



# **OFFICE OF THE PRIME MINISTER**

## **BUDGET STATEMENT ON THE ESTIMATES FOR REVENUE AND EXPENDITURE FOR THE FISCAL YEAR 2022/23 BY HON. PHILIP J. PIERRE PRIME MINISTER AND MINISTER FOR FINANCE, ECONOMIC DEVELOPMENT AND THE YOUTH ECONOMY**

**March 29, 2022**

Mr. Speaker, I am humbled but privileged to present to this Honourable House, the St Lucia Labour Party Administration's first national budget; the Estimates of Revenue and Expenditure for the fiscal year 2022-2023, since the overwhelming mandate given to it by the people on July 26, 2021. As you are aware Mr. Speaker, the Estimates of Revenue and Expenditure statement is the precursor to the Budget Address, which will facilitate the introduction of the Appropriation Bill to Parliament on April 26, 2022.

The COVID-19 pandemic's persistence and the Russia/Ukraine war present considerable downside risks, which warrant innovative and transformative policy interventions.

These estimates aim at:

- (1) Providing the platform for sustained growth
- (2) Supporting the continued robust performance of our tourism industry
- (3) The expansion of construction in the public and private sector
- (4) Encouraging prudent, responsible, and transparent fiscal management
- (5) Implementing tools that will assist in significantly reducing waste and unnecessary spending
- (6) Developing institutional frameworks designed to eliminate corruption, and
- (7) An environment where there is a substantial reduction in revenue from fuel.

In essence, Mr. Speaker, the estimates of expenditure will fund projects that put people first.

## **SUMMARY OF 2021/22 BUDGET PERFORMANCE**

Mr. Speaker, Budget implementation performance for the 11-month period based on the latest available data, has generally been satisfactory, notwithstanding the fact that we continue to face several challenges, including the current COVID-19 pandemic, the recent international developments in Eastern Europe, and the internal administrative constraints that we intend to address.

Mr. Speaker, in the resources area, uncertainties concerning timely receipt of budgetary support funds complicated the Government's cash-flow management and managing the growth in the stock of payables.

Mr. Speaker, notwithstanding the fundraising challenges, my government anticipates that by the end of March 2022 total resources that would have been used to finance the budget would have amounted to \$1.584 billion comprising \$1.031 billion in domestic revenues, \$54.98 million in external grants, \$326.6 million in loan disbursements and \$171.4 million in treasury bills, notes, and bonds.

### **2021-2022 Expenditure Performance**

Mr. Speaker, with just a few days to go before the end of the fiscal year, preliminary data suggest an expenditure outturn of \$1.584 billion indicating underspending by some \$54.29 million or 3.3 percent below the approved estimates for the fiscal year 2021-2022.

Of the total amount projected to be expended by the end of the fiscal year 2021-2022, Mr. Speaker, Recurrent Expenditure is forecast to achieve a utilization rate or an outturn of 96.1 percent of the approved estimates of \$1.359 billion for the current fiscal year. This outturn is influenced primarily by the deferment in payment of salary increases to public sector workers, and lower than programmed outlays for project management expenses.

### **Wages and Salaries**

In that regard, Mr. Speaker, Employee compensation which includes the cost of wages and salaries to employees and retirement benefits to pensioners is expected to fall short of its target by \$46.4 million based on the expenditure trend for the past 11 months. As stated previously, this outturn is attributed to the continued deferment of salary and wage increases coupled with the impact of delayed recruitment to fill funded vacancies in the budget. A notable change that impacted this expenditure line is the reclassification of salaries for some employees of Victoria Hospital who were seconded to the OKEU hospital.

### **Debt Service Payments**

Mr. Speaker, with respect to debt servicing, the government of St. Lucia benefited from debt service suspension by bilateral agencies such as the Agence Francaise De Development (AFD) and the reduction in the variable interest rates, such as the LIBOR rate on loans from the EXIM

Bank. As a consequence, preliminary data indicates that total spending on debt servicing is likely to register a reduction of approximately \$7.5 million to reach a total of \$293.38 million by the end of this fiscal year. A total of \$169.53 million is forecast as the outturn for Interest payments while Principal Repayments is anticipated to come in at \$123.8 million which is slightly below the approved estimate. Based on the projected outturn, Interest Payments and Principal Repayments are expected to fall below the 2021-2022 approved estimates by 3.19 percent and 1.55 percent respectively.

### **Transfers**

Based on the current expenditure trend for Transfers, total spending on this category is forecast to increase by \$26.6 million when compared to the approved estimates of \$149.76 million for the period under review. This increase was primarily influenced by the reclassification of compensation expenditure as Grants and Contributions to allow for payment of commitments under the Millennium Heights Complex. Additionally, various initiatives in response to the COVID-19 pandemic namely, income support granted to the Bus Drivers are also expected to contribute to the positive variance for this expenditure line. The payment of school facility fees by the government and the reinstatement of the subvention to the St. Lucia National Trust are also contributors to the projected increase.

### **Goods & Services**

With respect to the Goods and Services, which is the largest category, expenditure is expected to fall below the approved estimates for the fiscal year 2021-2022 by \$22.05 million or 6.8 percent. This performance is attributed to the combined effects of higher spending on Training, Supplies and Material, Operation and Maintenance, and Consultancy Services, which offset increased expenses for Rental and Hire. The outturn under the Rental and Hire vote indicates an increase of \$3.6 million to reach a total of \$74.9 million by end of the fiscal year.

### **Development/Capital Expenditure**

Mr. Speaker, based on the current rate of implementation of some major projects over the past 11 months, we now estimate an outturn on the development side of the budget of \$377.06 million representing a utilization rate of 95.5 percent of approved resources for the fiscal year 2021-2022.

This is unprecedented given that implementation rates in the past have been well below 70 percent. Some of the major contributors to the expected outturn include:

Vieux Fort Water Sector Redevelopment Project;  
Disaster Vulnerability Reduction Project;  
St. Jude's Hospital Reconstruction Project;  
Constituency Development Project;  
Road Improvement Maintenance Programme;  
PROUD (SUP) Project;  
Emergency Response COVID-19 Project; and  
The National Roads Rehabilitation Programme.

Mr. Speaker, it is worth noting that despite significant underspending for some grant-funded projects, this has been offset by higher than programmed expenditure on others, owing to more rapid execution and disbursements for major loan funded projects such as the Vieux Fort Water Sector Redevelopment Project and the Road Improvement Maintenance Programme.

Of the total amount projected as the outturn for projects, \$276.6 million is expected to be expended on capital acquisitions, buildings (Schools, Human Resource Centers, and Hospitals), and infrastructure (roads and utilities).

### **2021-2022 Revenue performance**

Mr. Speaker, I have provided you with the expenditure outturn for the operations of government and will now give a brief summary of how we have and continue to finance these obligations.

Mr. Speaker, on the revenue front, there was an improvement in domestic revenue performance during the 11-month period of the current fiscal year, surpassing the outcome for the entire 2020-2021 fiscal year by \$45.48 million or 5.2 percent. Based on this development, domestic revenue is expected to generate a surplus of \$23.44 million, equivalent to 2.3% over the approved target of \$1.007 billion. This is expected to result in a 2.1 percent increase in tax revenue to an outturn of

\$927.85 million and a 7.7 percent increase in non-tax revenue reflecting a projected outturn of \$99.78 million.

Mr. Speaker, despite the better performance against the approved estimates for 2021-2022, total Revenue and Grants are projected to fall short of the forecast by an estimated \$39.93 million as the projected shortfall in grant receipts is expected to outweigh the improved recurrent revenue performance. Notwithstanding the shortfall projected for the year, the outturn for total Revenue and Grants is anticipated to result in an increase of \$152.79 million relative to the outcome for the fiscal year 2020-2021

Mr. Speaker, preliminary figures for Recurrent Revenue indicate that since the COVID-19 pandemic was declared in 2020 collections have been much stronger than expected and have produced positive results in all tax revenue lines save for Excise Tax – Imports and Stamp Duty. We now estimate the outturn for recurrent revenue to be in the region of \$1.027 billion compared to the approved estimates of \$1.002 billion. This is \$25.92 million higher than our initial target for the fiscal year and \$147.46 million higher than the outturn for 2020-2021. This positive performance is expected to come mainly from the following major revenue categories:

1. Taxes on Income and Profits are forecast to achieve a surplus of \$16.91 million compared to the estimate;
2. Taxes on Goods and Services – An overage of \$11.3 million is projected by year-end, the main contributor being \$17.50 million and \$10.12 million surpluses from Import Duties and Service Charge, respectively.

Notwithstanding, a modest improvement in receipts from Import Duty, which is expected to achieve a surplus of approximately \$10.12 million, the performance is likely to be offset by a significant shortfall in collections from Excise Tax – Imports.

Mr. Speaker, from the Customs and Excise end, Excise Tax-imports is expected to register a shortfall of approximately \$19.1 million reflecting the gradual erosion of the \$4 per gallon charged on unleaded gas from the start of the fiscal year.

On the Inland Revenue side, Mr. Speaker, a shortfall of \$13.85 million is forecast by year-end for Stamp Duty owing to the lack of success in defending the government against a legal challenge to payment of the tax from the sale of the Bank of Nova Scotia to the Republic Bank Ltd.

### **Grants**

Mr. Speaker, grant receipts from friendly donors and partners are expected to register a significant shortfall, estimated at \$66.28 million when compared to the approved target of \$121.26 for the fiscal year 2021-2022. The underperformance is influenced primarily by non-receipt of funds owing to delays in implementing key projects such as the Millennium Highway/West Coast Road Upgrade, Reconstruction of Bridge – Cul de Sac, Generation of Employment through Private Sector, and Building Resilience for Adaptation to Climate Change and Climate Vulnerability, just to name a few.

### **Financing**

Mr. Speaker based on the developments outlined previously, the government's fiscal operations are expected to indicate a narrowing of the fiscal deficit from a target of \$383.79 million or 7.9 percent of GDP in the approved estimates to an estimated \$374.27 million or 7.6 percent of GDP by year-end. When added to Principal Repayments, a total of \$498.12 million is projected to be disbursed from loans and treasury bills, and bonds. The projected outturn anticipates total disbursements toward expenditure in the following manner:

Loans - \$326.64 million;

Treasury Bills and Bonds - \$171.47 million

## **2022-2023 BUDGET PROPOSAL**

Mr. Speaker allow me to present to this Honourable House the first budget proposals of my administration.

This proposal has the following objectives:

1. Support Government's agenda of economic transformation;
2. Job creation, particularly among the youth;
3. Accelerated economic recovery and growth; and

#### 4. Reduction of poverty and increased wealth creation

I am aware that our island is acutely vulnerable to external shocks and natural disasters and the effects of the COVID-19 Pandemic. It is against this background that I propose to spend a total of **\$1.842 billion** the largest budget in Saint Lucia's history:

- Out of this amount, **\$1.349 billion** is proposed to be spent on Recurrent Expenditure.
- **\$382.6 million** on Capital Expenditure
- **\$110.5 million** on Principal Payments (or what we sometimes refer to as Amortisation).

The total that we expect to receive in Revenue and Grants is **\$1.327 billion**

- Total Revenue:           Tax Revenue     - **\$1.016 billion**  
                                  Non-Tax revenue - **\$133 million**  
                                  Capital Revenue - **\$10.7 million**

- Grants amounting to **\$176.6 million**
- We are projecting an increase in our GDP to **\$5.47 billion** which in part explains our projected increase in revenue.

As a prudent government, we propose to change the trajectory of our Primary as well as our Overall Balances.

### **Details of Expenditure**

#### **Wages & Salaries**

With respect to Wages and Salaries, Mr. Speaker, our records indicate that from year to year, employee compensation represents on average approximately 33.25 percent of the annual total budget. In the 2022-2023 budget a total provision of \$590.70 million for Wages and Salaries, of which a sum of \$560.56 million or 94.89 percent has been programmed to cover personal emoluments to central government employees while \$30.13 million has been allocated to cover compensation and other benefits to project staff. A sum of \$108.55 million has been allocated to retiring benefits, of which \$14.15 million is in respect of employer contributions to NIC. Overall, employee compensation is programmed to increase by 11.88 percent relative to the outturn for the

current financial year. The allocated amount also makes provisions for in-year promotions and other salary and wage allowances.

Public Servants will be pleased to note that government will keep the promise made by the former administration and pay the increase in salaries by the end of April 2022.

### **Debt Service**

Mr. Speaker, debt service obligations are central to every budget as we continue to implement policies geared towards prudent debt management and debt reduction.

Debt service payments total \$285.03 million for the fiscal year 2022-2023, a reduction of 5.3 percent relative to the approved estimates for 2021-2022. A total of \$150.7 million has been set aside to service domestic debts while \$133.83 million has been provided for foreign debt servicing. Of the total amount allocated for debt servicing, interest payments account for 61.2 percent or \$174.47 million. A sum of \$110.56 million is provided for principal repayment. Principal Repayments are forecast to decline relative to the projected outturn for 2021-2022. Of the \$110.56 million allocated for principal repayments, \$66.7 million is for externally contracted debt, with the remainder (\$43.03 million) being programmed to cover the amortization of domestic debt.

Interest provision has remained relatively flat when compared to the 2021-2022 approved estimates but increased by \$4.94 million or 2.9 percent when compared to the outturn for 2021-2022. Debt service payments fluctuate as new debt payments are added or existing debt matures.

### **Transfers**

Mr. Speaker, as it relates to transfer payments, which include Grants & Contributions, Subsidies, and Public Assistance, we are proposing to allocate a sum of \$212.39 million, representing an increase of 20.4 percent or \$36.03 million above the projected outturn for 2021-2022. This increased allocation reflects the provision made for the Millennium Heights Complex as the government continues the full transition of health services from Victoria Hospital, the Mental Wellness department, and Turning Point.

Mr. Speaker, as a caring government, we have also allocated additional resources for the Public Assistance Programme in the sum of \$20.64 million to help meet the welfare needs of this country as well as to meet outstanding obligations for services rendered to paupers by the St. Jude Hospital. Mr. Speaker, notwithstanding that the St. Lucia Tourism Authority has been provided with some level of economic independence by way of a tourism levy, the reality is that there is a need to provide additional support to its marketing effort until sufficient revenues are collected to provide a level of security for unforeseen shocks to the tourism industry. To this end, a sum of \$5 million has been allocated to the St. Lucia Tourism Authority for the new financial year.

The Department of External Affairs has also been allocated an additional \$900,000 to assist the department in honouring its bilateral commitments. Mr. Speaker, as we emerge from the COVID-19 pandemic, we must reflect on the increased inflows from In-Transit Fees from the cruise ships, going to the Saint Lucia Air & Sea Ports Authority and the Saint Lucia Solid Waste Management Authority, to support their operations.

### **Goods & Services**

Mr. Speaker, I now turn our attention to the category of Goods and Services. My government proposes an increase of 19.35 percent or \$58.69 million, relative to the projected outturn for 2021-2022. The most significant increases were programmed under the Operating and Maintenance vote and the Consultancy vote.

The Operating and Maintenance vote received an increase of \$17.38 million reflecting additional resources provided under the Constituency Development Programme under the Department of Economic Affairs, as well as the Departments for Home Affairs and National Security and Department of Infrastructure, Ports, and Transport. Provision was made for consulting services under project expenditure, the continued acquisition of personal protective equipment, and the rental of quarantine facilities.

### **Development/Capital Expenditure Budget**

Mr. Speaker, the driving force behind the development expenditure programmed in the budget is the need to stimulate the economy through the implementation of various projects. In that regard, my government has allocated some \$561.06 million towards the implementation of various projects for the next fiscal year comprising of \$382 million of capital and \$179 million of recurrent expenditure related to the projects.

There may be a source of confusion between Project Expenditure, which I just referred to and Capital Expenditure provided in the Budget Summary. The project expenditure figure does have a component of recurrent expenditure, which is not included in Capital Expenditure. This classification was necessary to provide a true indication of the total cost incurred in undertaking a specific project.

Mr. Speaker, as it relates to Capital Expenditure for the new fiscal year, my government has allocated some \$382.65 million to its Capital program. This amount is made up of \$12.67 million in locally funded Capital expenditure and \$369.98 million in externally funded Capital Expenditure. The proposed Capital budget represents \$104.11 million or a 72.8 percent increase over last year's revised estimates of \$278.54 million. It is important to note that capital expenditure constitutes 68% percent of the total development budget of \$561.06 million. This amount represents \$167.32 million or a 70.2 percent increase over last year's revised estimates of \$393.74 million. This is primarily due to the emphasis placed on infrastructural development (30%), economic development (22%), health (8.08%), agriculture (5.95%), and education (5.2%) - accounting for approximately 71.23% of the total capital budget.

Of the total allocation of \$561.06 million for development projects and initiatives, \$170.20 million or 30 percent is proposed for the Department of Infrastructure, Ports, and Transport. This amount will cater for the payment of new and outstanding Design-Finance-Construct arrangements (DFCs).

- Reconstruction of bridges such as the Cul-de-Sac Bridge
- Rehabilitation of Roads such as the Millennium Highway Project and for other ongoing road maintenance and rehabilitation projects

Mr. Speaker, the Department of Economic Development and Youth Economy has been allocated the sum of \$126.84 million, accounting for 22.6 percent of the development budget. The allocation for projects under the department represents a 224.7 percent increase over the approved budget allocations for 2021-2022. The development programme for the department goes to primarily 4 major projects, namely:

1. Disaster Vulnerability Reduction Project (**\$43.7 million**);
2. Constituency Development Project (**\$28.9 million**);
3. St. Jude Hospital Reconstruction project (**\$28.1 million**); and
4. The implementation of the Youth Economy (**\$10 million**).

Mr. Speaker, much has been said on the St. Jude Hospital Reconstruction Project, and more details will be provided in my Budget Address later in April regarding the way forward for this project. However, a significant percentage of the allocated resources for the St. Jude Hospital is to cover outstanding liabilities of the project.

Mr. Speaker, the Ministry of Health allocated \$45.31 million or 8.08 percent of the development budget to the Department of Health to cover:

1. The cost of the COVID-19 response;
2. Improvements to health facilities and laboratories under the OECS Regional Health Project;
3. Commencement of the Universal Health Care Programme; and
4. Remedial works on the National Stadium currently housing the St. Jude Hospital.

Mr. Speaker, the Department of Agriculture has also been allocated a sum of \$33.47 million or 5.95 percent of the development budget to facilitate the completion of ongoing projects such as the Vieux Fort Water Supply Redevelopment Project and also to undertake various initiatives aimed at protecting food security.

Mr. Speaker, a sum of \$30.49 or 5.2 percent of the development budget is also being proposed on behalf of the Department of Education for the upcoming year. Of the total amount allocated to the department, 64 percent is to cover the cost of activities under the EQUIP Project. Therefore,

emphasis will primarily be placed on the continuation of the renovation of the Sir Arthur Lewis Community College, the continuation of the building of new blocks such as the La Guerre Combined School, Gordon Walcott Memorial School, Micoud Secondary, Entrepot Secondary, and Soufriere Comprehensive schools. A sum of \$3 million has been allocated for the rehabilitation of schools.

### **2022-2023 REVENUE**

Mr. Speaker, central to the preparation of any budget is the identification of financial resources to cover the expenses that will be undertaken during the fiscal year. I now turn my attention to the revenue projections for the 2022-2023 fiscal year.

Mr. Speaker, with the resurgence in economic activity that is expected in 2022-2023, the draft estimates have targeted total revenue and grants in the sum of \$1.328 billion. At the projected level, total revenue and grants are forecast to increase by \$248.1 million or 23% percent above the preliminary outturn for the fiscal year 2021-2022. The forecast is comprised of \$1.15 billion in Recurrent Revenue, \$10.7 million in Capital Revenue, and \$176.7 million in Grants. Grant receipts are expected to contribute an additional \$121.7 million compared to the 2021-2022 outturn of \$55 million. This increase can be attributed to major progress made over the last 2 years toward the procurement process for four major grant-financed projects.

#### **Recurrent Revenue 2022/23**

Mr. Speaker, Recurrent Revenue, inflows are projected to increase by \$148.6 million relative to the approved estimates for 2021-2022 to reach a total of \$1.150 billion for the fiscal year. When compared to the revised estimates or outturn for the preceding year, Recurrent Revenue increased by \$122.7 million or 11.9 percent. The increase stems from slow but sustained recovery during the latter part of the fiscal year 2021-2022 and the continuation of the recovery anticipated in the Tourism, Construction, and Agricultural sectors during the new fiscal year.

The total projected recurrent revenue for 2022-2023 is comprised of Tax Revenue of \$1.016 billion or 88.4 percent and \$133.9 million in Non-tax Revenue. Tax Revenue is forecast to increase by 9.5 percent in comparison to the outturn for the 2021-2022 while non-tax revenue is expected to

increase by 34.2 percent compared to the Revised Estimate for the preceding year. Mr. Speaker, the increase in Tax Revenue is influenced by the continuation of the recovery in economic activity resulting from the easing of the COVID-19 pandemic. The significant increase in non-tax revenue is projected as a result of the higher anticipated CIP inflows expected to be deposited in the Saint Lucia National Economic Fund pursuant to the Saint Lucia National Economic Fund Act. Let me add Mr. Speaker that we hope that the CIP programme does not suffer from any adverse international events.

Mr. Speaker, I will now turn to the details of the projection for some of the major revenue lines under the Tax Revenue Category.

## **Tax Revenue**

### **Taxes on Income and Profits:**

Taxes on Income and Profits are projected to amount to \$256.1 million, up by \$20.7 million or 8.8 percent above the revised estimates for 2021-2022. This reflects expected increases in all the components of this category of revenue, namely income tax from corporations, income tax from individuals, withholding tax, and arrears. The projection for the main items under this category is as follows:

### **Income Tax – Corporations**

The revenue from Income Tax – Corporations is expected to generate \$73.1 million for the financial year 2022-2023 representing an 18.75 percent increase above the budgeted amount in 2021-2022, and an 8.69 percent increase above the outturn for 2021-2022. This reflects an upward trend as corporate profitability rebounds, as a result of the higher economic activity expected from relaxing/adjusting the restrictions on social events, end of curfews, and discontinuation of confinement which have been implemented to manage and control the in-country spread of COVID-19.

### **Income Tax – Individuals**

Revenue from Income Tax – Individuals is estimated at \$114.8 million. This represents a 2.9 percent increase from the 2021-2022 revised estimates and reflects the anticipated uptake in the

level of economic activity. The number of individuals projected to return to full-time employment is expected to increase, particularly in the tourism, and construction sectors.

### **Income Tax – Arrears**

Income tax arrears is projected at \$49.8 million, an increase of \$10.9 million or 28.27 percent from the outturn in 2021-2022. The projected increase in corporate profitability, along with the increase over the medium term in the employment rate and collection of arrears in Withholding tax will positively influence the revenue outcome for this line.

### **Taxes on International Trade Transactions:**

Mr. Speaker, Taxes on International Trade (custom duties) are projected to increase by 13.15 percent to reach \$236.4 million in 2022-2023, up from the revised estimates of \$208.9 million in 2021-2022. This revenue category accounts for 19.28 percent of recurrent revenue. Of the total amount to be collected from taxes on international trade transactions, \$126.4 million is expected to come from Import Duty, \$103.5 million from Excise Tax, \$4.4 million from Thru-put Charges, and \$2.1 million from Passenger Facility Fee. The improvement in inflows from this revenue category is driven by the general increases in the CIF value for imported products.

### **Taxes on Domestic Goods and Services**

Taxes on domestic goods and services are expected to generate \$515.7 million which is 8.43 percent above the revised figure in 2021-2022. This reflects mostly the projection for VAT on domestic activity (collected by the Inland Revenue Department) and excise tax. Receipts from VAT collected by Inland Revenue Department account for 28.9 percent of revenue from this category and is projected at \$169.9 million which represents a 13.9 percent increase relative to the 2021-2022 outturn.

Value Added Tax (VAT) from international trade transactions (collected by the Customs and Excise Department) is projected to yield \$165.5 million in 2022-2023, which is 5.38 percent above the outturn of \$157 million in 2021-2022. As the economy rebounds, a higher level of economic activity is anticipated in the Construction sector over the medium term.

Mr. Speaker Airport tax is projected to record an increase of 16.41 percent or \$3.6 million above the 2021-2022 outturn to reach \$25.5 million for the new fiscal year. This projection is influenced by the higher revenue intake anticipated from an increase in tourism arrivals, including stay-over arrivals, which is expected to increase by approximately 26.2 percent in the new fiscal year.

Service Charge on Imports is projected to increase by \$6.94 million or 8.41 percent above the outturn for 2021-2022 to reach \$89.5 million for the new fiscal year. This projection is influenced by the higher revenue intake anticipated from an increase in economic activity during the current fiscal year.

Mr. Speaker Revenue collections from Taxes on Domestic Goods and Services account for 50.74 percent of total recurrent revenue, and 44.83 percent of tax revenue.

### **Non-Tax Revenue**

The 2022-2023 projection for non-tax revenues is \$133.9 million, or a 34.18 percent increase over 2021-2022 outturn. The main contributor to the increase in inflows during the current fiscal year is expected to be the contribution by the National Economic Fund, In-Transit Fees, and Sale of Goods and Services. The following are the major components of non-tax revenues and their expected performance in 2022-2023:

### **Voluntary Transfers- Other Than Grants**

Mr. Speaker, given the passage of legislation for the establishment of the Saint Lucia National Economic Fund (NEF), inflows from CIP are expected to be deposited in the Saint Lucia National Economic Fund. In light of this, Revenue for Voluntary Transfers reflects anticipated receipts of \$65 million from the Saint Lucia National Economic Development Fund. Mr. Speaker, it is my government's intention to make an application to the Saint Lucia National Economic Fund to request the use of \$31.5 million, of which \$1.5 million to finance the Rehabilitation of the St. Jude Hospital project and \$30 million to contribute towards the debt principal requiring a bullet payment. Overall, revenue from Voluntary Transfers is estimated to increase by \$24.9 million or 59.8% over the outturn for the 2021-2022 fiscal year.

### **In-Transit Fees**

Mr. Speaker, receipts from In-Transit Fees are projected to increase by 44.8 percent to \$8.02 million when compared to the outturn for 2021-2022. This category reflects a fee charged to cruise ship passengers who have not disembarked from the vessels at port. An increase of \$4.2 million is projected in 2022-2023, and this revenue line will be favourably impacted given the return of the cruise industry, the gradual increase in the number of cruise passengers, and cruise ship calls.

### **Sale of Goods and Services**

Revenue collections from the Sale of Goods and Services are projected to record a sum of \$59.01 million, reflecting an increase of \$8.3 million or 16.41 percent over the revised estimates for the previous financial year. The major revenue lines contributing to the increase of \$8.3 million include Motor Vehicle Driver's License and the Sale of Drugs and Vaccines.

- Motor Vehicle Driver's License

Revenue from Motor Vehicle License is projected to record an increase of 51.03 percent or \$3.01 million when compared to revised estimates for 2021-2022. This category is positively correlated with the number of Driver's Licenses renewed and the number of vehicles imported annually. Increases are generally observed every triennium, the last one being the fiscal year 2019-2020, consequently, this increase is anticipated in the 2022-2023 fiscal year, given the upcoming triennium.

### **Income from Property**

Revenue collections from this category are expected to increase by \$1.02 million to reach \$4.14 million for the new fiscal year. This projection represents a 33.03 percent increase above the revised estimates for 2021-2022.

### **Grant Revenue**

Based on commitments and agreements signed with development partners, grant revenue is estimated at \$176.7 million reflecting a \$121.7 million increase compared to the projected outturn for the 2021-2022 fiscal year. This amount represents 46% of the total capital expenditure

programmed for the new fiscal year. This more optimistic forecast is predicated on the disbursements anticipated for the continuation and commencement of projects to be funded by the Japanese International Cooperation Agency (JICA), the Taiwanese Government, the UK Caribbean Infrastructural Partnership Fund (UKCIF), the European Development Fund (EDF), the Caribbean Development Bank (CDB), and the United Nations Environmental Programme (UNEP).

### **Financing**

Mr. Speaker, while we anticipate moderate improvement in the revenue administration and grant receipt from friendly donors, a significant financing gap remains. As was highlighted earlier in my presentation, based on the projected level for revenue and grants, the budget targets an overall deficit of \$394.57 million for the fiscal year 2022-2023. When added to the Principal Repayment for the year a financing gap of \$505.1 is anticipated which will be financed by a blend of foreign and domestic financing resources. In addition to Total Revenue and Grants of \$1.327 million, it is anticipated that my government will have to borrow a total of \$505.12 million comprising \$425.4 million, equivalent to 84.2 percent of the total financing requirement for the year from external sources.

Domestic financing is expected to be moderate given that much lower amounts are programmed from primarily bonds. This is entirely in keeping with my government's strategy of relying on external borrowing on concessional terms rather than the market debt which bears higher interest rates. Domestic financing requirement amounts to \$79.7 million which is expected to be sourced through various means including Treasury Bills, Treasury Notes and Bonds.

The total amount to be raised from external sources will be as follows:

Caribbean Development Bank - \$57.3 million

International Development Association (IDA) – \$ 82.3 million

Republic of China on Taiwan EXIM Bank – \$191.8 million

CARICOM Development Fund (CDF) – \$3.06 million

CDB-Inter-American Development Bank - \$8.6 million

Canadian Clean Energy & Forest Climate Facility Fund - \$1.4 million

World Bank (Development Policy Credit) - \$81 million

Allow me Mr. Speaker to highlight some of the expenses that government will undertake in this financial year in some of the Ministries.

Mr. Speaker an additional amount of \$10 million is programmed under the Constituency Development Programme to undertake small community infrastructural projects.

An additional amount of \$7.2 million on the St. Jude Hospital Rehabilitation Project for settlement of outstanding liabilities.

An amount of \$300,000 was approved to facilitate Saint Lucia's ascension to the Caribbean Court of Justice.

An amount of \$954,800 was approved for the outstanding amount owed to OJO Labs whose contract expired in October 2021.

An amount of \$1 million was approved for the Disaster fund.

An amount of \$1 million was approved for the Distress fund.

For the Attorney General's Office, \$500,000 was approved to procure the services of additional Legislative Drafters and \$2 million was approved to facilitate the payment of settlements agreed in court cases.

A provision of \$1 million was made for the consulting services and commission's office of the Director of Public Prosecutor (DPP), to account for the appointment of a special prosecutor and support staff.

For the Swift Justice Project, \$456,000 was approved under Recurrent Expenditure. That is to assist with the backlog of cases in the courts and a further amount of \$2,278,600 was approved for the project. The breakdown for the Swift Justice Project is as follows:

- Salaries: \$487,100
- Travelling: \$35,000
- Stationary supplies and materials: \$51,500
- Electricity and water: \$63,000
- Rental and hire: \$1 million
- Operation and maintenance: \$12 million
- Plant machinery and equipment: \$456,000.

That is to clean up the backlog of cases that exist in the courts.

Mr. Speaker, I want to put on record when I spoke of the increase for civil servants. The increase is in April this year Mr. Speaker. The civil servants will get their increase and further Mr. Speaker the civil servants will get part of their backpay in December 2022, the first tranche in December this year, and the second tranche will be in March 2023, Mr. Speaker.

Mr. Speaker, I now turn to expenses for the Department of Home Affairs and National Security Mr. Speaker. An amount of \$1,824,500 is to be spent on repairs to the Bordelais Correctional Facility.

An amount of \$1.039 million is earmarked for the removal and replacement of the chain link fencing and replacement of cell locks and worn-out keys at the facility.

An amount of \$785,000 is earmarked for the replacement of skylights and repairs to the inmate toilets, repairs to the metal stairs in the unit, and the purchase and installation of hot water heaters for the laundry, kitchen, and medical unit.

There will also be some renovation done to the staff quarters, Mr. Speaker.

Mr. Speaker, still on Police and crime; repairs to Police Stations. \$4.776 million out of that Mr. Speaker you may recall that the Custody Suites were taken away. We have earmarked \$1.337 million for the retrofitting of temporary holding cells at the police headquarters on Bridge Street.

An amount of \$2.7 million for the urgent repairs of the roof of the Vieux Fort Police Station and \$738,000 for the general repair work to various police facilities throughout the island Mr. Speaker.

So, Mr. Speaker, the government is trying to not only talk but add a tangible increase in expenditure for the police. We appreciate their work so they will not only have a more comfortable environment to work in Mr. Speaker, but they can get some training and some equipment, including vehicles, which they need Mr. Speaker.

Mr. Speaker, I think I should also add some of the increases to the Grants and Contributions that we are making in this budget.

Mr. Speaker the Folk Research Centre; their building got damaged and we are beginning by giving them an allocation of \$50,000 to help them to begin to prepare their plan, etc. for their new building.

Mr. Speaker HOPE. HOPE from the Ministry of Equity Mr. Speaker. We are financing HOPE with \$2.764 million.

The St. Lucy's Home Mr. Speaker; we are increasing the allocation to \$140,000.

There's a new programme Mr. Speaker, "Our Boys Matter". The boys seem to be going astray, Mr. Speaker. We have programmed \$223,000 for the "Our Boys Matter" Programme.

Still in the Ministry of Equity Mr. Speaker; apart from the Housing Programme of \$20 million in the Ministry of Housing, we are programming \$1.316 million for housing assistance to the poor and differently-abled.

Educational assistance Mr. Speaker; we are programming another \$1.824 million for educational assistance Mr. Speaker.

In addition to this financial year, we are going to continue the payment of facility fees in the sum of \$2.358 million Mr. Speaker.

Mr. Speaker, payment of Mathematics and English for CXC; will continue this year in the sum of \$270,554.

Mr. Speaker, there's an organisation called the "Child Development and Guidance Centre". It is located in La Clery, doing human service Mr. Speaker, and it's really touching to see the work that's done up there. The government is showing appreciation for their efforts, we are increasing the subvention by \$150,000 Mr. Speaker, from \$230,000 to \$380,000 for the Child Development and Guidance Centre Mr. Speaker.

Mr. Speaker for the Faces of Cancer, we are giving them a contribution of \$10,000 and we are also increasing the contribution to the Saint Lucia Cancer Society to \$40,000.

Contribution to the Saint Lucia Diabetic and Hypertensive Association to \$50,000 Mr. Speaker and to Feed the Poor Ministry, \$20,000.

Mr. Speaker the National Sports Elite Athlete Education Assistance; we are increasing it from \$60,000 to \$110,000 and for the National Youth Council; we are increasing it to \$52,000 Mr. Speaker.

Mr. Speaker the Saint Lucia Fashion Council; we are giving them a contribution of \$90,000 this year Mr. Speaker and the Saint Lucia Bakers Association, are getting a contribution of \$30,000 to help them to establish their organisation, make some changes so that we can see what happens, how that manifests itself in the prices, Mr. Speaker.

The Saint Lucia National Trust; this year we are returning their \$700,000 subvention.

Mr. Speaker that is a summary of the increases in the Grants that we are doing this year.

Mr. Speaker, I just want to make it clear again that the civil servants' increase is going to be in April 2022 and for the back pay, the first tranche is going to be in December 2022 and the second tranche in March 2023.

### **Conclusion**

Mr. Speaker, let me once again take the opportunity to thank the people of Saint Lucia for the confidence and the patience they have reposed in us to lead this country, Mr. Speaker, out of its current economic circumstances.

Mr. Speaker, we are a different team. We are a team of Saint Lucians who understands the plight of Saint Lucians. None of us were born with a golden spoon, none of us were privileged to be able to live a certain lifestyle, Mr. Speaker. We are children of ordinary and regular people and we understand the plight of ordinary people Mr. Speaker. And this is why this budget, these Estimates of Expenditure Mr. Speaker, has that philosophical underpinning to put people first.

Mr. Speaker, I have no doubt that the achievements made since assuming office will continue to be felt in the months ahead as we work steadily and tirelessly towards accelerated recovery, following the devastating impact of the COVID-19 pandemic.

Mr. Speaker, as the allocations programmed in this budget indicate, we intend to continue to tackle the challenges with boldness and confidence.

We remain optimistic, assured, and rooted in our resolve to maintain economic stability and chart a path to sustainable growth and development.

We will pursue the initiatives and programmes funded in this budget to bring transformative change that will impact the lives and livelihoods of our citizens and we will put the people first.

We have approached this budget with the understanding that the current circumstances, domestic, regional, and international, within which we operate and we are strengthening our belief that while current resources may be insufficient to meet the needs of all, our collective potential and our resolve to put our economy on the path of broad-based, inclusive growth will empower our people and propel us forward.

### **Appreciation**

Mr. Speaker, I would like to extend my thanks to the civil servants in the ministries, departments, and agencies of government that have contributed to the successful completion of the budget process, particularly those with direct responsibility for the preparation and compilation of the Estimates for Revenue and Expenditure. I want to express my thanks and appreciation to the staff of the Ministry of Finance, Economic Development, and the Youth Economy who spearheaded this process Mr. Speaker, and brought this exercise to a successful completion.

Mr. Speaker, I have attended several meetings and worked with the staff of the Ministry of Finance and I can attest to their professionalism Mr. Speaker, and all I can say is that I thank them for their resolve and their belief in doing their job as public servants, not for my benefit but for the benefit of the people of Saint Lucia. And I thank them, Mr. Speaker. I thank them sincerely for that. I have respected their professionalism. I've not intimidated them, I've not insulted them, I've not told them to know their place. All I've done is taken their advice Mr. Speaker and together we created that budget and continue to do so during this term of government Mr. Speaker.

Mr. Speaker, I also want to thank the staff of the Parliament, Mr. Speaker for the work that they've been doing. All the staff and you, Mr. Speaker, and the police and the security people who have worked with us during this budget Mr. Speaker.

Finally, the National Printing Cooperation Mr. Speaker, who has printed these Estimates under tremendous pressure.

The staff of the Office of the Prime Minister who again have worked tirelessly Mr. Speaker.

My Press Secretary, my Personal Assistant, my Senior Advisor, and my Secretary have worked relentlessly to get me here today Mr. Speaker. I only have thanks and gratitude to them, Mr. Speaker.

Mr. Speaker, I thank you for the opportunity.

I want to thank my colleagues for the way we've worked together Mr. Speaker. It's a group of men and women who have one purpose in mind; to improve the quality of life of the people of Saint Lucia and all the rumours, all the anticipation of discord and disunity Mr. Speaker; we are stronger than ever and we will continue to work for the benefit of the people of Saint Lucia Mr. Speaker.

Mr. Speaker, I thank you and I thank my colleagues for allowing me the opportunity to present the 2022-2023 Estimates of Revenue and Expenditure to this Honourable House and by extension to the People of Saint Lucia.

**THANK YOU!!!**