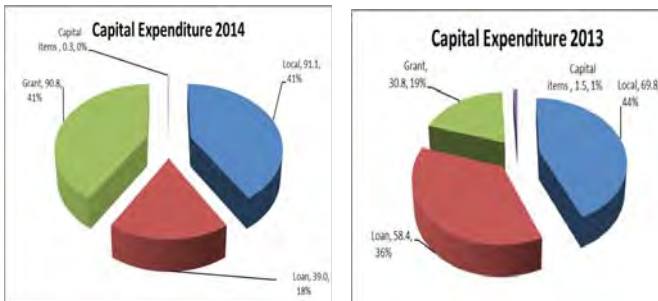
Personal expenditure is estimated at \$241.2 m or 10.1 percent of GDP slightly lower than the \$243.5 m or 10.8 percent of GDP realized in 2013. Goods and services are expected to amount to \$67.4 m in 2014, 2.8 percent of GDP. This would translate to a 11 percent reduction in spend when compared to the \$75.9 m expended in 2013. Transfers and subsidies are expected to amount to \$91.7 m in 2014 or 3.8 percent of GDP compared to the \$84.5 m or 3.7 percent achieved in the previous year.

**Figure 12:**



### CAPITAL EXPENDITURE

Capital spending is projected to reach \$221.2 m in 2014, 9.3 percent of GDP compared to the \$160.5 m spent in 2013; an increase of 38 percent.



## TOTAL DEBT

Total public sector debt declined by 3 percentage points from 110.0 percent of GDP to 107.0 percent of GDP by the end of 2014. The debt stock at the end of 2014 stood at \$2.56 billion.

## Selected Fiscal Tables

Revenue Performance	Outturn		%	% GDP	%GDP	%	Budget
	2013	2014	change	2013	2014	Achieved	2014
	\$m	\$m					\$m
Total Revenue & Grants	474.7	579.4	22.0%	21.0%	24.3%	103%	561.8
Total Revenue	443.5	488.6	10.2%	19.7%	20.5%	107%	456.8
Current Revenue	443.5	488.6	10.2%	19.7%	20.5%	107%	456.8
Tax Revenue	376.8	436.2	15.8%	16.7%	18.3%	104%	419.2
Taxes on Income & Profits	66.1	86.6	30.9%	2.9%	3.6%	109%	79.1
Taxes on property	15.1	20.7	37.6%	0.7%	0.9%	102%	20.4
Taxes on Goods & Services	92.4	102.2	10.6%	4.1%	4.3%	100%	101.9
Taxes on International Transactions	203.2	226.7	11.6%	9.0%	9.5%	104%	217.8
Non Tax Revenue	66.7	52.4	-21.5%	3.0%	2.2%	139%	37.6
Grants	31.3	90.8	190.4%	1.4%	3.8%	86%	105.0

	Outturn		%	% GDP	%GDP	%	Budget
	2013	2014	change	2013	2014	Achieved	2014
	\$m	\$m					\$m
Total expenditure	639.8	712.8	11.4%	28.4%	29.9%	102%	702.0
Current expenditures	479.4	491.6	2.5%	21.2%	20.6%	102%	483.0
Current Primary Expenditure	403.9	400.3	-0.9%	17.9%	16.8%	101%	398.1
Personal Expenditure	243.5	241.2	-0.9%	10.8%	10.1%	96%	250.8
Goods and Services	75.9	67.4	-11.1%	3.4%	2.8%	99%	68.2
Interest Payments	75.5	91.3	20.9%	3.3%	3.8%	108%	84.9
Transfer and Subsidies	84.5	91.7	8.5%	3.7%	3.8%	116%	79.1
Capital Expenditures	160.5	221.2	37.8%	7.1%	9.3%	101%	218.9
Local	69.8	91.1	30.5%	3.1%	3.8%		
Loan	58.4	39.0	-33.2%	2.6%	1.6%		
Grant	30.8	90.8	194.4%	1.4%	3.8%		
Capital items	1.5	0.3	-79.3%	0.1%	0.0%		

Table 3. Fiscal Balances							
	Outturn		%	% GDP	%GDP	%	Budget
	2013	2014	change	2013	2014	Achieved	2014
	\$m	\$m					\$m
Current Balance	-35.9	-3.0	92%	-1.6%	-0.1%	11.4%	-26.2
Primary balance before grants	-120.9	-132.9	-10%	-5.4%	-5.6%	82.9%	-160.3
Primary balance after grants	-89.6	-42.1	53%	-4.0%	-1.8%	76.2%	-55.3
Overall balance after grants	-165.1	-133.4	19%	-7.3%	-5.6%	95.2%	-140.2
Table 4. Fiscal Ratios							
	Outturn		%	% GDP	%GDP		Budget
	2013	2014	change	2013	2014		2014
Debt Stock (Central Government)	\$ 2,058	\$ 2,115	2.8%				
Debt Stock (Public)	\$ 2,487	\$ 2,561	3.0%				
Debt/GDP (Central Government)			-2.9%	91.2%	88.6%		
Public Debt / GDP			-2.7%	110%	107%		
Primary bal/GDP (pb after grants)	-4%	-2%	-55.6%				-2%
Personel Exp/Current Exp	52%	49%	-4.9%				52%
Debt Service/Current Exp	51%	63%	23.7%				56%
Interest pyt/Current Exp	17%	19%	9.1%				18%
DS/CR	77%	63%	-18.0%				59%
IP/CR	17%	19%	9.7%				19%
External Debt Stock	1,580.3	1,639.3	3.7%	66.2%	68.7%		
Domestic Debt Stock	477.9	475.6	-0.5%	20.0%	19.9%		
Table 5: Revenue Departments							
	Outturn		%	% GDP	%GDP	%	Budget
	2013	2014	change	2013	2014	Achieved	2014
	\$m	\$m					
Customs & Excise	203.2	226.6	11.5%	9.0%	9.5%	104%	217.4
Inland Revenue Dept	193.7	228.6	18.0%	8.6%	9.6%	103%	221.5

## PROSPECTS FOR 2015

Looking forward to 2015, the Grenadian economy is still on the road to recovery. With a full year of implementation of the Home Grown Structural Adjustment Program in place, economic growth in 2015 is anticipated to be moderate, as the economy continues to face significant challenges in terms of high unemployment, a large debt overhang, and weak competitiveness.

Real GDP growth is expected to be 1.1 percent in 2015 and to accelerate thereafter, at an average rate of 1.5 – 2.0 percent in the medium term. It is anticipated that growth will be driven by expansion in the construction sector with the development of new hotel projects and public sector investment programmes such as; the Agriculture Feeder Road Project, the New Parliament Building, school rehabilitation among others.

Agricultural production is expected to increase further, relative to the outturn of 2014. The commercialization of the government estates is expected to contribute significantly to the overall output of the sector. This is anticipated to be translated into an increase in the volume of exports, as some of

our major trading partners are beginning to see signs of economic growth in their economies.

Tourism activity is expected to strengthen, mirroring modest recoveries in the major source markets and as a result of the continued presence of the Sandals brand, increased marketing effort by the Grenada Tourism Authority and expected increases in airlift and cruise calls to Grenada.

The Current Account balance is expected to worsen slightly with the deficit increasing by approximately 3.0 percent. This is largely due to predicted increases in imports as additional hotel projects come on stream in 2015. These developments in the tourism sector, however, are expected to bring additional direct investment to the Financial Account. The increase in travel receipts is expected to continue as the amount of stay-over visitors increase as a result of the marketing and establishment of the Pure Grenada brand.

On the central government's fiscal accounts, the overall deficit is projected to narrow in 2015 on account of revenue gains from tax reforms being undertaken as part of the Home Grown Structural Adjustment Programme. Additionally, a decline in expenditure mainly associated with reduced outlays for goods and services within the context of expressed policy reforms such as; the Attrition policy, Treasury Single Account, and Capital spending controls being pursued by the government will also contribute to the smaller overall deficit.



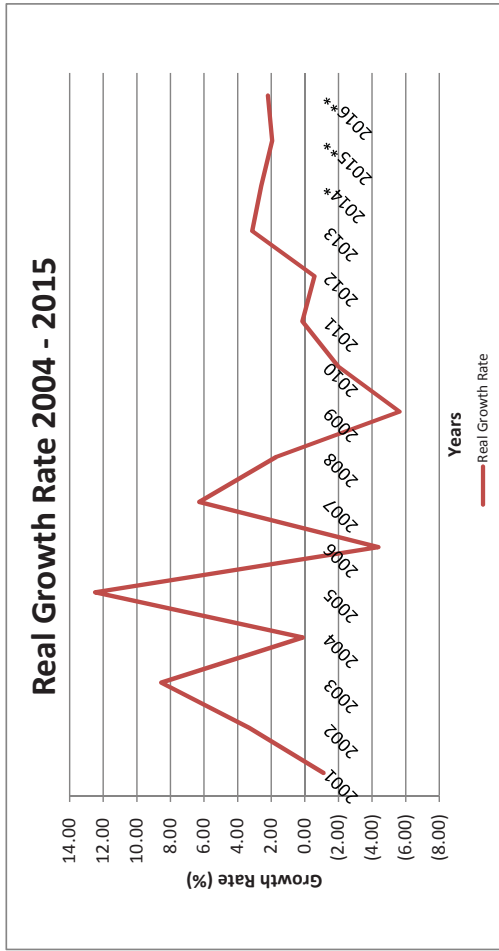
**ANNEX II**  
**GRENADA'S ECONOMIC GROWTH PERFORMANCE: 2001-2016**

Year	Real Growth Rate
2001	(1.11)
2002	3.32
2003	8.55
2004	0.12
2005	12.49
2006	(4.38)
2007	6.28
2008	1.69
2009	(5.63)
2010	(1.99)
2011	0.14
2012	(0.58)
2013	3.14
2014*	2.59
2015**	1.95
2016**	2.20

\* Estimated

\*\*Projected

SOURCE: CSO, Grenada and ECCB



**ANNEX III**  
**USE OF PETROCARIBE FUNDS IN 2014 AND PROPOSED USE IN 2015**

<b>Project/Programme Name</b>	<b>2014</b>	<b>2015e</b>
Upgrading of Progress Park	100,000	-
Grenada Home Improvement Programme	2,815,338	-
Young Entrepreneurs Development Fund	-	500,000
Small Economics Programme	-	500,000
Roving Care Givers Programme	314,485	450,000
Bacolet Project (Juvenile Centre)	1,148,466	850,000
Free School Books Programme	586,011	-
Human Resource Development	439,110	1,175,000
Community Sports Development Programme	96,000	-
Rehab. of TAMCC Arts and Gen. Science B'lding	-	295,214
Scholarship Programme	767,346	1,104,786
Multiple Projects for the Elderly	7,864	550,000
Special Projects	4,947,169	7,000,000
Needy Assistance Programme	1,836,421	1,000,000
GOG Road Rehabilitation Project (Ccou & PM)	-	400,000
Support for Education, Employment and Development	6,658,784	4,000,000
Transportation for TAMCC Students	51,000	100,000
School Feeding Programme	3,049,999	3,100,000
Uniform and Transportation Programme	516,590	700,000
<b>Total</b>	<b>23,334,583</b>	<b>21,725,000</b>

**ANNEX IV**  
**PAYMENTS AND ARREARS DUE TO REGIONAL AND INTERNATIONAL ORGANISATIONS**

Organization	Payment 2013	Payment 2014	Outstanding Payments
Eastern Caribbean Supreme Court (ECSC)	-	1,400,189.66	3,154,195.79
Regional Security System (RSS)	300,000.00	711,642.17	9,036,675.12
Commonwealth Secretariat*	-	652,095.16	165,305.22
Organization of Eastern Caribbean States (OECS)	-	851,382.00	10,730,824.00
Organization of American States (OAS)**	-	-	349,331.40
United Nations	-	122,031.90	466,265.70
Caribbean Disaster Emergency Management Agency (CDEMA)	-	108,000.00	436,702.80
Caribbean Community (CARICOM)	-	41,985.35	4,372,170.11
International Telecommunication Union	181,630.87	176,818.94	345,782.11
University of the West Indies (UWI)**	-	1,301,406.46	20,609,362.36
Caribbean Public Health Agency (CARPHA)	-	-	660,382.20
Pan American Health Organization (PAHO)	-	227,851.06	-
World Health Organization (WHO)	-	75,330.00	-
International Whaling Commission	26,772.53	30,371.48	-
Inter American Institute for Cooperation in Agriculture (IICA)	66,031.54	-	16,470.00
Caribbean Agricultural Research and Development Institute (CARDI)	303,504.00	303,504.00	223,588.40
Food and Agricultural Organization (FAO)	-	-	79,297.78
<b>Total</b>	877,938.94	6,002,608.18	50,646,352.99

\* Includes Commonwealth Youth Programme & Commonwealth Fund for Technical Cooperation

\*\* Includes FEMCIDI

\*\*\* Includes Council for Legal Education

ANNEX V  
**SUMMARY OF PUBLIC SECTOR DEBT**  
**IN MILLIONS OF EC\$**

	2013	2014*
<b>Central Government</b>	<b>2058.23</b>	<b>2113.85</b>
<b>Total Domestic</b>	<b>477.89</b>	<b>474.54</b>
Treasury Bills	324.64	331.09
Bonds	60.73	60.73
Loans	28.87	23.42
Others	63.65	59.3
<b>Total External</b>	<b>1580.34</b>	<b>1639.31</b>
Bonds	768.39	768.39
Loans	811.95	870.92
<b>Government Guaranteed</b>	<b>428.78</b>	<b>446.25</b>
Loans & Bonds	141.31	132.34
Other Public Sector*	287.47	313.91
<b>Total Public Sector Debt</b>	<b>2487.01</b>	<b>2560.1</b>

**ANNEX VI**  
**SUMMARY OF FISCAL AND DEBT INDICATORS 2009-2014**

	2009	2010	2011	2012	2013*	2014*
<b><u>Fiscal Summary</u></b>						
	\$	\$	\$	\$	\$	\$
Revenue & Grants	452.1	460.3	429.4	433.4	471.6	579.4
Current Revenue	410.3	423.5	424.5	432.6	440.3	488.6
Grants	41.8	36.8	4.9	0.8	31.3	90.8
Total Expenditure	548.1	570.7	598.6	565.6	625.2	712.9
Current Expenditure	407.6	420.5	435.4	431.6	464.7	491.7
Capital Expenditure	140.5	150.2	163.2	104.0	160.5	221.2
Primary Balance before grants	-92.38	-100.82	-122.00	-50.88	-111.80	-133.02
Overall Balance after grants	-95.98	-110.42	-169.20	-102.18	-153.60	-133.49
<b><u>Debt Indicators</u></b>						
Debt Stock (Central Government)	1,736.1	1,781.1	1,866.8	1,919.3	2,058.2	2,114.9
Contingent Liabilities	126.0	133.1	156.2	149.4	141.3	132.3
Other Public Sector Debt	156.9	156.9	204.8	260.6	287.5	313.9
Public Debt Stock	2,018.9	2,071.1	2,227.7	2,329.3	2,487.0	2,561.1
Debt / GDP (Central Government)	83%	86%	89%	90%	90%	89%
Public Debt / GDP	97%	100%	106%	109%	109%	107%
Nominal GDP	\$ 2,082	\$ 2,078	\$ 2,107	\$ 2,132	\$ 2,291	\$ 2,387

\* estimated

Source: ECCB, MOF Grenada

**ANNEX VII**  
**SUMMARY OF RECURRENT AND CAPITAL EXPENDITURE 2015**

VOTE	Recurrent Expenditure	Capital Expenditure	Total
01 Governor General	1,565,170	-	1,565,170
02 Parliament	1,404,248	2,037,000	3,441,248
03 Supreme Court	2,840,237	-	2,840,237
04 Magistracy	2,154,337	-	2,154,337
05 Audit	1,202,567	-	1,202,567
06 Public Service Commission	734,483	-	734,483
07 Director of Public Prosecutions	694,281	-	694,281
08 Parliamentary Elections Office	721,139	1,448,140	2,169,279
09 Ministry of Legal Affairs	2,369,308	932,501	3,301,809
10 Office of the Prime Minister	1,887,524	9,925,000	11,812,524
11 Prisons	7,786,897	100,000	7,886,897
12 Police	46,391,413	1,926,888	48,318,301
14 Labour	768,305	20,000	788,305
15 Ministry of Tourism, Civil Aviation and Culture	1,982,603	24,316,042	26,298,645
16 Ministry of Foreign Affairs	7,181,479	878,900	8,060,379
17 Financial Intelligence Unit	406,511	-	406,511
18 Ministry of National Security, Public Administration, Disaster Management, Home Affairs, Information and Implementation	2,784,371	2,014,192	4,798,563
19 Ministry of Youth, Sports & Religious Affairs	2,632,635	64,866,000	67,498,635
20 Ministry of Finance and Energy	52,374,281	37,971,630	90,345,911
21 Pensions and Gratuities	48,400,000	-	48,400,000
22 Public Debt.	459,295,398	-	459,295,398
Foreign Interest Payments	68,104,291	-	68,104,291
Domestic Interest Payments	32,183,967	-	32,183,967
Foreign Principal Payments	71,179,990	-	71,179,990
Domestic Principal Payments	274,352,414	-	274,352,414
Sinking Fund Contributions	-	-	-
Principal Arrears	11,739,536	-	11,739,536
Interest Arrears	1,735,200	-	1,735,200
23 Salaries and wages increase	-	-	-
25 Contributions	13,523,154	-	13,523,154
26 Ministry of Economic Development, Trade, Planning, Cooperatives & International Business	2,631,380	18,851,935	21,483,315
30 Ministry of Communications, Works, Physical Development, Public Utilities, ICT & Community Development	3,863,503	54,920,678	58,784,180
32 Post Office	80	-	80
35 Ministry of Social Development & Housing	7,499,864	28,317,952	35,817,816
36 Ministry of Carriacou and Petite Martinique Affairs & Local Government	9,136,390	4,259,480	13,395,870
40 Ministry of Education and Human Resource Development	90,588,176	23,485,623	114,073,799
50 Ministry of Health & Social Security	57,644,466	6,325,627	63,970,093
64 Ministry of Agriculture, Lands, Forestry & Fisheries and the Environment	9,483,817	29,688,634	39,172,451
GRANT TOTAL	839,948,016	312,286,222	1,152,234,237

**ANNEX VIII**  
**NUMBER OF TRUE VACANCIES ABOLISHED**

<b>MINISTRIES/ DEPARTMENTS</b>	<b>NUMBER OF TRUE VACANCIES</b>	<b>NUMBER OF TRUE VACANCIES ABOLISHED</b>
Ministry of Agriculture, Lands, Forestry & Fisheries and the Environment	52	47
Ministry of Carriacou & Petite Martinique Affairs &	16	14
Local Government		
Ministry of Communications, Works, Physical Development, Public Utilities, ICT & Community Development	31	27
Ministry of Economic Development, Planning, Trade & Cooperatives	6	5
Ministry of Education and Human Resource Development	57	52
Ministry of Foreign Affairs & International Business	6	5
Ministry of Finance	82	74
Ministry of Health and Social Security	151	136
Ministry of Legal Affairs	7	6
Ministry of Labour	5	4
Ministry of National Security, Public Administration, Disaster Management, Home Affairs, Implementation & Information	9	8
Ministry of Social Development & Housing	10	9
Ministry of Tourism, Civil Aviation & Culture	10	9
Ministry of Youth, Sports & Religious Affairs	17	15
Magistracy	3	3
Office of the Governor General	7	6
Supreme Court Registry	4	4
Houses of Parliament	1	1
<b>TOTAL</b>	<b>474</b>	<b>425</b>

FINAL RESULT: 90% OF TRUE VACANCIES ABOLISHED

**ANNEX IX**

**SUMMARY OF PROJECTS FOR THE NATIONAL TRANSFORMATION FUND**

<b>Project/Programme Name</b>	<b>2015</b>
Uniform and Transportation Programme	1,000,000
Sundry Compensation Claims	1,250,000
Support for the Grenada Board of Tourism	500,000
Purchase of Medical Equipment	500,000
Praedial Larceny Control programme	200,000
Support for High Demand Crops	100,000
Grenada Tourism Authority	20,000,000
Purchase of Government Vehicles	500,000
Purchase of Equipment	500,000
Institutional Strengthening of NADMA	146,714
New IMANI Programme	15,000,000
Agricultural Feeder Road Phase 1 (CCC)	3,000,000
Small Business Development Fund	4,000,000
Foreign Account Tax Compliance Act (FATCA)	2,700,000
St. George's Market Square	2,500,000
Grenada Home Improvement Programme	6,000,000
Land Acquisition	350,000
Markets & Abattoirs Management Programme	1,000,000
Construction, Refurbishment, & Ext. of Gov't Bldgs.	4,000,000
Road Improvement & Maintenance Programme	10,000,000
Preparation of Grenada National Sports Policy	15,000
Asphalt Works	7,000,000
Petite Martinique Playing Field	350,000
Asphalt & Concrete Works	500,000
Community Self-help Programme	250,000
Concrete Works	5,000,000
Impounding Programme	75,000
E Government Services	1,194,251
Support for Education, Employment and Development	4,000,000
Soft Loan Housing Project	4,000,000
Support to Agroprocessing	350,000
Refurbishment of DROs	1,000,000
Support to the Churches	500,000
Banana / Plantain Programme	450,000
Institutional Strengthening / Human Resource Development	3,000,000
<b>Total</b>	<b>100,932,980</b>



**ANNEX X**  
**GRENADA'S EASE OF DOING BUSINESS INDEX**

<b>Year</b>	<b>Rank</b>
2008	70
2009	84
2010	91
2011	92
2012	73
2013	100
2014	125
2015	126

Source: World Bank Group

## ANNEX XI

### LIST OF 2014 ACHIEVEMENTS OF THE MARKET ACCESS RURAL ENTERPRISE PROGRAMME (MAREP)

- Recruited for the first time, its full complement of staff - 21
- Signed MOUs for implementation support with Grenada Co-operative Bank Ltd., Grenada Industrial Development Corporation, National Training Agency, Ministry of Agriculture, Ministry of Works and the Ministry of Carriacou and Petite Martinique Affairs.
- Commenced training of two hundred rural youths, in the first phase, of the Caribbean Vocational Qualification (CVQ) at a cost of EC\$536,000. Certification will enable employment in any CARICOM Country.
- Delivered entrepreneurial training in collaboration with the Ministry of Youth for fifteen (15) young persons.
- Commenced implementation of the Rural Investment Fund (RIF) – Grant Financing; twenty (20) communities.
  - ✓ Nine (9) community investment projects have been approved and are being implemented in seven (7) rural communities to the tune of \$650,000.
- Released the first tranche of EC\$800,000.00 for a Line of Credit at the Grenada Cooperative Bank to support rural businesses.
  - ✓ Twelve (12) rural business projects will be the first to access this Line of Credit – a sum of \$285,000.
- Construction of five Farm Access Roads at a cost of EC\$1.34 million:
  - ✓ Grantin and Granton Roads in New Hampshire, St. George's
  - ✓ Bellair Cocoa Road in Mt. Rich, St. Patrick
  - ✓ Resource By-Road in St. Mark
  - ✓ Boplan Road in St. John

#### **Events**

- MAREP (the project) featured for its work by IFAD, at the Small Island Developing States (SIDS) Conference in Samoa.
- MAREP Vybz Expo 2014 – Sustainability Exposition showcased innovators, businesses and emerging technologies of rural communities.
- A Youth in Agriculture Campaign (YIAC) launched to empower young rural men and women to become interested in agriculture.

## ANNEX XII

### LIST OF COMPLETED BNTF PROJECTS

The Basic Needs Trust Fund (BNTF) programme is a targeted poverty reduction programme of the Caribbean Development Bank with counterpart support from the Government of Grenada.

Its mission is “to be a community development programme that supports health, education, water and sanitation, access and economic activities through skills training, organisational development and infrastructure and services”.

The seventh BNTF cycle was approved in October 2012 and has three key development priorities:

- Education and Human Resources Development
- Water and Sanitation
- Community Access Roads and Drainage

The BNTF Fifth programme was extended to February 28, 2014.

The Princess Royal Hospital Water Project which started in October 2013 was completed on January 31, 2014. A 100,000 gallons reinforced concrete tank was built to alleviate the water shortage experienced by the Hospital.

The Sixth programme was extended to December 31, 2014. The following sub-projects have been completed or are near completion:

<b>Name of Sub-Project</b>	<b>Community</b>	<b>Number of Jobs</b>	<b>Total Cost (EC\$)</b>	<b>Status</b>
Refurbishment - Non Pariel Pre School	Non- Pariel St. Mark's	Approx. 8	\$128,750.00	Completed
Refurbishment - Petite Martinique Medical Station	Petite Martinique	Approx. 8	\$134,060.00	Completed
Refurbishment – Vincennes Medical Station	Vincennes St. David's	Approx. 14	\$127,357.00	Completed
Refurbishment – Paradise Medical Station	Paradise St. Andrew's	Approx. 20	\$113,000.00	Completed
Refurbishment- St. Paul's Community Center , Kitchen and IT room	St. Paul's, St. George's	Approx. 10	\$080,365.00	Completed
Fencing – St. Paul's Government School	St. Paul's, St. George's	Approx. 10	\$124,775.00	95% completed
Fencing and Roofing – Blessed Sacrament R.C School (Grand Anse)	Grand Anse St. George's	Approx. 14	\$118,589.00	Completed
Refurbishment- Four(4) toilet facilities – Happy Hill Secondary School	Happy Hill, St. George's	Approx. 8	\$100,365.85	Completed
Refurbishment – St. John's Anglican School (Male Toilet)	Gouyave, St. John's	Approx. 5	\$84,370.00	Completed
* See note below				
Skills Training – 12 seafarers From Carriacou & Petite Martinique Training and Certificate (Trinidad)	Trinidad (UTT University)	12 participants	\$57,932.55	Completed

\* CDB has just approved EC\$53,978.00 for additional works at the St. John's Anglican School. This fund is for the refurbishment of the Female toilets.

<b>Carriacou Projects</b>				
Top Hill Home for the Aged	Top Hill	Approx.20	\$1,300,000.00	90% Completed
Princess Royal Water Tank	Belair	Approx. 14	\$469,250.00	Completed
<b>TOTAL</b>		<b>131</b>	<b>\$2,838,814.40</b>	

**ANNEX XIII**  
**COMPARISON OF INCOME TAX IN OECS**

<b>Country</b>	<b>Income Tax threshold</b>	<b>Tax Rates</b>
<b>OECS</b>		
Antigua & Barbuda	\$36,000 - \$180,000	10%
	Over \$180,000	25%
Dominica	\$20,001-\$40,000	15%
	\$40,001 - \$70,000	25%
	Over \$70,000	35%
<b>Grenada</b>	<b>\$36,000 - \$60,000</b>	<b>15%</b>
	<b>Over \$60,000</b>	<b>30%</b>
Montserrat	\$15,000 - \$20,000	5%
	\$20,000 - \$25,000	15%
	\$25,000 - \$30,000	25%
	\$30,000 - \$150,000	30%
	Over \$150,000	40%
St Kitts & Nevis	-	-
St Lucia	\$0 - \$10,000	10%
	\$10,001 - \$20,000	15%
	\$20,001 - \$30,000	20%
	Over \$30,000	30%
St Vincent & the Grenadines	\$0 - \$5,000	10%
	\$5,001 - \$10,000	20% + \$500
	\$10,001 - \$30,000	30% + \$1,500
	Over \$30,000	32.5% + \$7,500

Income tax threshold quoted in EC\$ unless otherwise stated

## TABLES

**TABLE I: MAJOR REVENUE CATEGORIES: 2014**  
(EC\$M)

Revenue by Category	Estimated Outturn 2014	Estimates 2014	Percent Change
Total recurrent revenue	488.5	471.1	3.7
Tax revenue	436.2	430.5	1.3
Of which			
Taxes on income & profits	96.5	97.5	-1.0
Taxes on property	20.7	22.3	-7.0
Taxes on international trade & transactions (Customs & Excise)	226.6	218.8	3.5
Taxes on domestic transactions (IRD)	92.5	91.9	0.6
Non tax revenue	52.3	40.5	29.0

**TABLE 2: MAJOR REVENUE COLLECTION AGENCIES: 2014**  
(EC\$M)

Revenue Earners	Estimated Outturn 2014	Estimates 2014	Percent Change
<b>Inland Revenue Department</b>	<b>228.6</b>	<b>233.2</b>	<b>-2.0</b>
<b>Of which:</b>			
<b>Personal Income Tax</b>	<b>44.8</b>	<b>45.2</b>	<b>-0.9</b>
<b>Corporate Income Tax</b>	<b>35.3</b>	<b>36.3</b>	<b>-2.6</b>
<b>Value Added Tax on Domestic Transactions</b>	<b>85.7</b>	<b>86.0</b>	<b>-0.3</b>
<b>Property Transfer Tax</b>	<b>6.6</b>	<b>5.4</b>	<b>22.3</b>
<b>Annual Stamp Tax</b>	<b>9.9</b>	<b>9.4</b>	<b>5.5</b>
<b>Customs &amp; Excise</b>	<b>226.6</b>	<b>218.8</b>	<b>3.5</b>
<b>Of which:</b>			
<b>Import Duty</b>	<b>53.9</b>	<b>56.1</b>	<b>-3.9</b>
<b>Value Added Tax on International Transactions</b>	<b>86.8</b>	<b>81.7</b>	<b>6.3</b>
<b>Excise Tax</b>	<b>9.9</b>	<b>8.1</b>	<b>21.9</b>
<b>Customs Service Charge</b>	<b>44.8</b>	<b>41.7</b>	<b>7.4</b>
<b>Petrol Tax</b>	<b>24.8</b>	<b>26.5</b>	<b>-6.2</b>

**TABLE 3: PERFORMANCE OF THE VAT AND EXCISE IN 2014**  
(EC\$M)

<b>Tax</b>	<b>Actual Collection 2013 (a)</b>	<b>Actual Collections 2014 (b)</b>	<b>Approved Budget 2014 (c)</b>	<b>Variance (b-c)</b>	<b>Variance (b-a)</b>
VAT	157.5	172.5	167.7	4.8	15.0
Excise	8.9	10.3	8.4	1.9	1.4
<b>Total</b>	<b>166.4</b>	<b>182.7</b>	<b>176.1</b>	<b>6.7</b>	<b>16.4</b>

**TABLE 4: RECURRENT EXPENDITURE BREAKDOWN BY CATEGORY: 2014**  
(EC\$M)

<b>Expenditure by Category</b>	<b>Estimated Outturn 2014</b>	<b>Budget 2014</b>	<b>% Change</b>
<b>Recurrent Expenditure</b>	<b>491.6</b>	<b>487.0</b>	<b>0.9</b>
<b>Personnel Expenditure</b>	<b>241.2</b>	<b>246.9</b>	<b>-2.3</b>
<b>Of which: Wages and Salaries</b>	<b>216.4</b>	<b>220.9</b>	<b>-2.0</b>
<b>Personnel Allowances</b>	<b>24.8</b>	<b>26.0</b>	<b>-4.5</b>
<b>Goods and Services</b>	<b>67.4</b>	<b>64.2</b>	<b>4.9</b>
<b>Interest Payments</b>	<b>91.3</b>	<b>95.4</b>	<b>-4.3</b>
Domestic	22.7	29.5	-23.0
Foreign	68.6	65.9	4.1
<b>Transfers &amp; Subsidies</b>	<b>91.7</b>	<b>80.5</b>	<b>13.9</b>



**TABLE 5: CAPITAL EXPENDITURE BY SECTOR (EC\$M): 2014**

<b>Sector</b>	<b>Local</b>	<b>External</b>	<b>Total</b>	<b>% of Total</b>
Tourism	8.4	0.0	<b>8.4</b>	3.8
Agriculture	8.8	0.4	<b>9.2</b>	4.2
Physical/ Economic Infrastructure	30.0	33.0	<b>63.0</b>	28.5
Education	1.6	11.1	<b>12.6</b>	5.7
Health	2.0	2.0	<b>3.9</b>	1.8
Youth, Sports & Culture	32.4	47.3	<b>79.7</b>	36.0
Housing and Community Development	0.1	2.8	<b>2.9</b>	1.3
Other Social Services	3.9	11.6	<b>15.4</b>	7.0
Other (Administration, Security, etc.)	4.3	21.7	<b>26.0</b>	11.8
<b>Grand Total</b>	<b>91.4</b>	<b>129.8</b>	<b>221.2</b>	<b>100.0</b>

**TABLE 6: COMPARISON OF MAJOR REVENUE CATEGORY: 2014 AND 2015  
(EC\$M)**

Selected Revenue Items	Estimated Outturn 2014	Estimates 2015	% Change
Personal Income Tax	44.8	52.5	17.2
Corporate Tax	35.3	36.3	2.8
VAT	85.7	93.0	8.5
Import Duty	53.9	57.0	5.6
VAT on International Transactions	86.8	88.3	1.7
Excise Tax on International Transactions	9.9	13.4	35.4
Custom Service Charge	44.8	46.7	4.1
Annual Stamp Tax	9.9	10.0	1.2
Petrol Tax	24.8	25.2	1.4
Property Tax	14.1	14.9	5.2
Property Transfer Tax	6.6	6.8	2.7
<b>Total Recurrent Revenue</b>	<b>488.5</b>	<b>545.4</b>	<b>11.6</b>
<b>Tax Revenue</b>	<b>436.2</b>	<b>469.8</b>	<b>7.7</b>
<b>Non-Tax Revenue</b>	<b>52.3</b>	<b>75.6</b>	<b>44.5</b>

**TABLE 7: COMPARISON OF RECURRENT EXPENDITURE BREAKDOWN:  
2014 AND 2015  
(EC\$M)**

Expenditure by Category	Estimated Outturn 2014	Estimates 2015	% Change
Recurrent Expenditure	491.6	<b>482.7</b>	-1.8
Personnel Expenditure	241.2	<b>221.5</b>	-8.2
Of which: Wages & Salaries	216.4	<b>195.3</b>	-9.7
Personnel Allowances	24.8	<b>26.1</b>	5.2
Goods & Services	67.4	<b>72.4</b>	7.5
Interest Payments	91.3	<b>102.0</b>	11.7
Domestic	22.7	<b>32.2</b>	41.6
Foreign	68.6	<b>69.8</b>	1.8
Transfers & Subsidies	91.7	<b>86.8</b>	-5.3

**TABLE 8: SOURCES OF FINANCING - 2015 CAPITAL EXPENDITURE (EC\$M)**

Source	Loan	Grant	Total	% of Total
Caribbean Development Bank	5.8	4.0	9.8	4.0
World Bank	6.3	0.0	6.3	2.6
European Development Fund	0.0	14.7	14.7	6.0
Kuwait/OPEC	17.9	0.0	17.9	7.3
National Transformation Fund	0.0	100.9	100.9	41.2
Petro Caribe Grenada (Venezuela)	0.0	21.7	21.7	8.9
People's Republic of China	0.0	15.0	15.0	6.1
Government of Bolivarian Republic of Venezuela	0.0	1.0	1.0	0.4
Government of Japan	0.0	10.4	10.4	4.2
Other Sources	1.6	45.4	47.0	19.2
<b>Grand Total</b>	<b>31.6</b>	<b>213.1</b>	<b>244.8</b>	<b>100.0</b>

