



Commonwealth of Dominica
BUDGET ADDRESS

for Fiscal Year 2015/2016 Presented by:
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PRIME MINISTER AND MINISTER FOR FINANCE



BUDGET ADDRESS FOR THE FISCAL YEAR 2015/16

“KEEPING IT REAL”.

Introduction

Madam Speaker, Cabinet colleagues, Members of this Honourable House, Distinguished Guests, Fellow Dominicans, residents and friends.

It is with profound gratitude to God and to the people of Dominica, that I deliver this budget address, at this juncture in our continued development as a free, independent nation.

It is also significant that this is the first budget of the new term in office of the Dominica Labour Party Government. I take this opportunity once again to express my profound gratitude to the electorate of Dominica, for its overwhelming vote of confidence in the policies and the leadership of this great political organisation; founded on the principles of equality and justice for all.

As I reflect on the experience gained over the years as Prime Minister and Minister for Finance of this beautiful country of ours, I can say with humility, that I have come to understand the intensity of the many pressures and challenges, both external and internal, that the leadership of any State, and more so, a small, vulnerable, island developing state, has to confront on a daily basis.

Madam Speaker, I dare say that in this economic environment, no leader is able to survive and remain in good stead in the eyes of the population and international community, without the steadfast and loyal support of the vast majority of people including public officers, dedicated and focused colleagues, committed friends and well-wishers abroad.

I thank them all for their continued support.

Madam Speaker, stories dominating world news over the past two weeks, related to the economic bailout of Greece, and the cessation of the single largest threat to global peace; namely, agreement on a new weapon and nuclear arms policy for Iran.

At the regional level, however, headline news related to an averted island-wide shutdown of Barbados and continued efforts by regional governments to sustain and enhance the quality of intra-island transportation.

Here in Dominica, ears were peeled in anticipation of the contents of the 2015/16 budget and the continued efforts by Government to maintain a regime of social and economic policies, designed to stimulate economic activity and minimise hardship on the most vulnerable in society.

What all these headlines have in common, are the pursuit, attainment and maintenance of a satisfactory social and economic environment, within which the citizens of the world, the citizens of the region, and the citizens of the Commonwealth of Dominica, can live and go about their daily lives.

Peace, security and quality of life for citizens, residents and visitors, Madam Speaker, no matter how packaged or portrayed, remain key considerations of stable and progressive governments in the world today. For the Government of Dominica, it is no different. We therefore approach this budget with that in mind.

We did this recognising that, notwithstanding the best efforts of world leaders, and global financial and multilateral agencies, the tailwind of the economic depression which started some eight years ago, is still evident and impactful; influencing the pace and extent to which small open economies, such as Dominica's, can work their way back to economic safe-haven.

As a democratically elected government, with a very strong mandate from the electorate of Dominica, we conceive and articulate the most imaginative and inspiring transformational and developmental policies. Timely delivery is dependent on our ability, as a small, developing nation, limited in natural resources and with a population of just over 70,000, to finance the implementation and maintenance of those policies.

Persons not charged with the responsibility of finding the money, have the luxury of dreaming large. They can sit in the comfort of the stands and say 'do this' and 'do that'; never once having to bother about how it can, and would be done or how it can and would be financed.

Background to 2015/16 Budget

Madam Speaker, we are mindful of the numerous requests and demands made of this government by our farmers, hoteliers, tour operators, taxi drivers, manufactures and others, and in an ideal world, this budget would speak to all of these. The reality is that, we are constrained by limited resources, and we have to decide how best to use these resources for the benefit of all our people.

So this budget, Madam Speaker, is about '**Keeping it Real**'.

Therefore, we are not about playing to the gallery, and not guarding our stumps. This Government, Madam Speaker, will in this Budget, keep fiscal bat-and-pad close together. We built the new Dominica and we have absolutely no intention of wrecking it.

I wish from the outset, Madam Speaker, to deal with the issue of debt. The dreamers have sought to make heavy weather of Dominica's debt to GDP ratio. However, debt is relative.

A small developing country like Dominica, with limited resources, cannot escape debt, because there are really only three known sources of revenue for a country. These are gifts and grants, which are now becoming scarce; taxes, levies and similar impositions, which are limited in scope and capacity; and, loans, which have to be repaid.

The theorists have had their say. What **I** say, as it relates to the policy of this Government, is that our borrowings have been measured and targeted. We have contracted loans under the most favourable terms and conditions available.

Anyone wishing to criticize us, should tell us whether or not the loan was necessary and how the funds could have otherwise been obtained on a timely basis. More so, they must answer the question whether this government has honoured its commitments to service the loans as contracted. That, Madam Speaker, is a resounding YES.

If this country borrowed money and repaid it, consistent with the terms and conditions of the loan, **as we have**, what then is the problem? Should we have stalled development or withheld services from our people, in the name of remaining debt free? I say NO to such arguments!

This Government is proud of its record of debt repayment. There is no entity in the region or the world today that would think twice about lending to Dominica, and that is the yardstick by which one ought to be judged.

So I know the naysayers will quote the various questionable articles and reports. What I invite them to do, is consult the people of Dominica, and ascertain whether their lives have not been improved, and the quality of their existence enhanced, as a result of the policies of this government. And that, I humbly submit, Madam Speaker, is the variable that ought to be introduced into the equation: The impact of borrowings and related policies on the quality of life of residents!

Today, as one scans the Dominican landscape, and listens to the testimonies of many, it becomes clear that a multitude of lives have been touched for the better by the policies and programmes of this Government.

The ground is being levelled as inequalities in the society are being removed. Many who never dreamt of owning a home, now do so, with some even planning to expand on the units they proudly own, as a result of the housing policies of this Government.

Due to this Government's programme to eradicate pit latrines, hundreds no longer have to bear the indignity and inconvenience, of struggling through the darkness of the night, in rain and thunder, to access toilet facilities.

Parents who were unable to pay bus fares for their children to be transported to and from school, are now benefiting from the school transportation programme, financed by this Government.

Families who feared that they would be unable to afford to send their children to university, are now able to boast that they have not only one, but sometimes two and three university graduates in their homes – all thanks to the progressive education policy of this Government.

Madam Speaker, the investments we have made in educating our people, have been driven by the widely held view, that education is one of the surest means of moving people out of poverty.

We are on the right track.

Government will continue to invest in its people, cognisant of the importance of these initiatives, in achieving our economic development goals.

Madam Speaker, improvements in the road infrastructure, particularly the main roads, have brought economic benefits to road users and the business community alike. The reduction in the cost associated with wear and tear on vehicles, travel time, as well as the improved quality of the produce brought to the market place, are all substantial benefits.

The agricultural sector, an important contributor to growth, has been affected by rulings of the World Trade Organisation and more recently by diseases. These have impeded progress in achieving the goals, as stated in the Medium Term Growth and Social Protection Strategy (GSPS), namely, to increase the viability and competitiveness of the sector. However, far reaching investments in the pork and poultry sub sectors, an aggressive expansion of non-banana crops, the

operationalizing of the pack houses and the implementation of the Banana Accompanying Measures (BAM) Project, bring new hope and excitement to the sector.

We are committed to providing 100 per cent access to potable water. We are on course to complete the Belles/Penrice/Sylvania and Layou Park Water Project by the end of September 2015, when we would have met well over 98.5 per cent of our target. The remaining 1.5 per cent, which comprises new housing development areas, and areas with a few scattered houses, will be addressed by DOWASCO.

Madam Speaker, for years, Dominicans have been carrying the burden of high energy costs. This Government took the bold initiative to develop the country's geothermal resource in the Roseau Valley. The potential of this resource had been merely spoken about for over fifty years.

This has been hailed by regional and international experts, as the best option available to the country for producing clean, reliable and cheaper electricity.

We are on track to commission a domestic geothermal plant, which we are now advised should be completed by 2018. With this, Dominican households and the business community will benefit from lower electricity rates. The construction of the geothermal plant, will also attract new enterprises, since the viability of many businesses is affected by the high cost of energy.

Madam Speaker, the AID Bank continues to support projects and sectors that are not always well served by the financial system. These include long term projects, and projects with a long lead time. The AID Bank, along with the National Development Foundation of Dominica (NDFD), the Small Business Support Unit, and the Dominica Youth Business Trust (DYBT), are financial vehicles supported by Government, directly providing support to the productive sectors of the economy.

Madam Speaker, the results of the recent general elections, reflected a resounding "Yes" to the programmes for prosperity, peace and justice, outlined in the manifesto of the Dominica Labour Party. The electorate listened, judged, and delivered an historic verdict in our favour. We wish to thank the people of Dominica for this vote of confidence.

Government intends, Madam Speaker, to pursue the promise of 5.0 to 7.0 per cent growth. We already have commitments from friendly governments for grant financing, and credit facilities on highly concessionary terms. The achievement of this goal, will also require renewed commitment and contribution, from every citizen, as we cannot rely only on our partners.

In keeping with the legitimate expectations of the people, and the capacity of the State, in this current economic environment, this budget address has been appropriately themed "*Keeping it Real*".

International and Regional performance and outlook

Madam Speaker, in recent days, the global economic debate has been dominated by the events in Greece, and on the potential negative impact on economies world-wide. The on-going crisis makes it difficult for professionals to predict any particular outcomes, with any large degree of certainty. Suffice it to say, Madam Speaker, any negative impact on the global economy will, over time, impact our own in some way.

According to the IMF World Economic Outlook published in April 2015, *“In the aftermath of the 2008 crisis, potential growth declined in both advanced and emerging market economies. Unlike previous financial crises, the global financial crisis has been associated not only with a reduction in the level of potential output, but also with a reduction in its growth rate.*

In advanced economies, potential growth declined from slightly less than 2.0 per cent in the pre-crisis period (2006–07), to about 1½ per cent during 2013–14, owing to reduced capital growth and adverse demographic factors not related to the crisis. In emerging market economies, potential growth declined by about 2.0 percentage points during this period, with lower total factor productivity growth accounting for the entire decline.”

The prognosis of the World Economic Outlook published in July 2015 is not very different to the April position. The latest projection for growth for advanced economies is 2.1 per cent for 2015. This is up from the estimate of 1.8 per cent in 2014. The United States of America accounts for 2.5 per cent of the projected growth for 2015. Economic growth in Emerging Market and Developing Economies is estimated at 4.2 per cent for 2015. This is less than the estimate of 4.6 per cent for 2014. From this group of countries, China is expected to grow by 6.8 per cent in 2015 compared to estimated growth of 7.4 per cent in 2014.

In the Eastern Caribbean Currency Union (ECCU), economic growth in 2014 is estimated at 2.9 per cent. This is higher than the outturn for 2013 which was measured at 1.6 per cent. It is projected that in 2015, economies of the ECCU area will grow by 2.6 per cent. Notwithstanding, the improvement in economic growth, countries continue to experience fiscal challenges. This is coupled with challenges in the financial sector that require Governments to take action to preserve the banking sector. Low economic growth raises new policy challenges for all economies, as it makes it more difficult to maintain fiscal sustainability.

Dominica’s Macro-Economic Performance and outlook

Madam Speaker, in the context of the global realities, I am pleased that Dominica was able to register real growth of 3.4 per cent in 2014, following a 1.7 per cent expansion in 2013. The growth result for 2014 is better than the average of 2.9 per cent for the ECCU area. This performance resulted mainly from increased activity in Public Administration, Education, Financial Intermediation and Wholesale and Retail Trade. Growth is projected at between 2.0 and 2.5 per cent in 2015 but the activities being proposed by Government are expected to take us closer to our target of 5.0 per cent.

Public Administration accounted for 9.5 per cent of GDP in 2014 with activity in the sector expanding by 10.7 per cent, compared to 2.2 per cent in 2013. Growth in 2014 is reflective of public expenditure associated with the creation of employment opportunities under the National Employment Programme. This programme has broadened the workforce. Projections for the sector for 2015 point to a growth rate of 2.8 per cent.

Activity in the education sector expanded by 6.1 per cent in 2014 fuelled mainly by movements in private education. This subsector registered growth of 7.9 per cent, up by 5.0 per cent from the previous year’s growth rate. Public Education recorded growth of 2.8 per cent following a

contraction of 2.4 per cent in 2013. Projections for the sector suggest a further expansion of 3.2 per cent in 2015.

Madam Speaker, the contribution of the financial sector, which includes activities in the banking, credit union and insurance sub-sectors, is measured as financial intermediation. That sector contributed 7.6 per cent to GDP in 2014. Banks grew by 5.5 per cent and the insurance subsector grew by an estimated 1.3 per cent. Growth of 1.8 per cent is estimated for 2015 supported largely by activity in Banking.

The Wholesale and Retail Trade sector, which accounts for 14.8 per cent of GDP, expanded by 4.3 per cent in 2014 following growth of 3.8 per cent in 2013. Activity in this sector is expected to expand in 2015 by 3.5 per cent with positive movements in all subsectors.

The construction sector remains a significant driver of economic activity. Gross value added in the sector increased by 9.2 per cent in 2014 following two years of decline, driven primarily by public sector activity. Projections for 2015 suggest a 2.0 per cent expansion in activity.

Following three consecutive years of strong growth, output in the agriculture sector contracted by 1.4 per cent in 2014. Of this decline, the crops subsector was 1.0 per cent. The available data reflects the challenges being experienced in the banana industry, caused largely by the presence of the Black Sigatoka disease that resulted in a fall in production. Although other crops recorded positive growth, it was not enough to offset the decline in bananas. Activity in the Livestock subsector also recorded a decline. Positive growth was recorded in the forestry subsector. Government continues to invest heavily in fighting the disease and a turnaround in banana production is projected. Consequently, the agriculture sector is expected to rebound with growth of 1.4 per cent projected for 2015.

In the external sector, the current account deficit remained relatively flat at 13 per cent of GDP in 2014. The capital and financial account improved, stemming in part from inflows into the private education sector.

Central Government's fiscal operations resulted in a current account surplus of \$2.2 million or 0.2% of GDP.

Collection of taxes on incomes and profits amounted to \$59.8 million, as an increase in receipts from the collection of corporate income tax more than offset a shortfall in the revenues from withholding tax.

Revenue from taxes on domestic goods and services amounted to \$181.0 million and included positive variances in both VAT and Excise tax.

Receipts from taxes on international trade and transactions amounted to \$63.8 million, reflecting increases in all categories.

Property tax collection is estimated at \$7.6 million which is lower than the budget of \$8.0 million. Receipts from non-tax revenue items were less than budgeted.

Government remains prudent in the management of the country's limited financial resources. To this end, tight expenditure controls are maintained in spite of pressure from external shocks and natural disasters. Preliminary numbers suggest that total expenditure for the fiscal year 2014/15, net of debt amortisation and net lending, totalled \$467.6 million; \$354.5 million in recurrent expenditure, net of debt amortisation and \$113.1 million in capital expenditure exclusive of net lending.

Higher outlays on recurrent expenditure reflect the payment of the 5.0 per cent salary increase and the concomitant retroactive payments to public officers. Expenditure on goods and services was \$1.8 million more than budgeted. Interest payments exceeded budget by \$0.7 million.

Capital spending for fiscal year 2014/15 fell short of original budget estimates. The budget for the year was \$173.8 million, whereas preliminary estimates suggest a total outlay of \$113.6 million, with grants accounting for 39.1 per cent of the total.

A number of challenges with delays in disbursements, and extended preparatory works, accounted for the capital programme not being fully implemented. Net lending is estimated at \$0.5 million.

Overall, government's fiscal operations have resulted in a deficit of \$50.3 million. The primary balance is estimated at -1.8 per cent of GDP, falling short of the estimated budgeted outturn of 1.0% of GDP.

Madam Speaker, at the end of the financial year, June 30, 2015, total public sector disbursed outstanding debt stood at \$1,047.9 million, consisting of external debt of \$739.3 million and domestic debt of \$308.6 million. Central government debt accounted for \$876.0 million, of which \$616.5 million is external debt and \$259.5 million is domestic debt. Government guaranteed debt was \$171.9 million.

Debt amortisation was \$41.2 million while disbursements were \$21.0 million. Most of the disbursements came from external creditors, and the funds were mainly used for infrastructural projects. No new loans were contracted by Government during the fiscal year, however a loan of \$4.5 million was guaranteed for DOWASCO related to the Belles/Penrice/Sylvania/Layou Park Water Project.

Central government interest payments for the year under review were \$23.9 million.

Total public sector disbursed outstanding debt to GDP was 72.9 per cent. Total debt service (interest and amortisation) to current revenue for central government was 18.3 per cent.

Government issued quarterly treasury bills of \$20.0 million and two 5-year bonds of \$15.1 million and \$25.0 million respectively on the Regional Government Securities Market (RGSM). The last Treasury bill issued on 29th June 2015 was oversubscribed by \$19.8 million. The interest rate obtained was 0.98 per cent. Yes, Madam Speaker, an interest rate of less than 1.0 per cent, the lowest rate that has been obtained on the RGSM for the year so far. This speaks volumes about the confidence that investors have in the policies and the competence of this Government. Additionally, there was private placement of bonds totalling \$10.4 million.

Estimates of Revenue and Expenditure 2015/16

Madam Speaker, I now present the budget proposals for the 2015/16 fiscal year.

Total revenues estimated for the 2015/16 fiscal year are in the aggregate of \$563.0 million, while total expenditure, inclusive of debt amortisation, is projected to be in the sum of \$551.4 million.

Recurrent expenditure net of debt amortisation is in the sum of \$367.2 million. Capital expenditure is in the sum of \$184.2 million. The amount of \$38.4 million is estimated for debt amortisation and sinking fund. A current account surplus of \$53.7 million is anticipated for the year.

Financing the Budget

Madam Speaker, the above-mentioned expenditure will be financed as follows:

- Recurrent revenue of \$420.4 million;
- Local capital revenue in the amount of \$5.1 million;
- Grants in the amount of \$104.4 million;
- Loans of \$33.1 million.

Grants are expected mostly from the following sources:

- European Union under the Banana Accompanying Measures (BAM) and 10th EDF Programme of Assistance;
- Government of the People's Republic of China;
- Government of the Bolivarian Republic of Venezuela;
- Government of Mexico; and
- CDB - Basic Needs Trust Fund;

Table 1 below shows the overall summary for the fiscal year 2015/16 with comparative budget figures for the preceding year.

Table 1

Overall Summary		
	Estimate 2015/2016	Budget 2014/2015
Revenue		
General Revenue	420.4	417
Current Grants	5	5
Capital Grants	99.4	75
Loans	33.1	38.3
Other Inflows	5.1	5.1
Total Revenue	563	540.4
Expenditure		
Compensation	157.4	148.3
Other Current Operating Expenditure	183.8	168.3

Interest Payment	25.5	23.2
Project Expense	184.2	173.8
Total Expenditure	550.9	513.6
Current Account Balance	53.7	77.2
Primary Balance	3.9	10.7
Primary Balance (% of GDP)	0.3	0.8
Debt Amortisation	37.9	38.8
Investment	0.5	1
Sinking Fund	0.5	-
Total Expenditure plus Debt Amortisation and Sinking Fund	589.8	553.4
GDP (Market Prices)	1,483.0	1,415.00

Recurrent Revenue

The components of current revenue are as shown in Table 2 below.

Item	Budget 2015/2016		Budget 2014/2015		Revised 2014/2015	
Tax Revenue	328.3	78%	312.5	75%	312.2	88%
Non - Tax Revenue	92.1	22%	104.5	25%	44.5	12%
Personal Income Tax	36.0	8.6%	34.0	8.2%	34.0	9.5%
Corporate Income Tax	28.5	6.8%	25.5	6.12%	25.8	7.2%
Taxes on Property	7.9	1.9%	8.0	1.9%	7.6	2.1%
Tax on Domestic Goods & Services	187.9	44.7%	181.6	43.6%	181.0	50.8%
Int'l trade taxes	68.0	16.2%	63.3	15.2%	63.8	17.9%
Non-tax Revenue	92.1	21.9%	104.5	25.1%	44.5	12.5%
Total	420.4	100%	417.0	100%	356.7	100%

Madam Speaker, taxes on domestic goods and services continue to be the largest contributor to recurrent revenue and are estimated at \$187.9 million or 44.7 per cent of the total. This includes \$128.5 million from the Value Added Tax.

The sum of \$36.0 million and \$28.5 million respectively are expected to come from Personal Income Tax and from taxes on enterprises, that is Corporate Income Tax and Withholding Tax.

The sum of \$68.0 million is being estimated as revenues from taxes on international trade and transactions. Non-tax revenue is expected to contribute \$92.1 million, of which revenue from the Citizenship By Investment Programme will contribute \$70.0 million.

Recurrent Expenditure

The total amount budgeted for recurrent expenditure, inclusive of interest and debt amortisation, is \$405.5 million. This compares to \$378.5 million for the previous fiscal year 2014/15. Recurrent expenditure, net of debt amortisation, is estimated at \$367.2 million.

Table 3 below shows the distribution of expenditure by Ministry and Department.

Table 3

Ministry/Department	Amount (000'sm)	%
Office of the President	1.0	0.2
Integrity in Public Office Commission	0.7	0.2
Legislature	1.0	0.3
Audit Department	1.1	0.3
Ministry of Justice, Immigration and National Security	46.3	11.4
Elections	0.9	0.2
Ministry of Trade, Energy and Employment	2.8	0.7
Office of the Prime Minister	6.5	1.6
Ministry of Finance	114.2	28.1
Ministry of Agriculture and Fisheries	11.3	2.8
Ministry of Education and Human Resource Development	66.8	16.5
Ministry of Housing, Lands and Water Resource Management	3.5	0.9
Ministry of Social Services, Family and Gender Affairs	18.2	4.5
Ministry of Health and Environment	52.1	12.8

Ministry of Tourism and Urban Renewal	10.5	2.6
Ministry of Information, Science, Telecommunications and Technology	1.2	0.3
Ministry of Kalinago Affairs	0.4	0.1
Ministry of Youth, Sports, Culture and Constituency Empowerment	5.9	1.5
Ministry of Commerce, Enterprise and Small Business Development	0.6	0.1
Ministry of Planning, Economic Development and Investment	3.2	0.8
Establishment, Personnel and Training Department	12.6	3.1
Ministry of Public Works and Ports	33.0	8.1
Ministry of Foreign Affairs and CARICOM Affairs	11.6	2.9
GRAND TOTAL	405.5	100.0

Madam Speaker, the budget for the Ministry of Finance in the sum of \$114.2 million, includes an amount of \$63.3 million which is being appropriated for payment of interest and for debt amortisation. The amount of \$29.0 million is provisioned for retiring benefits to be paid to former public officers as well as to meet payment of non-contributory pension benefits to senior citizens over the age of seventy years.

The Ministry of Education and Human Resource Development will receive the second highest allocation of \$66.8 million or 16.5 per cent of the recurrent budget.

The Ministry of Justice, Immigration and National Security will receive an allocation of \$46.3 million or 11.4 per cent of the total while the Ministry of Health and Environment and the Ministry of Public Works and Ports will receive \$52.1 million and \$33.0 million, respectively.

Madam Speaker, Table 4 below provides a summary of recurrent expenditure by economic classification.

Table 4: Recurrent Expenditure by Economic Classification (\$000m)

Classification	Estimate 2015/2016	%	Budget 2014/2015	%	Revised 2014/2015	%
Personal Emoluments	157.4	39%	148.3	39%	159.3	40%
Goods & Services	102.3	25%	93.5	25%	96.3	24%
Interest	25.5	6%	23.2	6%	23.9	6%
Transfers and Subsidies	79.0	19%	71.8	19%	70.5	18%
Repayment of Loans & Sinking Fund	38.4	9%	38.7	10%	41.2	10%

Refunds	2.5	0.1%	2.0	1%	2.0	1%
Investment Financing	0.5	0.1%	1.0	0.3%	2.5	1%
Total	405.5	100%	378.5	100%	395.6	100%

Madam Speaker, personal emoluments consisting of salaries, wages and allowances, total \$157.4 million or 39.0 per cent of the recurrent expenditure budget.

Goods and services account for \$102.3 million or 25.0 per cent of the total. The provision for interest payments is \$25.5 million or 6.0 per cent, while debt amortisation and sinking fund contributions, account for \$38.4 million or 9.0 per cent.

The sum of \$79.0 million or 19.0 per cent is estimated for transfers and subsidies, inclusive of retiring benefits.

Capital Revenue

Capital revenue is estimated at \$5.1 million. This amount will be raised mostly from the sale of land.

Capital Expenditure

The Public Sector Investment Programme (PSIP) is one medium through which Government contributes to economic growth. For fiscal year 2015/16 the capital programme is \$184.2 million funded as follows:

Table 5

Source of Funds	Amount EC\$	Percentage
Local Funds	51.7	28%
Loans	33.1	18%
Grants	99.4	54%
Total	184.2	100%

The fact that more than fifty per cent of the capital programme is financed by grants, in a period when grants are becoming scarce, is testament to this Government's success in developing foreign relations that redound to the benefit of the country. For this, we would like to extend our gratitude to our bilateral and multilateral partners, for their continued generosity to our country.

The capital budget reveals that loans are generally contracted to undertake critical physical infrastructure.

Madam Speaker, I need to point out, that there are a few projects that were regular items on the capital programme, which are now moved to the recurrent budget. They all started as a project, but have now become regular operational activities for the respective ministries. This includes, for example, repairs to health centres and police stations.

The following chart depicts the percentage allocation by ministries for 2015/16.

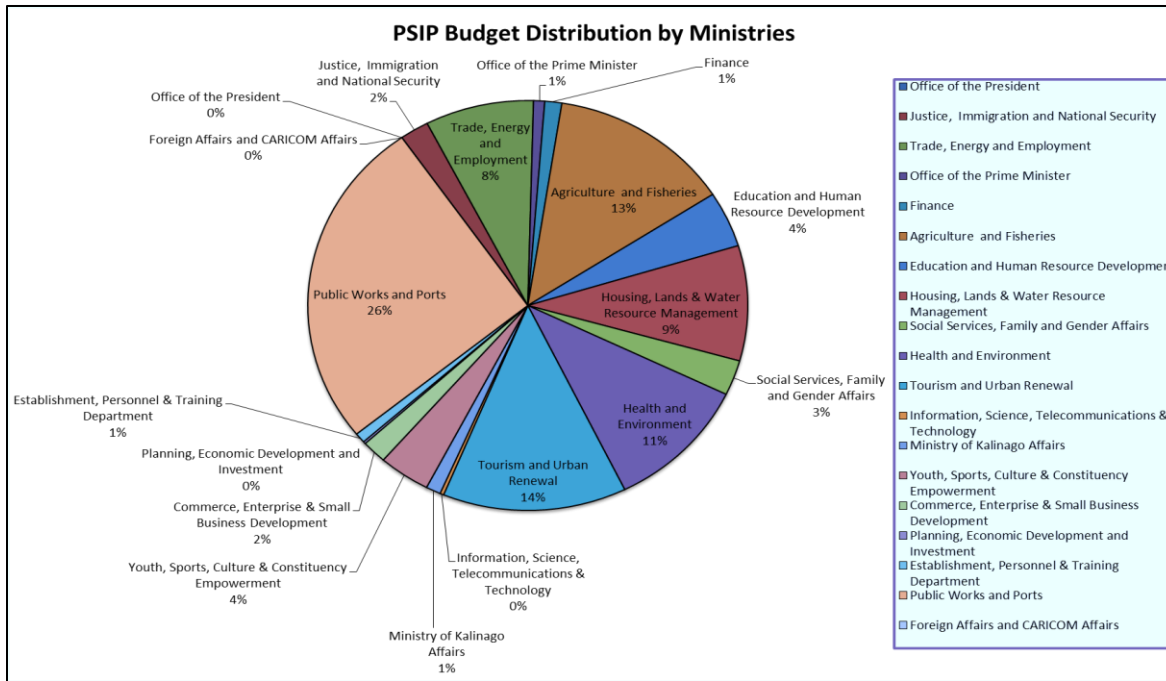


Table 6 below shows the allocation of the capital budget by Ministry.

.Table 6 Summary of Public Sector Investment Programme for 2015/2016					
MINISTRY	Total	GOCD	Loan	Grant	Percentage of total
Justice, Immigration and National Security	3,951,812	2,850,038	1,054,599	47,175	2.20%
Trade, Energy and Employment	14,724,979	6,639,121	2,142,411	5,943,447	8.00%
Office of the Prime Minister	1,500,000	1,500,000	-	-	0.80%
Finance	2,306,766	267,679	-	2,039,087	1.30%
Agriculture and Fisheries	24,706,311	5,265,848	-	19,440,464	13.40%
Education and Human Resource Development	8,093,392	702,848	-	7,390,544	4.40%
Housing, Lands & Water Resource Management	16,698,000	3,215,000	3,954,000	9,529,000	9.10%
Social Services, Family and Gender Affairs	5,106,715	427,697	-	4,679,018	2.80%
Health and Environment	19,540,000	6,540,000	3,000,000	10,000,000	10.60%
Tourism and Urban Renewal	24,933,125	6,309,869	-	18,623,256	13.50%

Information, Science, Telecommunications & Technology	512,189	112,189	-	400,000	0.30%
Ministry of Kalinago Affairs	2,000,000	300,000	1,200,000	500,000	1.10%
Youth, Sports, Culture & Constituency Empowerment	6,999,586	914,037	3,080,248	3,005,300	3.80%
Commerce, Enterprise & Small Business Development	3,370,000	3,370,000	-	-	1.80%
Planning, Economic Development and Investment	333,600	233,600	-	100,000	0.20%
Establishment, Personnel & Training Department	1,440,182	1,440,182	-	-	0.80%
Public Works and Ports	48,005,203	11,581,754	18,684,208	17,739,241	26.10%
Total	184,221,860	51,669,862	33,115,466	99,436,532	100.00%

Summary of projects included in the capital programme 2015/16

Madam Speaker, later in this address, I will focus on some of the strategic investments that form part of the Public Sector Investment Programme. But at this time, I will give an overview of some of the other key projects.

Madam Speaker, in this fiscal year the Ministry of Housing, Lands and Water Resource Management will receive \$16.7 million, representing 9.1 per cent of the capital expenditure allocation. Government's investments in the housing sector, through various components of the Housing Revolution, have been expansive. This year, the Ministry will continue to focus on the construction of low income houses, housing infrastructure and improvement in sanitation.

The Ministry of Education and Human Resource Development will receive an amount of \$8.1 million or 4.4 per cent of the capital budget. The Newtown Primary School is expected to be ready for operation in September 2015. The provision of this new facility will improve education outcomes for the students attending this school. In that regard, we express our gratitude to the Government of the People's Republic of China. During this fiscal year, an additional classroom block will be constructed for the Dominica Grammar School. The community of Thibaud will also witness the construction of a new primary school. Rehabilitation works will be undertaken on the Roosevelt Douglas Primary School, the Sineku Primary School and the Salybia Primary School. Design work for the construction of a new Goodwill Secondary School and a new Calibishie Primary School, will also begin.

The allocation of \$7.0 million for the Ministry of Youth, Sports and Constituency Empowerment in this fiscal year is geared towards improvements in sports facilities in a number of communities around Dominica. Progress is being made on the designs and other preparatory works for the new indoor sports facility which is to be located at Stockfarm. Maintenance work will be done on the Windsor Park Stadium, and additional works will be done to establish the Roseau Recreational Facility.

A major project to provide lighting to playing fields around the island, will be undertaken. Twenty playing fields will be lit for the first time, while the lighting at four others will be improved. In keeping with Government's policy to encourage the use of renewable energy, the new lighting systems, will utilise solar energy and light-emitting diode (LED) bulbs. This undertaking will allow for more extended use of playing fields and contribute to on-going efforts to encourage our citizens to stay physically fit and healthy.

The Ministry of Social Services, Family and Gender Affairs will receive \$5.1 million, most of which will finance projects under the Basic Needs Trust Fund (BNTF) programme. The programme continues to respond to the basic needs of a large number of communities island-wide.

An amount of \$4.0 million has been allocated to the Ministry of Justice, Immigration and National Security to meet payments for the improvements to border management. Work has been substantially completed on the new police stations at La Plaine and Calibishie and these will be formally commissioned during the year. Renovation of the police barracks at Morne Bruce will also be brought to completion. Modernization of the Registry continues with the digital conversion of registry archives. This year will also see the launch of phase one of the Law Revision Project.

Madam Speaker, the Office of the Prime Minister will receive during this fiscal year \$1.5 million, to continue providing support to persons in need. This facility is a fast response mechanism, to address areas such as medical emergencies and other social challenges.

Provision is being made for the conduct of a new Country Poverty Assessment (CPA), to be funded by the Caribbean Development Bank (CDB). The CPA is expected to be carried out during the calendar year 2016 and will provide new data to inform policy and decision making.

The Ministry of Kalinago Affairs will receive an allocation of \$2.0 million to undertake continued development in the Kalinago community. The Kalinago Community project will continue with funding from the CDB. Work will also be done to the Jolly John Pavilion, a Kalinago Monument and the new Kalinago Council Building. Much has been said about the need for seed funding for small enterprise development in the Kalinago community. This year an amount of \$0.5 million has been allocated for that purpose. The details of the operations of this facility will be worked out in collaboration with the Kalinago people to find the best model to deliver quality service to our indigenous people.

Small and medium-sized enterprises form the core of the private sector in Dominica. These businesses contribute to overall economic development by providing goods and services as well as employment opportunities. Government will continue to pay close attention to the needs of this segment of the private sector and has allocated during this fiscal year, an amount of \$3.4 million, to provide for small business enterprise development and the development of rural business enterprise centres. The intention is to build more sustainable businesses particularly in the rural areas.

Madam Speaker, in this fiscal year the Ministry of Information, Science, Telecommunications and Technology will receive \$0.5 million to bring to completion the ICT Centre of Excellence. It is envisaged that the new Centre will encourage young people and business owners to make greater

use of and take full advantage of the opportunities that ICT can offer for employment and improvement in business efficiency. We are grateful to the Government of India for the support provided to this project.

Strategic Investment Projects

Madam Speaker, earlier I made reference to Government's target of growing the economy by 5.0 to 7.0 per cent. I should remind all Dominicans that Government is using the tried and tested formula of economic growth as a means of combating unemployment and reducing poverty. I will now highlight the flagship projects and investments that will be critical to keeping us on the path to achieve this target. These interventions will not only increase the number of available jobs, but will also have a positive impact on the performance of the private sector, as a result of an increase in local purchases.

Agriculture

Madam Speaker, in fiscal year 2015/16, Government's plan is to maintain agriculture as a leading contributor to economic growth. The Ministry of Agriculture will be focused on training existing farmers and new entrants into the sector, so that production, productivity and quality levels can be improved to meet the requirements of both the domestic and export markets.

Bananas

Following two years of treating the Black Sigatoka disease, which severely reduced banana production, recovery of the crop is progressing satisfactorily. The continued recovery will be led by the introduction of sixty-five thousand (65,000) tissue culture plantlets which were sourced externally. We are in receipt of the first shipment of twenty-five thousand (25,000) plantlets and two shipments of twenty thousand (20,000) each will be received in the fiscal year.

The plantlets received have been hardened and weaned at the Portsmouth Agricultural Station and distribution to twenty nine farmers has commenced. The farmers are located in Castle Bruce, Calibishie, Woodford Hill, Wesley, Rosalie, La Croix, and Londonderry. They were selected in collaboration with the Dominica National Fair Trade Organisation (DNFTO). The criteria for their selection are, their history of consistently adhering to good agronomic practices, outstanding overall management of their farms, willingness to take advice, and to participate in training in recommended agricultural practices. The intention, Madam Speaker, is to target no less than one hundred (100) farmers under the programme. Those farmers have all been identified.

Two acres each on the La Plaine and Woodford Hill agricultural stations will be used for the propagation of plantlets. The Ministry of Agriculture estimates that each plant will be able to generate up to ten followers, in six-month cycles, thereby reducing on the need to import additional plantlets. This new planting material will be distributed to farmers.

Barring the occurrence of adverse events, it is further estimated that within two to three years, approximately one thousand three hundred (1,300) acres of new bananas will be established. The average yield is expected to be seven (7) tonnes per acre; thus overall output by that time is projected to be nine thousand, one hundred (9,100) tonnes. The efficient production of bananas requires on average, three workers for every acre.

Madam Speaker, in order to meet the production targets I have enunciated, it is essential that fertilizer be available to the farmers year-round. To this end, the Dominica Export Import Agency (DEXIA) has been mandated to import fertilizer, which will be sold to farmers at a discounted price. The intention is to establish a revolving fund to maintain an adequate supply on the island.

Plantain

There has been an on-going robust recovery of plantain cultivation particularly in the south and south-east, following a rapid decline in production due to the Black Sigatoka disease. It is conservatively estimated that over 400 acres are currently cultivated nationally, yielding approximately six thousand (6,000) tonnes.

In the 2015/16 fiscal year, three hundred (300) acres of tissue culture plants will be established. This is expected to yield an additional four thousand, five hundred (4,500) tonnes of plantain. Plantain farmers will also benefit from the year round availability of fertilizer. Farmers cultivating less than two acres of the crop, tend mainly to utilise family labour. It is estimated that the acreage to be established will create approximately fifty (50) new jobs.

Coffee

The equipment for the coffee plant constructed at One Mile in Portsmouth has been received and installed. Work is currently in progress to install a transformer at the plant. It is anticipated that when fully operational twenty-two new jobs for skilled and unskilled workers would have been created. In that regard, five people were trained in Venezuela and will soon take up full time employment at the plant.

On the supply side, the Division of Agriculture has identified four hundred (400) farmers currently growing coffee or who are interested in growing the crop. The farmers are concentrated in Syndicate, Salisbury Heights, Aupiton, Grand Fond, Layou Park, Warner, Penville, Soufriere and Bellevue Chopin.

In the fiscal year, eighty (80) acres of coffee now in production will be maintained, fifty (50) acres will be rehabilitated and one hundred (100) new acres established. Arrangements are in place to propagate the seedlings required to meet the new production target.

Madam Speaker, coffee takes three to five years to begin bearing berries. Therefore it will take some time for the increase in output to be visible.

In the interim, Madam Speaker, coffee beans will be imported from ALBA countries to start the processing. Already, two thousand (2000) tonnes of coffee have been received. We wish to express our gratitude to the Government of the Bolivarian Republic of Venezuela for the gift of the coffee plant.

Cocoa

Madam Speaker, Government has been engaged in an island-wide rehabilitation of cocoa over the last three years. Maintenance of the three hundred and fifty (350) acres already rehabilitated will continue. One hundred (100) acres are targeted for rehabilitation in the new financial year and fifty (50) new acres will be established. Dominica has earned the reputation for producing excellent quality cocoa which attracts a premium price on the international market. We intend to uphold that

reputation. To this end, Government has invested in a centralised fermentation and drying facility to ensure that processing of the beans for a top quality marketable product.

Citrus

Madam Speaker, the topography and climatic conditions of Dominica make the country ideal for the cultivation of citrus. Dominica was actually once the biggest producer of limes in the world. We were displaced from this position of prominence due to disease and natural disasters. The on-going programme for citrus focuses on rehabilitation. In the fiscal year, three hundred and fifty (350) acres will be rehabilitated thereby increasing the acreage of bearing trees to one thousand, one hundred (1,100).

Pork and Poultry

Madam Speaker, one of the objectives of Government in enhancing food and nutrition security, is to make the country self-sufficient in the production of pork and poultry. This objective is being pursued through two major initiatives, one being the construction of a national abattoir, and the other is to provide financing to existing and potential farmers, through the Agricultural Investment Unit (AIU).

We are aware that a number of poultry farmers have upgraded their farms in anticipation of the opening of the abattoir. We can now assure them that the contractor has confirmed that the abattoir will be commissioned and handed over by the end of September.

Madam Speaker, the AIU has provided financing to forty-five (45) farmers to establish or upgrade their farms. There is heightened interest in the production of pork and poultry. The production strategy being pursued aims in the first year, at increasing the annual output of saleable meat, from one hundred and eighty-six thousand (186,000) pounds to nine hundred and fifteen thousand, two hundred (915,200) pounds. This represents twelve per cent of the total import of poultry in 2012, which was 7.4 million pounds. The Livestock Unit has estimated that two hundred thousand birds (200,000) will be required to achieve this output.

Pig Rearing

Madam Speaker, a survey carried out earlier this year by the Livestock Unit, to determine the number and capacity of commercial pig farmers, found that there were forty-four (44) farmers fitting this description. In this particular situation a “commercial farmer” is defined as one with a minimum of six (6) sows.

The Unit has estimated that the local demand for pork is approximately 1.1 million pounds annually. Approximately fifty (50) per cent of this demand is being produced locally. The strategy being pursued therefore is to double local production in order to satisfy fully the estimated market requirement.

The existing forty-four (44) producers will form the core for doubling the output of pork. They have the basic infrastructure in place and the commitment to succeed in the industry. However, some key interventions are necessary, and their delivery will be led by the Livestock Unit. This will cover training to improve husbandry, improving the gene stock, intensifying the feeding regime and upgrading the pens where necessary.

Small Ruminants

Small ruminants, particularly sheep and goats, make up an important source of protein for Dominicans. The Ministry of Agriculture is also making investments to enhance the quality of the stock on the island. Work is therefore in progress to improve breeding capabilities by introducing artificial insemination and embryo transfer and to train farmers in the recommended practices in efficient small ruminant production.

Madam Speaker, with the construction of the abattoir and the other investments we have made, we have created the platform to take advantage of the huge domestic market available for pork and poultry products. At the end of the day, the success of this will depend on our consumption practices and the choice we make whether to buy local or imported.

Tourism and Urban Renewal

Madam Speaker, the transformation of the city of Roseau and the town of Portsmouth into modern urban centres remains a top priority of Government.

On 5th June this year, the contract for the design of the Roseau Enhancement Project and the Cabrits (Portsmouth) Road Realignment Project was signed. NSG Management and Technical Services Ltd, which was initially engaged on 16th March 2014, is now focusing on the designs of the projects. Phase 1 of the Roseau Enhancement Project, includes the replacing the West Bridge, and the rehabilitation of Independence Street, to include improvement to drainage, sidewalks, underground cabling of utility lines and resealing of the roadway. Works estimated at \$21.5 million, will be undertaken during fiscal year 2015/16, and the necessary budgetary provisions have been made. The commencement of construction is targeted for the third quarter of the fiscal year.

A complementary project for enhancing the capital is the Roseau River Promenade. The construction of the northern river wall was completed early this year. The next phase of the project is the construction of the southern river wall and a boardwalk. A site has been identified for the relocation of the bus stands along the river bank.

Madam Speaker, Government supports efforts aimed at increasing the number of export-ready rooms, and is partnering with the private sector, to improve the hotel plant on the country. There is much interest in the real estate option of the Citizenship By Investment Programme (CBIP), and the opportunity it provides to investors interested in constructing high quality rooms in Dominica. One hundred and sixty (160) rooms are expected to be constructed in the Cabrits under the Range/Kempinski Hotel Development. Two other tourism infrastructure projects have received approval in principle and these are currently being further assessed with a view to granting full approval. The two projects which have been approved in principle are the construction of a hotel at Picard which will consist of two hundred and one (201) rooms, and another at Grand Savanne, Salisbury with a room complement of seventy-three (73). Three additional projects are also being reviewed, with one being a hotel project in the Soufriere area which will consist of ninety (90) rooms.

The completion of the Cabrits Hotel Resort and Spa, funded jointly by the Government of the Kingdom of Morocco and the Government of Dominica, will add sixty-eight (68) marketable rooms to the hotel stock.

All of these new hotels will create significant direct employment opportunities in construction, provision of hotel services and other indirect jobs in support sectors like agriculture and fishing.

Madam Speaker, representatives of the Dominica Hotel and Tourism Association (DHTA) requested a review of the fiscal incentive regime under which concessions are granted to investors. The DHTA submitted a list of the measures which it identified as critical and necessary, to increasing investments in the sector, ensuring profitability of tourism enterprises, guaranteeing quality service delivery and safeguarding sustainable jobs.

I can report, that a committee comprising representatives of both the private and public sectors, deliberated on these matters and submitted recommendations for the consideration of the Government. As a result of these deliberations, Cabinet approved a number of new concessions to the hotel sector. These include the following:

- Amendments to the VAT Act to include the exemption of VAT on meals to hotel/resort employees provided free of charge. This matter was strongly put forward by the private sector as necessary for ensuring quality service.
- Amendments to the VAT Act to zero rate complimentary rooms provided by hotels and resorts for select approved marketing activities.
- Amendments to the VAT Act to include exemptions on capital goods for mixed-use Resort Developments, where part of the development will occur after the commencement of operations. This means that for a hotel which is being constructed in phases, a VAT exemption will be enjoyed on those phases not yet completed, even when the completed phases are in operation. This will apply to approved developments.
- Amendments to the Income Tax Act to accommodate exemptions on withholding tax, on rental income of villa owners, for a period of ten (10) years. The villa must be held for at least three (3) years before change of ownership. This will apply to approved developments.
- Amendment to the Income Tax Act for an exemption from the payment of income tax, on the rental income on villas, for a period of ten (10) years. The villa must be held for at least three (3) years before change of ownership. This will apply to approved developments.
- Introduction of a Residential Levy of \$2,000 per annum, on all villa owners. This levy applies only to villas in approved developments.
- New legislation will be introduced in Parliament to allow for the sale of timeshare, condominium and fractional ownership.
- Amendment to the Alien Landholding Licence Act # 17 of 1995 to reflect the following fee structure for approved developments:
 - In place of the licence fee of 10 per cent of the market value of the subject of the licence, a flat fee of \$5,000.00 will be applied, in addition to an application fee of \$1,000.

Approved developments are defined as proposals that meet the requirements outlined in the Hotels Aid Act, with a minimum investment of \$3.0 million.

Such projects should commence construction within one (1) year following the approval by the Physical Planning Division. Failure to begin within the stipulated time, without a reasonable excuse, will result in a penalty of \$20,000.

- Amendment to Section 8 of the Stamp Act Chapter 68:01. A definition of the term “Related Parties” is to be included in the Act to provide for a transfer between an individual, to a company where the individual owns at least 25 per cent of the shares of that company, and transfer from a first company, to a second company, where the first company owns at least 25% of the shares of the second company.
- Further, there will be a reduction in fees to encourage transfers between related parties as well as in new qualifying approved projects. The changes in fees are as follows:
 - Stamp duty reduced to 2.5% from 4%
 - Vendors fee reduced to 0 from 2.5%
 - Judicial fee reduced to 1% from 2.5%
 - No change to the Assurance Fund of 1%

The above shall apply to new qualifying projects except the vendor’s fee which shall remain at 2.5 per cent.

It is expected that the legislative amendments required will be submitted for the consideration of the Parliament shortly.

Madam Speaker, improved air access remains a priority for this Government. We must be in a position to bring in the visitors, who will fill the new rooms that are being constructed, and so we continue to work with major airlines to get the best schedule for Dominica. Simultaneously, we continue discussions with an interested firm from China, for the construction of an international airport. I can confirm that the team has visited the proposed site and is now preparing concept drawings and undertaking the economic and financial analyses.

There have been numerous requests for greater visibility of Dominica in the market place. While this is necessary, we must also optimise the return from every dollar spent on marketing. The Ministry of Tourism has been mandated to do a complete examination of the marketing strategy, with a view to ensuring that we get the best value for money. The Ministry has already engaged the private sector stakeholders, on the matter of the preparation of the marketing strategy. With that in mind, the tourism marketing budget will be increased by \$2.0 million to \$6.0 million.

Madam Speaker, the programme outlined for the tourism sector seeks to address the important components of a comprehensive strategy to grow the sector. We expect to see the measures taken redound to the benefit of the people of Dominica. We expect each stakeholder to contribute to the growth of the sector. Stakeholders are reminded that the sustainability of tourism depends on visitors having a good experience, and as such, we must deliver the best service possible. Our service delivery should be no less than first class; we must be organised, diligent and punctual and must adhere to the rules and procedures set out to properly regulate the sector.

Road Infrastructure

Madam Speaker, Government continues its programme of road development and improvement across the country. Everyone appreciates the value of good and durable roads, both in terms of their economic importance, and in the comfort they afford travellers.

Government plans to continue the rehabilitation and upgrade of all the roads along the east and south-east coast so that the major road network in the country will be second to none. A contract has been signed for the Bois Diable to Pointe Mulatre segment which will include erection of a new bridge over the White River, with funding provided by the European Union. Other segments, to include the Dubique cliff stabilisation and road works, will be funded under the Disaster Vulnerability Reduction Project (DVRP). We have also begun discussions with a friendly government, to obtain the financing required to undertake similar works, on the Pond Casse to Castle Bruce road, as well as the road from Castle Bruce, through the Kalinago Territory, to Hatton Garden. These works will result in a completely new road network in the east.

Rehabilitation of the valley roads, started with the upgrade of the main artery from Bath Estate to Laudat. In this year, the process will continue, with major rehabilitation scheduled to begin on the Wotten Waven/Copthall Road. This work will be undertaken in phases. Also, the rehabilitation of the Stockfarm Road will be undertaken. Several other community based roads will be rehabilitated during the year.

Madam Speaker, budgetary allocation has been made for the rehabilitation of farm access and feeder roads on the island. In this fiscal year, work on a number of important feeder roads will be funded by the Government of Dominica and under the Banana Accompanying Measures (BAM). Farmers are urged to show greater responsibility and form farmers' organisations that will take on the responsibility to upkeep these roads. It is expected that 72.3 km of feeder roads will be rehabilitated.

Driving at night will be made safer and more comfortable with the installation of additional solar and LED lights along the main roads. This will commence in the new fiscal year with the lighting of the Dr. Nicholas Liverpool and the Edward Oliver Le Blanc highways. This project is possible because of a gift of 2,500 LED solar powered street lights, valued at approximately \$9.0 million, from the Government of the People's Republic of China (PRC). This is another gift from the PRC in the context of strengthened mutual cooperation and support to address the adverse effects of climate change. The project will be implemented over a three year period.

Geothermal Energy

For the past few years, Government has been investing in the development of our country's geothermal resource. As a result of our efforts, one production well and two reinjection wells have been drilled. The production well will be used to generate electricity for the domestic power plant. Consumers are expected to benefit from the lower cost of generation, using geothermal energy.

Within the next two months, we expect to conclude negotiations with a French investment consortium, who are partnering with us in a joint venture, to build and operate the domestic plant, and the plant to export electricity to Guadeloupe and Martinique.

The Geothermal Development Bill, a critical piece of legislation to facilitate investment in geothermal energy, has been drafted and will be tabled in Parliament by the end of September. Funding has been identified for the construction of the domestic plant. Both the World Bank and

the Agence Francaise de Developpment (AFD) have offered financing under highly concessional terms and discussions in that regard are ongoing.

Construction work on the domestic plant should commence in 2016 with commissioning of the plant planned for 2018.

Employment Creation

Madam Speaker, a number of measures have already been highlighted. These are designed to stimulate economic growth, resulting in job creation and generating employment opportunities. This is all geared at achieving prosperity for our citizens.

The introduction of the real estate option under the Citizenship By Investment Programme, for example, is not an end in itself. It is meant to create long term job opportunities not only in the establishments which are built but also in those sectors which will provide support services and goods. The investment in agriculture will create employment opportunities particularly in the rural community. The investment in the abattoir is targeted at food security but also at creating job opportunities. The goal of geothermal development is to provide a cheaper source of energy which is necessary for developing industry and creating employment.

Madam Speaker, each strategic investment mentioned earlier will increase the number of available jobs in the economy.

The assessment so far is that during the fiscal year, the following direct jobs are being created Madam Speaker:

- Two hundred and fifty jobs (250) created in the banana and plantain industries;
- Twenty-eight (28) skilled and unskilled workers will be engaged in the abattoir;
- Twenty-two (22) workers will be engaged full time at the coffee plant;
- Forty-six (46) poultry farmers will now have sustained employment;
- Over five hundred (500) workers will be engaged in the construction of Range/Kempinski Development;
- Placement for thirty (30) new graduates under the National Employment Programme and continuing engagement of 400 interns;
- Ten (10) full-time employees will be engaged in the pack houses and additional officers will be taken on in a part-time basis based on the level of activity.

In addition to those highlighted, we expect that the investments being made will create additional jobs.

Having set the platform for the jobs to be created, Government is empowering other institutions to give support to those who wish to create employment opportunities. Reference is made to the funding made available to the AID Bank, the Dominica Youth Business Trust (DYBT) and the National Development Foundation of Dominica (NDFD) to on-lend to qualifying businesses. A number of small and micro businesses will continue to receive technical and financial support from Government's Small Business Support Unit (SBSU).

Madam Speaker, the National Employment Programme (NEP) was introduced in December 2013 with the purpose of enhancing the employment opportunities of the unemployed and the

underemployed, by placing them in a work environment where they would acquire the skills and attitudes that are necessary to obtain and to hold on to a job.

After a year and seven months, the NEP has made significant strides exceeding the initial projection of job placements from 400 to a peak of 1,499 in the following areas:

- On the Job Training – opportunities for individuals who have completed skill based training to gain job experience in the service and trade sectors;
- Graduate Internships;
- Education Mentorship – Afterschool support, assistance to preschools, and libraries;
- Community Employment - Clean-up and beautification, farming, care to the elderly and disabled, school feeding programme, and community tourism.

The establishment of the NEP also allowed for an increase in productivity in all sectors, through the provision of skills and competencies, and increased human resource capacity, within the public and private sector.

All interns were assessed, and based on their performance, were either renewed or discontinued. The experience gained from this programme has been varied, but I am happy to say, Madam Speaker, that the performance for most of the interns, has been satisfactory. It is a tribute to the programme, that we have a cohort of young people, who are well trained to grasp the job opportunities mentioned earlier.

Some of the NEP trainees have found suitable job placements and we expect that others will do so. Government will be continuing the programme in the new year, and budgetary allocation has been made. Government expresses its gratitude to the private sector for partnering with it on the NEP.

Madam Speaker, the music industry holds tremendous opportunity for job creation. We believe however that our music professionals must raise the standard and quality of their product. The Government is committed to assist in that effort, and to that end, has decided to set aside the sum of \$500,000 from the public support programme, to address a range of issues confronting the industry. Government welcomes the suggestions that were made to us at the recent discussions with a group of stakeholders in the music industry. We intend to work with them to draw up a strategy for the industry.

Citizenship By Investment Programme

Madam Speaker, citizenship by investment programmes are not new and are becoming increasingly popular as they provide an opportunity to attract investors and increase foreign direct investment. It is also a means to raise revenue, without added taxation burdens on citizens. The reforms that I mentioned in the budget address of 2014 have taken place and include the approval of revised legislation to guide the administration of the programme. New offices have been set up and the staffing has been increased.

Madam Speaker, I previously referenced the progress being made with the projects being considered under the 'real estate' option of the Programme. The interest in Dominica's programme has grown and Government, in partnership with our marketing firm, has been engaged in several promotional events in Europe, Asia and the Middle East. As a result of these marketing initiatives, it is expected that the number of applicants to the programme will increase.

We are preparing for that eventuality and have improved the process by which applications are reviewed. The due diligence process has been strengthened, and we have also increased the number of firms that are engaged to provide that service. In other words, Madam Speaker, even as the programmes expands its quality will not be compromised.

It is also necessary, that the fees and the level of investment be reviewed periodically. The structure will always ensure that our programme is competitive. At the same time, the investment levels should be such that the programme will continue to attract only credible investors.

Based on a recent assessment, the following is the structure of the investments into the Economic Development Fund:

- US\$175,000 for a single applicant;
- US\$225,000 for an applicant and spouse;
- US\$225,000 for applicant and up to two children below 18 years;
- US\$250,000 for applicant plus spouse and up to two children below the age of 18 years; and
- US\$50,000 for any additional dependent of the main applicant other than a spouse.

With the exception of the US\$50,000 for any additional dependent of the main applicant other than a spouse, which currently exists, the other fees will come into effect in August 2016.

In addition, the following new fees will come into effect from 1st September 2015:

- Due diligence fee for Spouse is US\$7,500;
- Due diligence fee for dependent above the age of 16 is US\$4,000;
- Due diligence for dependent between the age of 12 and 16 is US\$2,000;
- Processing fee is US\$3,000;
- Fee for Certificate of Naturalisation, including stamp fees is S\$750.00 per person;
- Cost of expedited process for passport is US\$1,200.

Investing in the Health of the Population

Madam Speaker, in the fiscal year 2015/16 the Ministry of Health and Environment will receive \$19.5 million. This figure represents 10.6 per cent of the Capital Estimate. The largest amount from this allocation goes towards the construction of the new National Hospital. Much has been said about this project; suffice it to say that this is a Government that upholds its commitment to the Dominican people and as such, this facility will be constructed to meet as many of our health needs as possible. Government has benefited from the support of the Pan-American Health Organisation (PAHO) in determining the type of facility that is suitable to Dominica. We have therefore delayed implementation, so as to ensure that a number of important recommendations were factored into the designs.

When this major national health care facility is complete our people will enjoy the security of 21st century health care in a state of the art facility manned by trained health personnel. The Government of Dominica, in partnership with the Government of the Republic of Cuba has embarked on a programme by which a number of medical doctors will be trained in various specialty areas. Commencing September 2015 four medical doctors will pursue specialty training, one each in Cardiology, Urology, Geriatrics and Intensive Care. These officers are expected to complete their course of study by 2019. By January 2016, five Dominican medical doctors will

have completed training in specialties as follows: two officers in Internal Medicine and one each in Infectious and Tropical Diseases, Orthopaedics and Traumatology, and Paediatrics. By June 2016, one officer will complete training in Haematology and Medical Oncology.

In addition to the construction of the new hospital, Government will continue to invest in health care facilities at the community level. During the financial year, preliminary work will be done towards the construction of the new Marigot Hospital. The rehabilitation work at the Reginald Armour Hospital at Portsmouth will continue; a new Health Centre will be built in Vieille Case and some work will be undertaken on the Newtown Health Centre. Repairs to other health centres will be undertaken where necessary with allocation made available for that purpose in the recurrent budget.

The new National Hospital will be fully equipped with state of the art equipment. However, Government will provide some of the equipment needed even while construction of the new hospital facilities is on-going. Additional equipment will be made available to the primary health care facilities to broaden the range of services available at that level.

Justice and Peace

Madam Speaker, justice and peace will not exist without good laws. These laws must be relevant to the needs of the country and accessible to those who need to use them. A general revision of the laws of a country represents an authoritative statement of the written laws of the country up to a specific date.

Since the last general revision that brought into operation the 1990 Revised Edition of the Laws of the Commonwealth of Dominica, numerous laws have been added to the Statute Book of Dominica. Many of these have been amendments to existing laws, as well as new laws, that have repealed and replaced existing laws, or that have been enacted to cover new subject areas. Government has re-established a Law Commission Office and has appointed a Law Revision Commission to undertake the revision process. When the revision is complete, a new Revised Edition of the Laws of the Commonwealth of Dominica will be published in loose-leaf form. The laws will also be available on CD-ROM as well as on-line. Thereafter, the Law Commission Office will be mandated to produce biennial Supplement pages and update CD-ROMs of the Laws of Dominica for sale.

To further facilitate the revision, the Government will soon bring to the House of Assembly three short Amendment Bills to address a few minor, but necessary amendments. The amendments will be to the Law Revision Act, the Copyright Act, and the Interpretation and General Clauses Act.

Madam Speaker, the Attorney General recently met and discussed the draft Legal Profession Bill with a delegation from the Bar Association. This Bill which will be enacted before the end of 2015, will provide statutory support for a new, effective and long needed disciplinary mechanism for holding lawyers to account. Conversely, it will also allow for protection of the lawyers who function in our jurisdiction.

Madam Speaker, the police are an important component of maintaining law and order in the country. In that regard, during this fiscal year, an additional thirty-eight police officers will be trained. This will facilitate the filling of a number of vacancies in the police force. Citizens, however, need to be reminded, that they too have a role in ensuring that the law is enforced, by

cooperating with the enforcement officers, and making reports to the authorities on criminal matters, of which they are aware.

Madam Speaker, the new police stations constructed in La Plaine and Calibishie will be formally commissioned during the year and the renovation works at the police barracks at Morne Bruce will continue.

Our responsibility and contribution to prosperity, justice and peace

Madam Speaker, throughout the life of this Government, we have taken various measures that are aimed at encouraging citizens to improve their well-being and to be in a position to make a greater contribution to national development. With significant support from bilateral partners, we have made substantial investments in education, in health, in physical infrastructure, particularly the road network, in tourism, air access and in small business development. As citizens we must take the responsibility for making these investments useful and beneficial to all.

One of the areas of concern, Madam Speaker, relates to the willingness of citizens to pay taxes that are due. If those of us, who are required to pay, keep this obligation, Government would be in a better position to provide more goods and services. For example, a recent review of vehicle licence fees indicates that only an estimated 62 per cent of the revenues from that source are being paid. Madam Speaker, this is not acceptable. Such vehicle owners should note that the police will step up their surveillance, to ensure that all defaulters make the required payments. Government has also invested in improving the audit capacity of the revenue agencies, so that we are in a better position to assess the amount of taxes and fees that are owed to the State. Government has been generous with tax relief, so that there would be a greater willingness to pay what is owed.

Madam Speaker, we must also take greater responsibility for our health. A good health care system, and a hospital on its own, will not prevent illness. There must be greater emphasis on prevention, we must make healthier choices in what we eat and drink, and take the responsibility for remaining active, so as to reduce the possibilities for developing chronic non-communicable diseases.

The success of our local manufacturers and producers, depends in large measure on the support that they receive from the population. Madam Speaker, if we continue to believe that everything that is produced elsewhere is better than what is produced in Dominica, then we will never be in a position to have large producers, who can provide the jobs that we want for our young people.

We have a responsibility to support local industries. As a clear example, Madam Speaker, once the abattoir is operationalized, if the Dominican public does not support the pork and poultry produced by the abattoir, that industry will not succeed.

Madam Speaker, there are many other areas which can be highlighted but suffice it to say, that if such responsibilities are not taken seriously, we will not achieve the level of prosperity and peace that we target. In that regard, for this budget we have identified some areas in which the population can demonstrate some responsibility.

Support for maintaining Road Infrastructure

Madam Speaker, the Growth and Social Protection Strategy (GSPS) identified physical infrastructure as Dominica's binding constraint. This was no surprise to us, since we recognised that much needed to be done to improve physical infrastructure. This was more so in respect of road infrastructure. Since 2005, this Government has been focusing on trying to address this. Today Madam Speaker, I am heartened when I hear of the comments of satisfaction, expressed by our road users, visitors and nationals alike, on the improved quality of our major roadways.

These improvements have come at a significant cost, a summary of which is the following:

Major Road Network	Total Expenditure (m)
E.O Le Blanc Highway	94.0
Roseau Melville Hall Road Upgrade - Lot 1 –Pond Casse to Canefield	34.4
Dr. Nicholas Liverpool Highway	84.5
Road Improvement and Maintenance Programme	42.3
Roseau Road Reinstatement	30.1
Loubiere to Grand Bay	8.8
Road Surfacing - Harbour Lane & Rodney Street	0.8
Road Surfacing - Lagoon to Purple Turtle	1.1
Rehabilitation of Morne Prosper Road	1.9
Penville to Vieille Case Road Rehabilitation	6.9
Petite Savanne to Boetica/Delices Road Rehabilitation	1.2
Pointe Michel roadway	2.0
Soufriere/Scotts Head Sea Defense and Road	12.2
Total Expenditure	320.3

This is not an exhaustive list of the roads already done. In addition, works are on-going on the east coast roads with interventions being made on critical sections, with one project funded by the EU in the amount of approximately 20.0 million, and the other funded by the World Bank, in the amount of approximately \$46.3 million. These amounts do not include expenditure on village and community roads nor feeder roads.

As the roads are rehabilitated, it is important that they are maintained so that they are always in a good condition. In 2014/15 an amount exceeding \$13.0 million was spent on road maintenance.

As I stated earlier, we have approached a friendly nation for support in financing much of the cost associated with major highway improvements, particularly in eastern and south-eastern districts. We are confident of securing this support. But I believe strongly, Madam Speaker, that it is only

fair and desirable for Dominicans, who will benefit directly from continuous highway improvements, to contribute a little more to maintenance of our roads.

In light of the foregoing Madam Speaker, I propose that a highway maintenance levy be applied to all classes of vehicles. The rates will be as follows:

- Commercial vehicles: \$150.00 per annum
- Trucks and dumpers: \$150.00 per annum
- Private vehicles: \$100.00 per annum
- Motor cycles: \$50.00 per annum

These rates must be paid at the time that the annual licence fee is payable and must be paid in full. It does not form a part of the license fee, and a separate marker will be provided to identify those vehicles for which the levy is paid. The rates will come into effect on 1st September 2015.

As stated earlier, there are hundreds of vehicles on the roads of Dominica that are not licensed and, most likely are uninsured. This is not only dangerous and unlawful, but it is also selfish on the part of perpetrators. Madam Speaker, there will be greater vigilance by the police force, to detect these defaulters, and the law is clear, on what course of action can be taken against offenders.

This measure will be reviewed after two years.

Proceeds from the Highway Maintenance Levy shall form part of a special purpose dedicated revenue stream, geared exclusively towards the upkeep of the island's main highways.

Taking responsibility for health

Madam Speaker, one of the greatest challenges Government faces is maintaining a healthy population, and providing high quality medical care to citizens, and doing so at the least possible cost.

The health statistics show areas for concern.

- For the period 2010 to 2014, 137 amputations were performed due to diabetes;
- For the period 2004 to 2013, 1,188 deaths due to various types of cancer were recorded;
- The incidence of obesity among the zero to five age group is 3.4 per cent while 6.9 per cent are said to be overweight;
- Obesity in adult females is estimated at 32.7 per cent and adult males is 8.6 per cent;
- The prevalence of hypertension among adults is 32.1 per cent;
- The prevalence of diabetes among adults is 17.7 per cent.

Madam Speaker, these are worrying statistics.

Government has attempted to deal with these concerns through various interventions.

Earlier in this address, I updated the population on the status of construction of the new National Hospital. The new facilities present the opportunity to introduce new services. In addition, improvements will be made to various health centres around the island.

We are also seeking models of health financing that meet the needs of the Dominican population. Following the announcement in last year's budget, that the Pan-American Health Organisation

(PAHO) was approached to provide technical assistance in that regard, I am pleased to indicate that a team from PAHO visited Dominica to undertake the exercise. Among the findings are:

- *There are high expectations on the population to be financially protected through a system of waiver fees when requiring health services. This constitutes an opportunity to build up a modern, more transparent system of financial protection as part of a broader strategy to make progress toward universal access and universal health coverage(UA/UHC).*
- *There are many challenges related to efficiency, equity and sustainability faced by Dominica's health system and its health financing system.*
- *There is ample room for improvement in the organization of the health system that requires a comprehensive approach with health financing being only part of the solution.*
- *There are several issues related to lack of information on costs of health services delivered and inefficiencies that need a more in depth analysis to be performed in a systematic fashion.*
- *There is a broader discussion required in order to create consensus with regards to the objectives to which Dominica's health system should evolve in order to better answer the needs of the population.*

The report recognises, that the actions/recommendations outlined, will have to be complemented with interventions in other areas, including but not limited to, health promotion and disease prevention. The technical work will continue to determine the best mix of options which the Government can implement.

Government wishes to discourage the excessive use of goods and substances, that increase the risk factors associated with various illnesses. Each individual must take responsibility for his or her health, and that of his or her family. We have encouraged the population to increase physical activity and have facilitated this by improving the playing fields and hard courts around the island. The new project to provide lighting at some playing fields and the construction of a new indoor facility is also part of that plan. We have gone as far as allowing time off during the normal work day for public officers to attend exercise classes paid for in full by the Government.

As part of the collective bargaining agreement, both the Public Service Union and the Police Welfare Association were provided some assistance to provide exercise facilities for their members.

While we have introduced interventions to encourage physical activity, there is need to take action to reduce the consumption of substances, which have a direct causal link to the incidence of CNCD's. Among the major contributors to ill health, are the bad practices of smoking and excessive consumption of alcohol, as well as food and drinks with a high sugar content. I therefore propose the following measures to discourage the use of these items.

Cigars, cigarettes and alcoholic beverages already attract an excise tax. The excise tax rate on all these items will be increased by 10 per cent.

The following will be added to list of items attracting an excise tax.

- Sugar Confectionary that is sweets and candy (17:04);
- Soft drinks and other sweetened drinks including energy drinks (22:02);
- Chocolate bars.

The excise tax rate will be set at 10.0 per cent. These new rates will become effective from 1st September 2015.

To assist with this exercise, the revenues collected from this measure will contribute to the production and maintenance of a national "Get Healthy" Campaign, in which we take the message to our schools, civic and community organisations, churches and NGOs and the public at large.

Support for Local Agriculture

Madam Speaker, in 2008 at the start of the global financial crisis and at a time when global oil prices were high and rising, prices of basic food commodities were increasing rapidly. Government sought to protect the population, by reducing the import duties on a number of food items. At that time, the import duty was reduced from rates ranging from 5 per cent to 20 per cent, to zero per cent.

A number of the meat items were included in that list. It is proposed that, the rate of import duty which existed in 2008 be re-instated on some of these items.

The list includes:

<u>Description</u>	<u>Rates of Duty/2008 reductions</u>	<u>CET rates /Reinstated</u>
Minced, ground)	0%	5%
Other	0%	5%
Cut with bone: other beef	0%	5%
Boneless: other	0%	5%
Frozen other	0%	30%
Meat of goats	0%	5%
Pig trotters	0%	5%

Back and necks	0%	0%
Wings	0%	0%
Liver	0%	20%
Other	0%	20%
Meat of bovine animals salted or in brine	0%	5%

The rates of import duty on chicken wings and backs and necks will remain at zero.

Madam Speaker, in the case of this particular measure, it is intended that the resultant additional revenue would go towards the continued development and upgrade of the local livestock sector. In due course, it is hoped that the temptation to buy foreign will give way to the commitment to supporting local.

Madam Speaker, this measure is taken at a time when final arrangements are being made for the completion of the abattoir, and financial support is being provided in this budget to increase production to supply the abattoir. With every step, Madam Speaker, we get closer to becoming self-sufficient in poultry and pork.

Conclusion

Madam Speaker, the provisions that I have outlined in this budget address, are consistent with the promises we made to the people and in many respects are a continuation of the work that we have been doing to bring prosperity, justice and peace to all our citizens and residents.

Madam Speaker, as I said from the outset, this is a budget focused on keeping things real in the sight and consciousness of Dominicans. We have responded to the legitimate hopes and expectations of the population.

We have not endangered progress made over the last fifteen (15) years, nor have we raised expectation levels beyond what is realistic and achievable. Every policy outlined in this budget has been studied, quantified and can be achieved. They shall be pursued with vigour.

A deliberate attempt was made in this budget to respond positively to the request of social partners and civil society. As I said earlier, in normal times, we would have granted almost all of what was sought, because, in all fairness, there were no outrageous requests by the various sub-sectors.

I think Dominicans generally understand and appreciate the environment in which we operate and the fact that revenue is limited, based on our relatively small size, and also the need for Dominica to remain competitive in these very challenging economic times. I know the temptation will be there to say what we have done; what we have given and what we are proposing, is not enough. Saying that is the easy part.

What I would like, is for persons to go on and say what else could have been given, what else could have been done and what else could have been offered that would not have adversely impacted the finances of this country or placed further burden on taxpayers and/or investors. We have to be mindful always, of the need to remain competitive, for persons visiting and otherwise doing business with Dominica, invariably, have the choice of going elsewhere.

The challenge for this and any government is to match expectations with capacity and capability.

Dominica belongs to Dominicans. The growth and development of Dominica are the primary responsibility of Dominicans and those who reside, access and enjoy this beautiful land of ours.

General elections are understandably divisive...and the last ones were. But there are no elections on the immediate horizon. Indeed, there will be no general elections in Dominica for at least four years.

I want as leader of this country to summon citizens and residents alike, to national service. We have four years to build and propel this country to the next level of its development.

So with General Elections behind us, Madam Speaker, it is my fervent wish that debate on this budget would signal the start of a new era in Dominica politics; an era in which citizens can turn on their radio and hear lively, objective discussions on issues that affect their lives.

Let this be the start of a period in our development, where the interest of the country is paramount; where there can be bipartisan support for measures deemed to be in the best interest of Dominica.

Unfortunately, our politics impacts and shapes every facet of societal activity. Among some, there seems to be the unwritten rule that everything said and done by the government of the day, must be criticized and undermined. This is regretted.

Development is not just about government or opposition, for that matter. It is about leadership, which the Government is giving. It is about participation, mutual respect, love of country and hard work. It is not about the participation of some. It is about the involvement of all.

We need all hands on deck and to the plough. We need a partnership approach and attitude to development. Public and private sectors alike must play their part as it relates to the quality of service we dispense to nationals, visitors and investors.

I want to end this statement by thanking all the friends of Dominica, our bilateral and multilateral partners, for standing next to us and providing support whenever we are in need.

May God bless the Government and People of the Commonwealth of Dominica.

Thank You Madam Speaker.