



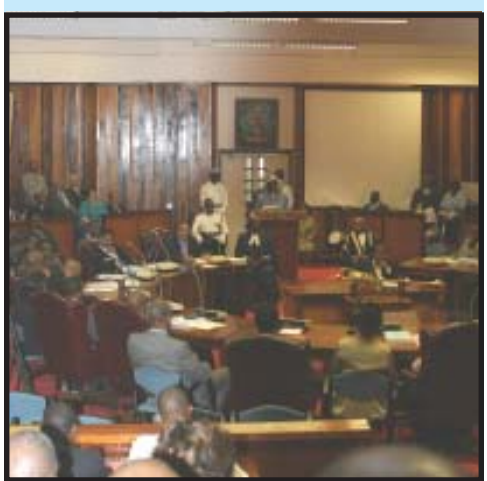
**Budget Day**  
**2004/05**  
PM Delivers Address  
Inside Pages...

**Went live on the  
Internet, TV and  
Radio**

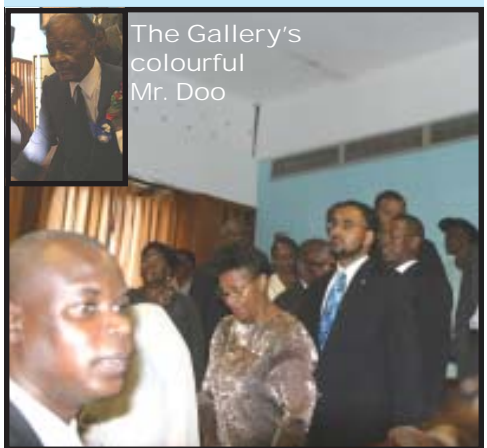
Pics of the day



**GG inspects Guard of Honour**



**GG Delivers Throne Speech**



**Gallery Guests**

# Economy Grew by 3.71% last year



**NTN** "Take ②" - A fifteen minute news review of the week.  
Every Friday at 6.15 p.m. on NTN, Cablevision Channel 2.

**Government Notebook**  
A fresh news package  
daily  
on all local radio stations





# Economy Grew by 3.71%



**Prime Minister, Dr. Kenny Anthony Outlines St. Lucia's Economic Performance at Parliament**

After a contraction of 4.6 percent in 2001 and marginal growth of 0.43 percent in 2002, the pace of economic growth in Saint Lucia accelerated in 2003 to 3.71 percent. This growth marks a significant achievement, given the current prevailing world economic climate, characterized by slow or negative growth in the major industrial countries, persistent upheavals in the international financial system and the fall out from the war on terrorism.

Mr. Speaker, the main impetus for growth emanated from expansions in the tourism sector by 16.6 percent, growth in wholesale and retail trade by 7.8 percent, communications by 4.5 percent and transportation by 2.63 percent. In total Mr. Speaker, those areas of economic activity accounted for 75 percent of total value added. However, the overall positive economic performance was tempered by reductions in value added recorded for agriculture by 10.8 percent, manufacturing by 0.52 percent and construction by 1.21 percent.

The contribution of bananas and agriculture to GDP fell to 1.96 percent and 4.87 percent respectively, as did that of the manufacturing sector by 7.4 percent and construction by 9.78 percent.

Very quickly, Mr. Speaker, I shall examine performance in the various sectors.

## REVIVAL IN TOURISM

Mr. Speaker, as international concerns and expectations regarding the conclusion of major activities in the war in Iraq subsided, the level of international travel increased during 2003. Consequently, Saint Lucia registered a 4.1 percent increase in total visitor arrivals to 703,381. Despite competition from regional destinations, the island recorded a 9.3 percent increase in stay-over arrivals to an all-time high of 276,948, as additional visitors came from all of our three main source markets,

namely: the United States which grew by 4.3 percent to 98,078, Europe which increased by a massive 17.6 percent to 90,193 and the Caribbean, which posted a growth of 6.23 percent to 70,543. Mr. Speaker, the average occupancy rates mirrored the growth in stay-over arrivals, increasing from 56.1 percent in 2002 to 62.7 percent in 2003.

In the cruise sector, Saint Lucia was affected by the repositioning of itineraries away from the lower Eastern Caribbean to the northern territories in the aftermath of the war in Iraq and the growing concerns regarding personal safety. Accordingly, cruise arrivals increased only by 1.6 percent to 393,292, while the number of excursionists expanded to 12,817. A fall in the number of visiting yachts led to a 20 percent reduction in that category of visitors to 20,354.

The performance of the tourism sector is clear evidence that this Government's investment in the tourism sector along with its marketing and promotions are paying dividends. Despite the most challenging environment for investments and for operations, the tourism sector's contribution to overall GDP increased by 16.6 percent and stands as its most significant improvement in nine years.

## UNEVEN PERFORMANCE IN AGRICULTURE

Mr. Speaker, a confluence of factors impacted negatively on the agricultural sector, leading to an overall contraction of 10.8 percent for 2003.

Adverse weather conditions and the outbreak of leaf spot disease, particularly in the last quarter of the year, contributed to a 29.5 percent reduction in banana output to 33,971 tonnes. The annual banana output resulted from a near 27.6 percent reduction to 15,456 tonnes in the second half that followed a 31 percent reduction to 18,515 tonnes in the first half of the year. However, Mr. Speaker the pace of deceleration was quicker in the other two main Windward Island producers. Indeed, Saint Lucia's relative share of exports for the Windward Islands as a whole, increased from 41 to 49 percent with a gross output of 67,301 tonnes.

Market conditions were characterized by stiff price competition among the UK supermarket chains, which depressed prices, and in conjunction with the lower output, led to a 25.7 percent fall in banana revenue to \$43.6 million. Farmers' returns from the industry were further restrained despite the appreciation of the Pound Sterling. Gains were also offset by the increased transaction costs associated with the requirements of EUREP-GAP certification.

With regard to other non-traditional crops, available data indicate that an expansion of export demand led to an in-

crease in output in 2003. While the volume of total production, which includes exports and purchases by supermarkets and hotels, increased by 5.5 percent to 5,703.5 tonnes, unfavourable prices caused a decline in the value of production by 1.8 percent to \$11.2 million. There were contrasting movements in the level of purchases by hotels and supermarkets, with the former increasing more than two-fold in line with increased tourism activity. On the other hand, purchases by supermarkets fell by 24.3 percent, as one of two major retail chains experienced financial problems. Exports expanded by 11.9 percent, but poor prices, especially for green bananas, led to a reduction in export revenue. There was a 13.7 percent reduction in fish landing from January to July 2003 to 1,028.9 tonnes, which was valued at \$11.4 million, while consumption of chicken increased by 2.2 percent to 1,994.2 tonnes and valued at \$6.9 million.

## UNEVEN PRODUCTION AND EXPORT PERFORMANCE IN MANUFACTURING

In 2003, Mr. Speaker, the value of manufacturing output is estimated to have declined by 1 percent to \$135.8 million, following growth of 3.7 percent in 2000. However, total exports of manufactured products increased by 15.8 percent to \$60.8 million and accounted for 45 percent of total production. Approximately 74 percent of the value of output came from three sub-sectors namely: food and beverages (45 percent), electrical products (14 percent) and paper and paperboard (15 percent). For the year in review, there were increases in the value of food and beverages, textiles, metal products, furniture and other chemicals, while decreases were recorded for plastics, electrical and paper products. It is important to note that paper products suffered as a direct result of regional competition and the sluggish performance of the banana industry. The value of output for food and beverages expanded for a third consecutive year and grew by 2.2 percent to \$61.4 million, as the beverage segment continued to benefit from strong demand in the domestic and OECS markets. It is also important to note that exports of food and beverages increased by almost 50 percent to \$36.8 million.

## MIXED PERFORMANCE IN CONSTRUCTION

Mr. Speaker, the challenges experienced with the Roads Development Programme in the last financial year led to a reduction in the level of construction activity by the public sector. In the review period, Central Government capital expenditure towards construction fell by almost 26 percent to \$64.3 million. Of Central Government's construction expenditure, 72.4 percent represented activity on eco-

nomics infrastructure, such as roads, while the remainder went to social infrastructural projects for example, the completion of the Dame Pearlette Louisy School and the Ciceron Secondary School under the Basic Education Programme. In addition, new works and renovations continued on Police and Fire Stations and for upgrading health facilities at various locations.

Spending on economic infrastructure by Central Government increased by 12.7 percent to \$51.9 million, due mainly to expenditure on roads, which accounted for 83 percent of the total. Expenditure by the Central Government on social infrastructure fell to \$12.4 million, of which \$6.5 million was spent under the OECS Emergency & Disaster Management Project.

Indicators of private sector construction in 2003 suggest a resurgence in activity. In 2003, there was an increase of 25 percent in the number of applications for the commencement of new projects, which in turn led to an increase of 18 percent in the number of approvals by the Development Control Authority. There was also an increase in the level of imports of construction material by 1.9 percent to \$63 million for the second successive year.

However, the private sector continued to be cautious in its approach to investment. There was a 47 percent decline in credit disbursed to the construction sector by all financial institutions in the review period, to \$53.7 million. The level of financing for commercial construction fell from \$54.4 million in 2002 to \$6.9 million in 2003. Mr. Speaker, it should be noted that there is some lag time between the approval of applications and construction. In the light of the general Stamp Duty exemptions granted by this Government and announced in the 2003 Budget Address, we anticipate further growth in private construction this year.

## DEVELOPMENTS IN THE FINANCIAL AND MONETARY SECTOR

Mr. Speaker, developments in the financial and monetary sector for 2003 bore a direct correlation to the level of activity in the real economy. Liquidity, as measured by the loans to deposit ratio, improved by 10.07 percentage points from year-end 2002 to 81.88 at year end 2003, as the growth in deposits was accompanied by a reduction in the level of loans and advances.

**In an effort to reduce the non-performing loans portfolio Mr. Speaker, banks remained cautious in their approach to new lending. As a result, the level of domestic credit fell by 7.6 percent to \$1,323.4 million. Of the components of domestic credit, financing to the private sector increased by 4.5 percent.**

*Continued on page 3*



# Pace of Economic Growth Continues

A close analysis of credit by economic activity revealed that there were reductions in credit to all sectors except personal and tourism. Financing to the "personal category", comprising mainly acquisition of property and durable consumer goods, accounted for the largest share of total credit (47 percent) and increased by 2.5 percent to \$76.84 million, partly as a result of reductions in mortgage lending rates. Favourable developments within tourism enabled it to attract 6.7 percent additional financing from the banking system to \$203.10 million.

Mr. Speaker, on the strength of increases in mainly saving and demand deposits, total deposit liabilities of the banking system increased to \$2,022.76 million or 78 percent of total domestic liabilities. The general increase in the level of thriftiness in the economy saw deposits by residents increase by almost 7 percent to \$1,871.45 million, while deposits by non-residents fell by 1.3 percent to \$145.31 million.

Broad money supply (M2), in the domestic economy increased by 7.7 percent to \$1,370.41 million, reflecting growth in the real sector. In addition, there were increases in both the narrow measure of the money supply (M1), due to increases in private sector demand deposits, and quasi-money, on the strength of increases in savings deposits overall.

The impact of the growth in the tourism sector is evidenced by an improvement in the external performance, as the island's share of imputed reserves at the Central

Bank advanced to \$282.63 million. This indicates that there was an overall increase in Saint Lucia's net international reserves over the period.

With regards to the rate of inflation, Mr. Speaker, as measured by the change in the twelve month moving average of the Consumer Price Index to December 2003, prices increased slightly, by only 1 percent. However, the food index, which is the most heavily weighted category, showed an increase of 2.1 percent.

## FISCAL OPERATIONS AND DEBT

Mr. Speaker, I have already indicated that our revenue performance improved, resulting in a 9.83 percent increase in current revenue. Current expenditure grew at a slower rate of 7.9 percent to \$474.5 million. Increases were recorded in the area of expenditure on goods and services, and in wages and salaries by 1.1 percent to \$235.1 million. Central government's outlay to service the national debt increased by 18.5 percent to \$55.2 million while current transfers decreased by 17.6 percent to \$56.3 million. Accordingly, Mr. Speaker, the current balance moved from a surplus of \$1.7 million in 2002/03 to \$10.4 million or 0.5 percent of GDP in 2003/04.

Mr. Speaker the achievement of a surplus on the current account, though small, in the context of harsh external circumstances and an expansionary fiscal stance is no mean accomplishment. Given that our commitments in the areas of interest payments and goods and services increased, the government has managed to reduce its outlay in other areas such as current transfers in an effort to ensure sustainability on the current account of

central government.

Capital expenditure Mr. Speaker, fell by 2.1 percent in 2003/04 to \$146.9 million, as a result of slow implementation of capital projects, mainly related to delays in the relocation of infrastructure of utility companies. However, despite the slow implementation of the capital projects last year, it is expected that in the new fiscal year the rate of implementation will improve, given that the major hurdles have been overcome.

Consequent on those fiscal developments, Mr. Speaker, the disbursed outstanding debt of Central Government increased by 17.2 percent to \$968.2 million, while the total outstanding liabilities of the public sector, inclusive of debt guarantees stood at \$1,237.9 million or approximately 65 percent of GDP at the end of December 2003. However, Mr. Speaker, I wish to draw attention to the fact that in the fiscal year 2003/04, this Government took some deliberate steps to restructure significant portions of the public sector debt, with a view to reducing servicing costs and to ensure that there was sufficient liquidity in the domestic financial system to enable the private sector to participate in Saint Lucia's development. Towards those efforts, Mr. Speaker, domestic debt fell by 21.7 percent to \$303 million.

## CAUTIOUS GROWTH IN THE INTERNATIONAL FINANCIAL SERVICES SECTOR

Mr. Speaker, the review of our domestic economic performance would be incomplete without mention of the International Financial Services Sector.

Growth in the sector has been steady but quite cautious. For the past fiscal year, 309 International Business Companies were registered, bringing the total to 1,154. Two Mutual Funds were registered and licensed, one a public fund and the other a private fund.

Eight International Insurance Companies were licensed for that fiscal year. Of the eight International Insurance Companies licensed, one is a captive of a parent insurance company based in the region. This insurance company is one of the most reputable insurance companies in the region and has written premiums in excess of US\$48 million. In total, fifteen international insurance companies have been licensed to date. Thirteen of these represent captive insurance entities which eliminate, to a great extent, the level of risk to our jurisdiction.



**Bank of St. Lucia**

On the banking side, we have revoked the license of one International Bank, Bank Crozier International Limited, but issued three other licenses after conducting rigorous due diligences of the applicants. One of the licenses has been issued to a subsidiary of the East Caribbean Financial Holdings Co. Ltd. and the other to a subsidiary of a bank headquartered in Trinidad and Tobago. Indeed, this bank, using Saint Lucia as its base, recently raised US\$ 100 million in the U.S. market. The security notes were over-subscribed, demonstrating the reputation of our jurisdiction by international investors and the faith that they have placed in this country

The direct revenue generation to Saint Lucia from the International Financial Services Sector, comes in the form of licenses, application and registration fees.

In 2000, the fees collected by the sector were US\$95,781.01, which increased by 54.25 percent the following year (2001) bringing revenue collection to US\$147,743.65.

The year 2002 showed an even greater percentage increase of 93.14 percent, with revenue being at US\$285,348.07. However, notwithstanding that in 2003 there was a decrease in growth from the preceding year (2002) of 46.46 percent in dollar value, the year 2003 showed the highest revenue collection of US\$417,920.30.

The average growth rate of revenue collection over the four (4) year period is estimated at 64.61 percent.

Other than salaries and management fees paid to the registered agents and trustees, these companies also generated significant gross revenue. The total gross revenue earned from the provision of services in 2000 was US\$78,573. In 2001, gross revenue increased significantly, to US\$397,833. There was also a greater number of service providers being licensed within the sector. In 2002, whilst the number of registered agents remained constant, there was a 50.4 percent increase in the net income, with the annual figure being US\$598,350. In 2003, the percentage increase of 9.47 was significantly lower than in previous years, given the 25 percent decrease in the number of registered agents and trustees. However, the gross revenue of \$654,991 was the highest in dollar amounts.



**Cargo being loaded for Exports**



# Programmes and Initiatives Abound for 2004/05

*“Against the economic background just explained, I shall now turn to the major programmes and initiatives for this fiscal year”, said Dr. Kenny Anthony.*

## **WORLD CUP 2007: SAINT LUCIA PREPARES**

Mr. Speaker, I open this innings with the issue of World Cup Cricket. There is no doubt that the ICC Cricket World Cup in 2007 will be the biggest and greatest event ever to be held in the region. And if Saint Lucia should be chosen as a venue, it will be the most demanding and challenging endeavour ever to be undertaken.

No one should be worried that I use the word IF. There is no one more committed to Saint Lucia successfully bidding than I. But equally, no one has a greater responsibility to ensure that our best interest is protected than I. Therefore, at this point I cannot give an unconditional YES to Saint Lucia's hosting matches for a number of reasons.

At the regional level, the West Indies Cricket Board must offer a distribution of profits that is more favourable than the one they are proposing. If there are countries that are willing to give an unconditional “yes” under the present scenario, then I wish them well. But I have made the point before, and I will continue to ask for a better distribution of profits as part of the negotiating process. It is grossly unfair to ask Governments to provide millions of dollars to meet the requirements of the World Cup without adequate financial compensation. Meanwhile, the local cricket authorities and the West Indies Cricket Board, though not financing or guaranteeing any capital expenditure, will end up with millions of dollars profit.

Additionally, at the domestic level, hosting the Cricket World Cup brings with it serious and significant responsibilities. In order to improve accessibility to Beausejour Cricket Ground (BCG) and to conform to the standards required for World Cup Cricket, as specified by the International Cricket Council, it will be necessary to develop the access roads and utilities infrastructure to the grounds. We propose, therefore, to develop the Bella Rosa road connection to the grounds so as to create a well organized routing for vehicular access, with emphasis on a bus shuttle system.

While the BCG has already been approved by the International Cricket Council as a venue for One Day Internationals and for Test Cricket, the hosting of World Cup Cricket demands that amenities at the Stadium be enhanced to provide for an additional 8,000 seats, temporary facilities for

a large media and TV/Radio broadcast contingent, for VIP hospitality and other major World Cup organizational requirements.

We will also have to pay particular attention to issues of security, disaster preparedness, and the organization of a national volunteer programme.

The effect of all of these improvements will be to enhance Saint Lucia as a host country not just for International Cricket, but for other world class events and as a major tourism destination.

So, when we commit to hosting matches in Cricket World Cup 2007, I want to be able to assure the Saint Lucian public that we can meet all of our obligations, that we can raise the financing required without adversely affecting our country's fiscal rating, and very importantly, that we can recover the expenses to our satisfaction.

At this stage, Mr. Speaker, not much more can be said. As you know, the bidding process is a confidential exercise, and you do not want other competitors to know what you are proposing. But I am confident that the persons who are doing the preparatory work on our Bid are meticulous, exhaustive and comprehensive in their evaluation. I am aware that the Bid Committee is presently engaged in discussions to ensure that the best possible arrangement is put in place to maximize the cricketing experience and the return on our investment.

As Prime Minister, my vision of hosting a World Cup Group is one where our entire nation is mobilized to become a single hospitable home, with each Saint Lucian offering warm embraces of friendship to every visitor. The World Cup must be a national exercise. It must be the embodiment of every desire we have had for national togetherness. It must cut across party lines, community boundaries, and individual self-interest. I want to see the entire country, not only selected areas, demonstrate to the world our distinct Saint Lucian spirit and capacity. Everyone must benefit from the event. Therefore, the bid must show the many wonders and attractions of our island and how they can be enjoyed as complements to the intensity and excitement of the cricket matches. The planners must recognize that if there is to be a Saint Lucian flavor to the World Cup, then the experience of visitors must be taken beyond the boundary of the Castries River and the cricket field.

Cricket World Cup 2007 is as much about tourism as it is about sport. The eyes of an estimated 1.4 billion worldwide television audience will be focused on images of Saint Lucia for an extended period, while over 15,000 visitors will be expected to make Saint Lucia their temporary home in 2007.

The World Cup also presents us with an opportunity to raise our standards to world class in every aspect of our daily lives. Saint Lucia will be co-hosting the third largest sporting event in the world, and in much the same way that persons remember Korea and Japan as the venue where Brazil won an unprecedented fifth

FIFA World Cup, Los Angeles as the Olympic Venue where Carl Lewis won four Gold medals and Berlin for a similar feat by Jesse Owens almost five decades previously, we want them to remember Saint Lucia as one of the venues where the West Indies staged their third victorious World Cup campaign, and perhaps, who knows, the one where a Saint Lucian scores a century and wins the Man of the Match award.

But most importantly, we want to earn every penny we can from the World Cup. The opportunities for local businesses will be tremendous and we must prepare ourselves to capitalize on these. Not only to repay the monies we invested, but also to allow Saint Lucians a chance to reap rewards from such a lavish international event. I am sure that as soon as the decisions are made regarding the award of the venues, we will return to Parliament for a more definitive consideration of the issues involved.

## **SPECIAL WORLD CUP INCENTIVES FOR THE ACCOMMODATION SECTOR**

One of the more serious challenges that we will have to overcome to host World Cup matches is the availability of hotel rooms. We need to increase our hotel room capacity to 35 percent of the seating capacity of the Beausejour Cricket Ground, which is expected to grow to 21,000 by 2007. Therefore, we need to increase our hotel bed size from 4,500 to approximately 7,500.

The choices available are:

- Development of new hotels;
- Expansion of existing hotels and resorts;
- Development of condominiums; and
- Expansion of bed and breakfast and guest rooms

To meet the objective of 7,500 rooms by 2007, we must ensure that both large and small developers are given the opportunity for involvement in the proposed expansion. Therefore, I propose to introduce the following special package of incentives for new developments or expan-

sions completed before 31<sup>st</sup> December 2006:

Institutions that finance hotel construction will be exempted a percentage of the quantum of their investment for tax purposes.

A relief on the normally sacrosanct Property Tax, Vendor's Tax and Alien Landholding License

An increase in the Tax Holiday to twenty (20) years

The fast-tracking of the permitting process from ground-breaking to construction

An investment tax credit equivalent to a percentage of the initial capital expenditure

In view of the fact that these incentives will apply specifically for World Cup Cricket, Government will introduce special legislation to govern these concessions.

Government will also extend concessions to encourage the construction of new restaurants and the upgrading of existing facilities through a mechanism that will be announced later by the Ministry of Tourism.

## **REFORMS IN THE HEALTH SECTOR**

I have, on previous occasions indicated that Health Reform will be at the core of this year's budget.

## **INTRODUCTION OF UNIVERSAL HEALTH CARE**

Mr. Speaker, Honourable Members may recall that, last year, Her Excellency, the Governor General, in her Throne Speech, alerted us to the intention of the Government to undertake major reforms to the Health Sector.

Mr. Speaker, I am pleased to report that the Task Force set up to review the possibility of implementing National Health Insurance presented its report to the Cabinet in July 2003. The Cabinet of Ministers discussed the report with the Team in September 2003 and requested certain amendments to the report. Cabinet considered and approved the amended report in October 2003.

*Continued on page 5*



**Beausejour Cricket Ground**



### Health Sector Reform continues

The Task Force has recommended that Government introduces a programme of UNIVERSAL HEALTH CARE. In other words, Mr. Speaker, once we have agreed on the financing of the UHC, every Saint Lucian, irrespective of financial standing, will be entitled, without further charge, to a basket of health services and care.

Mr. Speaker, there is the saying that **A HEALTHY NATION IS A WEALTHY NATION. By extension A HEALTHY NATION HAS THE POTENTIAL TO BE A PRODUCTIVE NATION.**

As a Government, we gave our commitment as far back as 1997 in our "Contract of Faith" to the improvement of the health of our people. This commitment has materialized Mr. Speaker, as we have negotiated with the Government of the People's Republic of China for the construction of a new psychiatric hospital and the European Union for the construction of a new general hospital. However, Mr. Speaker, these new institutions alone will not improve the quality of health care of our people.

The quality of health care of our people will improve when the entire health structure and health programmes are improved. It will improve when our primary health workers and health centers receive the much needed financial boost that they now lack. It will improve when we improve on our ability to collect and disseminate quality health data and information. It will improve when our health workers and institutions will be held accountable for their actions and the resources under their management. It will improve when our people appreciate what we have and understand that quality health care comes at a cost. It will improve when, as a people, we decide that we want it to improve.

Mr. Speaker, the UNIVERSAL HEALTH CARE programme presented by the Task Force is all encompassing. Its main objectives are:

- (1) The provision of universal access to necessary health services namely: General, Mental, Emergency, Diagnostic, Pharmaceutics and Overseas Care.
- (2) The provision of a supplemental financing mechanism to augment the amount now spent in the health system.
- (3) The delivery of an improved quality of health care to the nation, through;
  - (a) the implementation of standards and the performance of regular health audits at the various service providers;
  - (b) the licensing and monitoring of medical practitioners and health institutions; the service provider accountable (public or private).
- (4) The improvement in productivity, efficiency and economy in the health system, through joint purchasing of drugs and medical supplies (private sector and public sector).



**Vitoria Hospital**

- (5) The separation of the functions of health financier, health provider and health regulator. This would require a radical review of the role of the Ministry of Health from the current performer of all three functions to one where the Ministry would be the policy maker and regulator of health care in the Country. The health providers will be the hospitals, with strong, independent, accountable governance, the pharmacies and the providers of ancillary services, such as the laboratories. The financier will be the Ministry of Finance and the UHC.

Once we have agreed to establish the UHC, the system will:

- (1) Allow Saint Lucians to access the primary hospitals in the country, Victoria, St. Jude's, Tapion and Golden Hope and Turning Point;
- (2) Be administered as a separate unit under the National Insurance Corporation;
- (3) Require all Saint Lucians (children and adults) to register;
- (4) Penalize persons (providers and patients) who abuse the system;
- (5) Have implications for the private insurance product and discussion with the Insurance Industry on this programme should continue. It is envisaged that this programme should complement the services offered by the private insurance companies;
- (6) Allow for the negotiation of bulk fees for services with health institutions and Governments in neighbouring islands for a limited package of health services which cannot be provided on island;
- (7) Allow for the upgrade of health legislation through the revision of all related legislation and the drafting of new legislation; and
- (8) Complement the existing community health services now provided by the Ministry of Health.

Mr. Speaker, one would appreciate that although the report of the Task force was endorsed by the Cabinet of Ministers, the Cabinet has directed the UHC Steering Committee to continue and intensify the engagement of key stakeholders and the general public on the contents of the report and to seek their views. In particular, the Cabinet has mandated the UHC Steering Committee to discuss openly and frankly the financial implications of introducing the UHC. If the system of Universal Health Care is to deliver successfully the services which are envisaged, an amount of E.C. \$30 million will be required annually to finance it.

In addition, to facilitate the public discussion that must start in earnest, there is other work to be done. At present, there are no less than eight committees working to address issues such as:

- Registration
- Human resource training and development
- The basket of services and overseas care
- Standards and quality assurance
- Health information and management
- Legislation
- Public education and marketing
- Pharmacy and therapeutics

The UHC Steering Committee will work with the Ministry of Health on the issue of governance of Victoria Hospital and with the NIC on the structure of the UHC.

If the initiatives which I have outlined are to succeed, we must introduce a stronger business-like culture at the public service providers. This would mean, among other things, the statutorisation of Victoria Hospital. By extension, this would require extensive discussion with the nurses, doctors and other employees and their representatives to arrive at a mechanism that would deliver a "win-win" result for all.

Mr. Speaker, the Task Force estimated that it may cost EC\$5.2 million to set up the UHC. This should cover the costs of setting up the administrative functions, assessment and implementation of informa-

tion systems, public communication and education, and recruitment and training of staff. However, we must remember that this figure is only an estimate, since we are moving into uncharted waters, but every effort will be made to contain our expenditure in this project.

Mr. Speaker, the Government has entered into dialogue with the NIC and we have obtained agreement in principle for a loan of EC\$5.2 million to meet the start up cost which will be repaid from the revenues of the UHC when it becomes operational. Mr. Speaker, this is similar to the approach taken 32 years ago when the Government gave the National Provident Fund (NPF), now the NIC, a loan of EC\$30,000 to set up operations. This loan was subsequently repaid to Government. Now 32 years later, the reverse is taking place.

One may recall, Mr. Speaker, that the former administration planned to introduce national health insurance and enacted a National Health Insurance Act in 1997. It was proposed that this cost be financed by a 3 percent salary deduction from persons working in the formal sector. It was, and still is this Government's view that it is unfair to burden wage earners with financing health insurance. The proposal did not address in any detail the level and quality of services that was expected to be offered. The Consulting Actuary at the time suggested that a 7 percent deduction from wages was necessary in order for the National Health Insurance to be sustainable. This meant that a financing gap equivalent to 4 percent of salary deduction was not identified. Moreover, an entirely new bureaucracy was in the process of being established to manage the programme. This Government has always felt that there was no need to re-invent the wheel and that health insurance was best managed by the NIC, since it was in the business of national insurance.

Mr. Speaker, I have no doubt that this UHC programme is one that the public will welcome. In fact, we have heard their call for change and for improvement in health care. The task before us is a huge one. As we break from the old culture into a new one, errors will be made. Patience and endurance will be tested, but we must make the necessary sacrifices, and there is no turning back on this one. For too long we have been talking around this programme, now it is time that we deliver on it.

Once the issue of financing is resolved, Government will ensure that its contribution will go into a special UHC account. This is important, Mr. Speaker, as the unavailability of funds on a timely basis to the hospitals has contributed in large measure to some of the operational problems and inadequate service provided. I wish to emphasize that appropriate mechanisms of accountability will be instituted to ensure that the public interest is fully protected.



# HIV/AIDS: Government's Strategic Response

The next issue in health which must be confronted is the scourge of HIV/AIDS, said Dr. Anthony.

HIV/AIDS, what is the situation? The most recent figures reveal 417 cases of confirmed HIV, 212 have developed AIDS and 198 have died of the disease. Of the total cases of HIV, 10 percent are children and the prevalence of the disease is almost 1 percent in the general population. These are the official statistics, but the Chief Medical Officer has advised that we may safely multiply each of those figures by four.

How are our people with HIV living? I asked the Ministry of Health to examine the living conditions and in particular, the situation as it affects children. This process has started and already the desperate situation is obvious. We are finding many homes with a single infected surviving parent, with three or four children having to care for this parent. The role of the child as a care-giver is complicated because of the meager income and the inability to attend school. Some of the children are also HIV positive. What is the future for persons, especially children, in these conditions? Isn't the ugly face of HIV obvious in the desperate cycle of poverty and disease in which these homes are doomed to remain, unless we act now?

Another side of this ugly face is the stripping of the human rights from persons liv-

ing with HIV/AIDS. This denial of human rights is driven by our ignorance and our fear and it is given substance by our discrimination and stigmatization.

It is with that understanding this Government has approved the first comprehensive Saint Lucia 5-year strategic HIV/AIDS response plan. This plan is ambitious and reaches far and wide. It is a truly multi-sectoral national response, involving every public agency and the private sector. The plan attempts to reach into every workplace, every community and every home. There are four main strategies.

Strategy number one focuses on advocacy and policy development.

The second element of our strategy seeks comprehensive care for all persons living with HIV/AIDS.

The third element of our overall strategy is prevention.

The fourth element seeks to strengthen national capacity to deliver an effective coordinated and multi-sectoral response to the epidemic.

This plan will cost approximately EC\$20 million over the five year period. Government intends to meet this cost with the assistance of our international partners.

## SUPPORT FOR HIV INFECTED CHILDREN

Among those who are stricken with

HIV, the most innocent, the most defenseless and the most vulnerable are our children. Their affliction was never their choice; they knew no fault; it was never their mistake, if indeed there was one.

Some have lost a parent or both parents. Some suffer discrimination from their peers. Many are from households that are immersed in poverty and distress.

I am advised Mr. Speaker, that there are forty one (41) children with HIV. Of that number, about twenty one (21) have developed full blown symptoms of AIDS.

I say, Mr. Speaker, that we should extend a helping hand. I therefore propose that we remove those HIV infected children who are in receipt of Public Assistance, normally cast at \$60 per person, and place all HIV infected children into a new category of Public Assistance. I further propose that each HIV infected child be given a special monthly allowance of \$250.00 towards their care and maintenance. Certain conditions will, however apply. In order to protect the privacy of these children, the funds will be directly managed by the Chief Medical Officer who must be given proof beyond doubt that the beneficiary is HIV-positive.

## HIV AWARENESS IN THE WORK PLACE

Mr. Speaker, I am aware that within the Public Service, there are some persons

who are HIV positive. Given the current stigma associated with this disease, can you imagine the mental anguish that these individuals are going through? No doubt there is a great deal of pain as both the individual who has contracted the disease and colleagues try to come to terms with the disease. We are a responsible government, and so to address issues of stigma and discrimination in the work place, I have decided that our agencies within Government must find opportunities to discuss these issues so as to eradicate this bias. The Public Service must take the lead in this initiative. We must set the example for other employers.

Therefore, I have mandated every Ministry to develop a sensitization programme designed to achieve this objective. Consequently Mr. Speaker, I have allocated \$100,000 to be shared among Ministries to be used for building awareness programmes.

In order to measure and monitor the utilization of these funds, a separate expenditure head called HIV/AIDS Awareness has been set up in the Estimates to which the funds have been allocated. I urge all Permanent Secretaries and Heads of Departments to make judicious use of these funds. Similarly, I urge the business community to think also of their responsibilities in this area by specifically allocating funds towards establishing AIDS awareness programmes in their establishments.

## Government Invests heavily in Internal Security

"From HIV/AIDS, I turn to another dimension of our collective security, protection from crime", said the Prime Minister. He said, for some time now the Prosecution Service in Saint Lucia has been handicapped by the absence of a properly developed and functional Forensic Science Service, capable of presenting sound forensic evidence to a Court. This handicap has resulted in cases being dismissed and, in some instances, justice being denied.

In recent times there has been a significant increase in unsolved murders and failed drug trafficking charges, which has led to a public outcry. A Forensic Scientist from Barbados was contracted to make monthly visits during which she performs drug testing and analysis and provides a courier service for transporting samples for DNA profiling in Barbados. This is not only costly to the Government of Saint Lucia but also a hindrance to the Police, when prompt action is required as their work has to be scheduled in a manner which facilitates the consultant's work program.

### ESTABLISHMENT OF FORENSIC LABORATORY

After careful review, Government has decided to undertake the establishment of a Forensic Laboratory, which will be in-

involved in drug testing, chemical analysis, toxicology, trace evidence and latent print.

The establishment of the Forensic Unit on the island will greatly reduce the amount of foreign exchange paid out to acquire the service from outside; better equip our police and prosecutors to perform their duties, thereby leading to the successful prosecution of perpetrators; facilitate more successful prosecution of crime; hopefully lead to a more satisfied public; and improve our image for potential investors.

The ultimate objective is a full-fledged centre within which would be facilitated the amalgamation of forensic science, forensic pathology, fingerprinting and forensic photography as one service operating in one facility.

After reviewing various proposals advanced by the Ministry of Justice, Cabinet approved the establishment of a Forensic Science Unit at the former female prison at La Toc. Refurbishing plans are currently being completed so work can commence in May 2004. An amount of EC\$500,000 has been allocated. A further amount of EC\$500,000 has been allocated for the purchase of equipment and supplies. Efforts to furnish the facility are in an advanced stage.

The Government will ensure that within the next three years, Saint Lucia will possess a well equipped, well staffed and fully

functional medium-level facility capable of responding to most of the needs of the police and prosecution as they struggle to combat crime.

I expect that for some time still, we will have to use overseas facilities for the highest level of DNA testing and some high-level ballistics work. The Ministry of Justice is currently seeking to establish a sound arrangement with suitable overseas facilities in respect of these higher level services.

Between the local capacity we are now developing and our overseas arrangements, I am confident that the public will soon see a marked improvement in this aspect of our crime-fighting apparatus.



New Recruits



New Vehicles

## TRAINING AND PROCUREMENT NEEDS

Mr. Speaker, it is no secret that this Government inherited a Police Force, which was neglected for years, resulting in an ill-trained, poorly equipped Police Force, which operated in conditions of the squalor. Over the last five years, we have systematically embarked on the modernization of the Royal Saint Lucia Police Force. There has been the establishment of new police stations as well as major refurbishment of existing stations island-wide. We have also attempted to improve the police/population ratio to a more acceptable figure.



## Security Equipment to come in Duty Free

Prime Minister, Dr. Kenny Anthony recalled the statement which he made in the 1998/99 Budget address: "As part of our campaign to eradicate crime in this country, I propose to this House, the removal of duties and consumption tax on surveillance and security equipment imported by companies over a period of one year for use in their businesses. This concession is to encourage the business community to install security equipment at their premises. It is time that our business community understands that they must invest in their own security. They cannot rely exclusively on the police force".

In 2000, these concessions were renewed for a further year.

Unfortunately, many businesses failed to make use of these concessions. Those who purchased and maintained surveillance equipment have seen the value of their investment. Indeed, Mr. Speaker, thanks to this equipment, the Police have managed to solve some robberies at commercial houses.

At the behest of the Private Sector, I have decided to re-introduce these concessions for 2004-05. This time, however, I wish to urge Honourable Members to extend the concessions to households.

## Criminal Division of the High Court to be established

The war on crime must be fought everywhere – on the streets, on the highways, in places of amusement, in our communities, and yes, in our courts. Criminals must not be allowed to use the weaknesses of the Criminal Justice System to their advantage. We must fight them everywhere, said Dr. Kenny Anthony.

Last year, Her Excellency, the Governor General, announced the intention of

the Government to end the system of periodic assizes and establish a Criminal Division of the High Court to provide for year-round hearing of criminal cases by the High Court.

The proposal has been embraced by the OECS Supreme Court, which has advised that the new Division be first established as a pilot project. Implementation of the Criminal Division will commence with a

## Government gives full support to Agricultural Sector

While our Government has done much to re-engineer the banana industry to make it better able to respond to the additional changes that will take place with the advent of a new banana trading regime, we have also worked assiduously to broaden the agricultural base of this country and to increase the range of economic opportunities available to our farmers and to persons in rural communities, said Prime Minister, Dr. Kenny Anthony

Fortunately, we have had the support of the European Union in our efforts to restructure our economy. Using funding instruments such as STABEX and the National Indicative Programme (NIP), Government has been able to intervene and provide financial support to ailing sectors and catalyze growth in new or fledgling industries. The advent of the European Union's Special Framework of Assistance (SFA) programme provided another mechanism through which Saint Lucia is able to source financial support for its economic development agenda.

In a previous Budget Address, I explained that the SFA programme would be administered through four strategic areas, namely Banana Commercialization, Agricultural Diversification, Social Recovery, and Private Sector Development. To date, we have managed to programme funds under the 1999, 2000, 2001 and 2002 allocations of the SFA.

Despite what some may have us to believe, the commitment of this Government to the agricultural sector is unparalleled and unmatched by any other administration. I have repeatedly stated the significant sums that we have spent on the banana industry over the past seven (7) years. However, what is not as widely publicized is the fact that the financial support to agricultural diversification constitutes the single largest allocation of the SFA funds. Under four SFA initiatives, we have allocated EC\$20.9 million to agricultural diversification. All of these funds are programmed for implementation before the close of June 2007.

However, with the allocation of such a large chunk of donor funds, spread out over four separate annual programmes, has come some very serious challenges. Difficulty is already being experienced with the implementation of SFA 1999, now in its 17<sup>th</sup> month, due largely to inadequate administrative arrangements for overseeing the efficient execution of the programme. Currently the programme is administered out of the office of the Chief Agricultural Planning Officer of the Ministry of Agriculture, who is the designated Project Coordinator.

However, effective supervision and facilitation in ensuring implementation of the multi-faceted SFA 1999 work programme

Presiding Judge and a core initial case management team of four persons to be appointed by the Judicial and Legal Services Commission.

The Government of Saint Lucia will meet the initial cost of financing the establishment of the Court.

However, Honourable Members are advised that once the Court becomes operational, it will compel other reforms. The system of prosecution will require reform and redefinition. A National Prosecution Service, under the jurisdiction of the Director of Public Prosecutions, may become necessary.

## Government Supports the Youth and Tertiary Education

Youth, it has been said, is the spring of life. It is an age of discovery and dreams. When we nurture the dreams of the youth, we not only pave the way to their bright future, but also the great future for this Nation and by extension, all of humanity. We are, therefore, developing the infrastructure, establishing mechanisms and encouraging persons to avail themselves of opportunities to make a positive contribution to national development. The policies and programmes contained in this Budget will bring the hopes of young persons within the reach of realisation, the Prime Minister said.

In supporting Tertiary Education the Prime Minister aimed at tackling access. He said, "our esteemed Nobel Laureate, Sir Arthur Lewis, once advised that the "ENGINE OF DEVELOPMENT IS NOT TRADE BUT RATHER THE KNOWLEDGE AND SKILLS EMBODIED BY PRODUCTS". This view was recently echoed by the Caribbean Development Bank (CDB) in its characteristic style: "While economic growth is fundamental to meeting developmental goals, globally it is being recognized that quantitative goals and targets should translate into progress to-

wards development of human potential of all individuals within a society – the ultimate goal of all development strategies" (CDB).

The demand for funds by persons desirous of pursuing further studies remains high, as indicated by the numerous requests being received by the financial institutions. However, financial institutions have continuously pointed out the difficulty for the borrowers to access loans for that purpose because of the lack of security and the ability to meet the interest payments during the period of study.

Cognisant of this fact, the Government of Saint Lucia has decided to introduce a facility designed to improve access to tertiary education and to provide persons desirous of pursuing programmes of study with assistance in financing their education at the tertiary level.

In addition, all financial institutions demand that the individual pays the interest on loans during the duration of their study. This proves extremely difficult for persons, since many do not pursue gainful employment while engaged in full time study.

by the various co-operants has been weak, given the other statutory work responsibilities of the office of the Chief Agricultural Planning Officer. Personnel of the Corporate Planning Division of the Ministry of Agriculture, Forestry and Fisheries – which exists as the monitoring and evaluation arm of that Ministry, and provides technical support to the slate of projects and initiatives undertaken by the Ministry - currently assist in the implementation of the SFA programmes. Unfortunately, this arrangement is not satisfactory, given the responsibilities of the Corporate Planning Division in planning, monitoring and evaluating the general work programme of the Ministry.

### ESTABLISHMENT OF AGRICULTURAL DIVERSIFICATION AGENCY

We need to remove all administrative hurdles that exist in the flow of those much-needed donor funds. Consequently, with the use of SFA funds, we will establish a dedicated Agricultural Diversification Agency (ADA), to facilitate execution of the agriculture diversification programme.

This Unit will operate as an autonomous entity, much like the Banana Emergency Recovery Unit, BERU. However, it will continue to receive technical support from the Ministry of Agriculture, Forestry and Fisheries. This will guarantee the existence of a symbiotic relationship between the Unit and the Ministry of Agriculture, a factor that is critical to the long-term sustainability of management of the agricultural development programme, once EU funding has ended.

The ADA will be guided by a Steering Committee, comprising, among others, a representative of the Saint Lucia Hotels and Tourism Association (to facilitate linkages with the tourism sector), the financial services sector (to encourage the commitment of matching private funds), Farmer Organisations (to ensure that there is stakeholder participation and input), and the Saint Lucia Chamber of Commerce (to stimulate private sector involvement). The National Authorising Officer (who is the Contracting Authority for this project), will serve as a link between the Unit and the EU Delegation in Barbados, and will

*Continued on page 8*



### Government's full support to Agricultural Sector continues

facilitate the ADA's operation in accordance with the overall strategy, approach and methodology of the SFA instrument. The responsibility for the overall strategy and policy for agriculture development will, of course, remain with the Ministry of Agriculture.

#### GUARANTEE FOR WIBDECO

The Windward Islands Banana Development and Exporting Company (WIBDECO) was formed in 1994, and took over the functions previously carried out by WINBAN. Mr. Speaker it is a curious fact that despite the important role that WIBDECO has played and continues to play in managing the banana industry in Saint Lucia and the other Windward Islands, most farmers and I daresay, the vast majority of Saint Lucians are completely oblivious of the corporate arrangements in which WIBDECO is involved.

WIBDECO is a joint venture between the Governments of the Windward Islands and the Banana Associations. The Governments of Saint Lucia, Dominica, St. Vincent and the Grenadines, and Grenada each own 12.5 percent of the shares in WIBDECO, giving them, together, a 50 percent shareholding in the company. The Saint Lucia Banana Corporation owns 20 percent of WIBDECO shares, with the St. Vincent Banana Growers Association owning 15.6 percent, the now defunct Dominica Banana Marketing Corporation 13.2 percent, and the Grenada Banana

Cooperative Society 1.2 percent. With the exception of the SLBC, which earned title to its shares when the industry in Saint Lucia was commercialized, the shares held by the banana associations in the other islands ultimately belong to the respective Governments.

Windwards Bananas UK Ltd., a wholly owned subsidiary of WIBDECO (WI) Ltd., entered into a 50-50 joint venture with the Irish fruit company Fyffes Group Ltd. to purchase Geest Bananas Ltd., while WIBDECO WI Ltd., in a joint venture with Fyffes Plc., formed the holding company Geest Limited, which is based in Jersey. The WIBDECO/Fyffes joint venture, which was entered into in 1996, was intended to facilitate the vertical integration of the banana industry, allowing the Windward Islands to gain control of, and derive the benefits from, production, shipping, ripening and marketing.

To finance the acquisition of the Geest Banana business, the WIBDECO Group borrowed £20 million, in two £10 million loans, from the Allied Irish Bank (AIB). These loans were obtained via a guarantee from the four Windward Island governments and Fyffes. While on this subject, Mr. Speaker, I must inform this Honourable House that to this day, the guarantee provided by the former administration in 1996 for Saint Lucia's 36.43 percent share of this loan, which equates to £7.286 million, has never seen the light of Parliament.

Today, the balances on these loans are £2.5 million and £722,222.00, a total of

£3.22 million. The final payments on these loans were due on 31<sup>st</sup> July 2003. Additionally, in January 2001, when WIBDECO took over the marketing and distribution of Windward Islands bananas from Geest Bananas, WIBDECO needed a working capital facility to bridge the five weeks lag between payment for the bananas and the receipt of sales proceeds. To accommodate WIBDECO, Fyffes provided a £4.0 million working capital loan, which WIBDECO had to repay in two years, at the rate of £2.0 million per year.

Unfortunately, the high rate of repayment of the Working Capital Loan and the decline in Windwards banana production have affected WIBDECO's ability to meet its debt obligations. This has resulted in the deferral of repayment on the AIB loans, and the withholding of several payments to Geest Bananas for freight. Therefore, although the Fyffes Working Capital Loan has been repaid, Geest Bananas is now owed £1.0 million.

After a long period of negotiation, WIBDECO has finalized a new loan with Citibank (Trinidad and Tobago) Ltd. to provide financing through the creation of Fixed Rate Secured Loan Notes in the aggregate principal amount of up to US\$10.0 million. Of these funds, £3.2 million will be used to repay the balance of the AIB loans, £1.0 million is earmarked to repay the balance of the Fyffes/Geest Working Capital Loan, and £0.3 million will be used for working capital.

The security required by Citibank for this loan is separate guarantees from the

Governments of Saint Lucia, St. Vincent and the Grenadines, and Grenada. The Government of Dominica is not being asked to provide a guarantee, because of its weakened fiscal position. The Government of Dominica will, however, participate in the new Loss Sharing Agreement.

These guarantees will replace the existing guarantees to the Allied Irish Bank (AIB) in the amount of £20.0 million, which will be rescinded. Citibank has requested that the liabilities of each government be joint and several, as is the case with the AIB loan, in an apportioning that corresponds to the combined shares of the government and the local banana industry in WIBDECO. Parliament will be invited to guarantee the loan, once Government is satisfied that WIBDECO has sufficiently restructured its operations, particularly at the UK end, where we believe there are opportunities for further cost savings.

Several benefits are expected to accrue to the industry from this new loan, not the least of which will be greater financial independence of WIBDECO in the joint venture, which in turn will strengthen its position in the European Union market.



Inland Reception Depot Centre for Bananas

**NTN THIS WEEK ON NTN**

**Highlights: Week of April 23 - May 2, 2004**

- **National Budget Debate – From Friday 23<sup>rd</sup> April - Tuesday April 27<sup>th</sup>**
- **St. Lucia School of Music Success Story – Wed. April 28th, 6:15 p.m.**
- **Professor Karl Theodore speaks on the social and health behaviour of young persons – April 28th, 8:00 p.m.**
- **National Arts Festival – Thursday April 29th, 7:30 p.m.**
- **KiddiCrew.com – Thursday April 29th, 8: p.m.**
- **Caribscope – Thursday April 29<sup>th</sup> 8:30 p.m.**
- **Blue Mango Music Video (Jazz) - Thursday 29th – 8:30 p.m.**
- **Highlights of La Rose Festival 2001 – Friday April 30 – 8 p.m.**
- **The Music Industry in the Caribbean – Saturday May 1– 6:30 p.m.**
- **The GIS speaks with students from the south of the island – Saturday May 1<sup>st</sup>**
- **The GIS speaks with officials from the Ministry of the Environment safety – Sunday May 2<sup>nd</sup> – 8:30 p.m.**

**Remember to tune in for:**

- GIS News Breaks and Kweyol News daily from 6:30 pm
- **Issues & Answers/Mondays at 8:00pm:**
- **Interview/Tuesdays at 6:15pm :**
- **Konsit Kweyol/Tuesdays at 8:00pm (Kweyol Discussion):**
- **Your Right to Know/Thursdays at 6:15 p.m. (Min. of Ed. Prog).**
- **Take 2/Fridays at 6:15pm (Week in Review)**
- **Weflechi/Fridays at 6:40pm - (Week in Review—Kweyol)**

For the complete programme guide, log on to our website at [www.stlucia.gov.lc](http://www.stlucia.gov.lc) and then click on the NTN icon.

[www.stlucia.gov.lc](http://www.stlucia.gov.lc)

Saint Lucia NATIONWIDE is published every fortnight by the Department of Information Services.

Contact us at: The Department of Information Services, Graham Louisy Administrative Building, The Waterfront, Castries, St. Lucia, West Indies  
Tel: (758) 468 2116; Fax (758) 453 1614; E-mail: [gis@candw.lc](mailto:gis@candw.lc); <http://stlucia.gov.lc>