



NATIONWIDE

A publication of the Department of Information Services



Prime Minister and Minister of Finance Dr. Kenny Anthony

SAINT LUCIA'S FIRST BILLION DOLLAR BUDGET

THE 2006 – 2007
BUDGET ADDRESS



H.E. The Governor General
Dame Pearlette Louisy

IS SAINT LUCIA STILL A PLACE CALLED HOME?

THE 2006 THRONE SPEECH: "ON BEING SAINT LUCIAN"

See pages 4 & 5

This edition of *St. Lucia Nationwide* is devoted entirely to two significant addresses that were delivered in the country's Parliament this week: (i) the 2006 - 2007 Budget Presentation by Prime Minister and Minister of Finance Dr. Kenny Anthony in which he announced St. Lucia's first ever billion dollar budget and (ii) the Throne Speech by the Governor General, Dame Pearlette Louisy, which was largely a discourse on differences between St. Lucian society of yesteryear and that of today and the implications for the country.

In laying the Budget Estimates for the 2006 – 2007 fiscal year before the House of Assembly on Tuesday evening, the Prime Minister said: "The total planned level of expenditure amounts to \$1,121.5million, representing an increase of 17.3 percent over the planned budgetary outlay in the 2005 – 2006 fiscal year. In effect this is a 1.1 billion dollar budget. This is the first time that St. Lucia has struck or reached this line of a budget."

The budget address was entitled, "From Recovery to Expansion" and sought to show how the economy had recovered from the recession of 2001 and how it was now in a phase of expansion and almost at the point of overheat-

ing. The budget address revealed the touch of a Minister of Finance acutely cognizant of the challenges of managing such a delicately poised economy but one determined to continue the policies which have hauled the economy out of its earlier severe slump. The Prime Minister's Budget Presentation also showed that his St. Lucia Labour Party Government had not panicked because of the loss of the recent Central Castries by election just months before the impending general elections and so rushed into presenting a so called election year budget that would have promised tons of goodies which the electorate and opposition parties were bound to have dubbed as election gimmicks. On the contrary, the Government displayed a calm but firm resolve to continue on the track which it believed had led to the creation of a billion dollar economy that is now one of the leading economies in the region.

On Tuesday also, St. Lucia's Governor General Dame Pearlette Louisy delivered the 2006 Throne Speech to open the Sixth Session of the Eighth Parliament of St. Lucia. But this was a Throne Speech which was historic in its departure from the norm. Traditionally, Throne Speeches are mainly taken up with outlining a Government's legislative policies for a fiscal year. Dame Pearlette did announce a legislative agenda

for fiscal 2006 – 2007, but it was a short one dictated by the fact that general elections are due to be held sometime this year. As she said, "As most of us are aware, a convention has developed that General Elections are normally held on, before or about the anniversary of the previous General Elections. As such, my Government's legislative agenda will be short."

What was historic about the Throne Speech however was that it concentrated almost entirely on the nature of St. Lucian society and the St. Lucian identity. Entitled, "On Being St. Lucian", it is a comparative philosophical analysis of the St. Lucia of yesterday and the St. Lucia of today, urging St. Lucians to realise that the answer to some of today's social problems was a return to the cultural and moral values of yesterday that had defined a "St. Lucian", that had made St. Lucia "a place called home" to all St. Lucians – whether they were seeking their fortunes in strange far away lands or toiling in the countryside here. The 2006 Throne Speech is a sobering, thought provoking critique on dealing with the question of modernisation and development of the country in today's age of globalisation; its impact was certainly enhanced by the brilliance of the GG's Kweyol version (and its delivery) of the speech. The Speech is also very timely - for the same reason that caused the Governor General to

present a short legislative agenda. Her speech probes at the reason why St. Lucia is no longer the place of the past called home and what this means for the country. According to her, "Mr. President, Mr. Speaker, these ponderous social, cultural and economic issues also affect the political landscape and it is against this backdrop that Saint Lucians will go to the polls later this year." The voters could not have been armed with a better analysis of the state of their society.

The economic implications for the country of its first ever billion dollar budget are not insignificant and so it is important to understand its details. At the same time, the acceleration in economic development, which the billion dollar budget symbolises, affects the country socially and culturally; and that is why this Throne speech is so noteworthy, as it raises the issues of the implications of modernization for a developing country. The Governor General's Throne speech is at Pages 4 -5. It should be noted however that the excellent Kweyol summaries in the address have been omitted here but will be published separately. The balance of the paper contains excerpts from the Budget Presentation, highlighting some of the main issues that are of immediate concern to the everyday man.



"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



An Economy Going from Recovery to Expansion

The following is an excerpt from Part 1 of the 2006 - 2007 Budget Address by the Minister of Finance, Prime Minister Dr. Kenny Anthony

Following the severe recession in 2001, Saint Lucia's economy has grown from strength to strength. In 2002, real GDP grew, albeit marginally, by 0.5 percent as the economy emerged out of the deep recession. Since then, the growth rate has picked up strongly, moving from 3.1 percent in 2003 to 4.0 percent in 2004 and now, to 5.4 percent in 2005. This momentum is expected to continue, and, barring any natural disasters, a growth of 6.6 percent is projected in 2006. This is not an accident. Mr. Speaker, it is the outcome of the sound economic policies that this Government has pursued.

Economic Forecast 2006 – 2008

I am of the view, Mr. Speaker, that this phase of economic expansion will continue through 2006 into 2008. This growth will be sustained by significant activity in the tourism, construction and banking/financial sectors. It is clear, from the report on economic developments in the country for 2005, that the deliberate counter-cyclical fiscal measures and incentive programs implemented over the last five years have been successful. The economy is therefore poised to benefit over the medium term from the policy yield of the last few years. Growth, however, is likely to decelerate to more sustainable levels as investment stabilizes and consumption increases.

Performance of Domestic Economy

The expansion in the economy Mr. Speaker, was driven by the Tourism Industry, the Construction Sector, and Manufacturing.

Tourism Expansion

Developments in the tourism industry have had a catalytic impact on the performance of other sectors of the economy. This is evident by the large scale projects currently in progress, and the new plants which commenced operations during the 2005 calendar year. There have been positive spill-over effects into construction activity, tourism transportation, the distributive trades, banking and insurance services, which no doubt have increased the number of jobs available for Saint Lucians.

Mr. Speaker, the growth in visitor arrivals continued despite the emergence of several threats to the sector. These factors included increases in oil prices, continued challenges in major source markets and the impact of an active hurricane season. The Tourism Sector, as measured by the value added contributions of hotels and restaurants, expanded by 6.3 percent and accounted for 13.6 percent of real GDP, retaining its position as the principal engine of economic growth in Saint Lucia.

Visitor arrivals for January to December 2005 registered significant increases for stay-over and yachting visitors of 6.5 percent and 21.9 percent respectively. The growth in stay-over arrivals is attributable to the Jazz Festival, the strong wedding and honeymoon niche market, increased airlift capacity from the United States and Europe, the hosting of international cricket matches and the marketing efforts of the Saint Lucia Tourist Board. However, U.S. home porting and constraints in the domestic berthing capacity limited the overall performance of the cruise sector, which registered a decrease of 18 percent below

figures for 2004. This sector, however, is poised for significant recovery in 2006 – 2007.

The hotel occupancy rate increased by 6.8 percent. This mirrored the performance of stay over arrivals. The all-inclusive category recorded moderate growth in occupancy levels while conventional hotels and small properties showed considerable improvements of 14.2 percent and 5.8 percent, respectively.

Construction Activity

Construction activity in 2005 posted a 10.4 percent growth, while its share of real GDP increased from 6.7 percent in 2004 to 8 percent in 2005. This growth was led largely by private sector construction activity, particularly in the tourism and housing sectors. Public sector construction expenditure more than doubled to \$134.5 million after recording a decline of 9.2 percent in 2004.

Manufacturing Output

The value of manufacturing output for 2005 increased by 10.2 percent to \$156.7 million, compared to a growth of 3 percent in 2004. The continued strong performance of the food and beverage, paper and paper board, and electrical components sub-sectors accounted for 80 percent of the production of the manufacturing sector. That sector's contribution to real GDP was measured at 5.6 percent. The strides made by the manufacturing sector in 2005 are an important milestone as this sector prepares to face the challenges of operating in a more liberalized and competitive environment.

Agriculture And Fisheries

Notwithstanding an increase in live-stock production, Mr. Speaker, indications are that the agricultural sector struggled in 2005, with reduction in the output of bananas, non-traditional crops and fish landings. The real output of this sector fell by 22 percent in 2005 following marginal growth of 1.8 percent in the previous year. Banana production fell by 36.2 percent, as a result of the combined impact of Hurricane Ivan in September 2004, which destroyed an estimated 1400 acres, and Leaf Spot disease. Further, there were also significant declines in the value added contribution of non-traditional crops of 16.9 percent and fisheries by 6.8 percent.

In contrast, the livestock sub-sector expanded for the second consecutive year, with a growth of 2.1 percent.

Financial Sector

Developments in the financial sector during 2005 were reflective of activity in the real economy. The banking and insurance sector expanded by 8.7 percent, following a growth of 4.9 percent in the previous year. The banking sub-sector, which grew by 9.9 percent, contributed significantly to that strong performance.

In 2005, Mr. Speaker, consistent with the expansion taking place within the economy, domestic credit increased by 21.3 percent to \$1.8 billion, largely on account of increased demand for loans by the private sector. Households and business credit grew by 13.3 percent to \$951.01 million and 19.2 percent to \$966.3 million respectively. The net credit to Central Government fell by 33.7 percent to \$84.9 million, as a result of strong growth in deposits of 14.6 percent.

Deposit liabilities grew by 13.3 percent to \$2.5 billion in 2005. Of this amount, 41.0 percent were savings deposits, which grew by 12.8 percent to \$1.04 billion, following moderate growth of 6.9 percent in 2004. Time deposits grew by 5.8 percent to \$797.5 million, following marginal growth of 0.4 percent in 2004. By contrast, demand deposits grew by 20.3 percent to \$621.3 million, building on growth of 38.7 percent in 2004.

During 2005, there was a tightening of liquidity as measured by the loans and

advances to deposits ratio. The ratio rose from 80.7 to 85.7, as the growth in loans and advances of 20.3 percent outstripped the 13.3 percent expansion in deposits.

Rising international petroleum prices increased inflationary pressure during 2005. The inflation rate, as measured by the percentage change in the 12-month average of the Consumer Price Index (CPI), increased to 3.9 percent, compared to a rate of 1.5 percent in 2004. On the domestic front, movements in the CPI were influenced largely by the Food, Fuel/Light and Transport/Communications sub-indices, reflecting the pass-through effects of rising global oil prices.

Trade And Balance of Payments

Mr. Speaker, in 2005 the value of imports increased by 11.1 percent to \$1.2 billion compared with growth of 4.1 percent in 2004. Exports, on the other hand, declined by 31.9 percent to \$170.6 million, on account of the decline in banana production. Consequently, this led to a widening of the trade deficit by 29.3 percent to \$906.2 million.

In contrast to the performance in the merchandise trade account, the surplus in the services account grew by 9.6 percent to \$640.3 million, following a growth of 24.9 percent in 2005. This performance was supported by a 9.3 percent increase in inflows associated with activity in the tourism industry.

The surplus on the capital and financial account rose by 28.2 percent to \$448.9 million, representing 20.4 percent of GDP. On the capital account, Mr. Speaker, capital grants declined from a low base of \$6 million to \$4.2 million, reflecting the delayed implementation of new and revised procedures by the European Commission for accessing and spending grant funds. The surplus on the capital and financial account was insufficient to offset the current account deficit and as a result an overall balance of payments deficit of \$46.9 million was recorded. This, Mr. Speaker, was financed by drawing down on Saint Lucia's share of the imputed reserves in the Eastern Caribbean Central Bank.

Central Government Fiscal Operations

Mr. Speaker, I am delighted to report that Central Government's Fiscal Operations improved significantly in 2005/2006, reflecting strengthened revenue performance as a result of continued economic expansion and moderate growth in expenditure. The current surplus increased to \$83.0 million or 3.5 percent of GDP, mainly due to improved revenue performance of 7.7 percent, and moderate growth in expenditure of only 3.7 percent.

Tax Revenue Collections

Tax revenue collections exceeded the approved Estimates by \$72.0 million or 13 percent and amounted to \$554.6 million. This year's collections were also 10.1% higher than last year.

The Customs and Excise Department collected \$326.4 million - approximately \$21.8 million or 7 percent more than the approved Estimates. Revenue from the Inland Revenue Department amounted to \$237.5 million and was \$49.8 million or 26.5 percent above the approved Estimates.

Mr Speaker, I know that the usual sceptics will question the growth rate of 5.4 percent for last year. However, as they say, the proof of the pudding is in the eating. Revenue can only grow as fast as the economy is expanding, so one provides proof of the other.

Current expenditure increased by 6.2 percent to \$512.7 million over 2004/2005, reflecting higher wages and salaries, pension contributions, rental payments, utilities and communications. Capital expenditure on the other hand continued to be affected by implementation delays and

consequently declined by 3.8 percent to \$158 million.

Current revenue increased by 7 percent to \$595.6 million in the fiscal year 2005/2006 and was significantly influenced by a 17.4 percent increase in revenue from International Trade.

Mr. Speaker, total outstanding public debt, which stood at \$1.53 billion, declined slightly as a percentage of GDP from 64.9 percent in 2004 to 64.1 percent by the close of 2005. However, Central Government debt increased by 9.7 percent to \$1.30 billion or 55 percent of GDP. It is important to note that as a result, Saint Lucia remains within the prudential limit of the 60 percent Central Government debt to GDP ratio prescribed by international institutions and is the only independent CARICOM member State, with the exception of Trinidad and Tobago, which is below the limit.

In keeping with Government's debt management policy of refinancing high cost loans with cheaper financial instruments, interest payments fell by 7.7 percent to \$72 million in 2005/2006, compared with an increase of 19.7 percent in the previous year. In 2005, the average cost of debt declined, leading to a corresponding drop in the weighted average cost of debt to 5.93 percent from 5.96 percent in 2004.

Decline In Unemployment

Mr. Speaker, the progressive improvement of real output growth over the period 2001 to 2005 has also reflected positively on the labour market. Trend analysis of the data derived from the labour force survey indicates that the unemployment rate has declined considerably during the economic expansion phase 2003 to 2005. According to the Department of Statistics, the unemployment rate dropped by 3.6 percentage points from an average of 22.3 percent in 2003 to 18.7 percent in 2005. It is also important to note that as economic activity intensified during 2005, there was a corresponding fall in unemployment within the country. Thus, an unemployment rate of 15.7 percent was recorded over the period October to December 2005, a full four (4) percentage points lower than the rate recorded during the same period in 2003. This is one of the three lowest unemployment rates recorded since 1992, when the Department of Statistics commenced the compilation of data on unemployment, and it is instructive to note that even in the heyday of the banana industry, the lowest unemployment rate that Saint Lucia recorded was 15 percent.

According to Mr. Edwin St. Catherine, the Director of Statistics and I quote him, "The main driver for the decline in the unemployment rate is growth in the number of employment opportunities available in the hotels and restaurants and the Construction Sector, with employment in hotels and restaurants skewed towards the employment of women by a factor of two women to every one man employed and a factor of six men to every one woman employed in the construction sector. The Hotels and Restaurants Sectors added approximately 3,500 persons, while the Construction Sector added approximately 2,500 persons. While this is a healthy development, it must be sustained since the situation can be reversed due to the cyclical nature of construction activity and the fickle nature of the Tourism Sector.

For the first time, quarterly employment statistics for the 2nd and 3rd quarter of 2005 are indicating that the number of persons employed in the Hotels and Restaurants Sector has surpassed the Agriculture Sector, recording in the third quarter a total of 8,980 persons employed when compared to 7,460. The Construction Sector employed approximately as many persons as did the Agriculture Sector in the 3rd Quarter of 2005".

Given the forecast for a greater level of economic activity in 2006, I predict that the unemployment rate will be even lower in 2006. Saint Lucia is therefore positioned to experience its lowest rate of unemployment over the last fifteen years.

2006 - 2007 Budget Proposals

Government Reduces Consumption Tax on Key Food Items

Cost of Living Challenges

Mr. Speaker, a frequent topic on our Talk Shows these past few weeks, has been the issue of rising retail prices. No citizen is immune and all have been affected. All kinds of reasons have been offered for this phenomenon. Some say it is because there is no competition in the super-market business. Others blame the absence of price controls. Still others say that the increases in prices have to do with “greed”.

Before I indicate what options are available, I want to spend a few minutes to explain the regime of taxes that applies to food items.

Imported food is subject to three taxes, namely Import Duty, Consumption Tax and Service Charge. The Environmental Levy, contrary to what some believe, does not apply to food items. In other words, food items are exempted from the Environmental Levy.

The rates of Duty for all imported goods into Saint Lucia are CARICOM-determined rates. We do not set these rates. They are set by CARICOM because all CARICOM States have a common rate of duty, usually described as the Common External Tariff, on goods originating outside of CARICOM. The

objective is to protect goods produced in CARICOM. We cannot change these rates of duty without seeking and obtaining the approval of CARICOM.

Then there is the regime of Consumption Tax. The Consumption Tax, introduced in Saint Lucia in 1968, is a domestic tax, which applies to all goods on a non-discriminatory basis. In recent years it has been adjusted upwards in order to compensate for losses in revenue arising from the changes in duties. Some items like potatoes, garlic, some peas and beans do not attract any Consumption Taxes. Others do, and the rates may vary from 0 – 5 percent, 5-15 percent and exceptionally 0-25 percent.

One commodity group that has attracted considerable interest in recent times is milk and dairy products. Several citizens have approached me to complain about recent increases in the price of milk. However, Honourable Members would be surprised to know that Government charges no duty on milk and milk products. There is, however, a 5 percent Consumption Tax. In effect, Mr. Speaker, contrary to the popular belief, the increases in the price of milk and milk products have little or nothing to do with increases in Duty.

Service Charge, Mr. Speaker, ap-

plies to all goods entering Saint Lucia and was introduced in 1989. Currently, it is set at 5 percent.

When determining the respective rates, the challenge for any Minister of Finance is to balance the rates in such a way as to enhance the opportunities available to local producers, while simultaneously safeguarding the interest of the consumer. Take an item like tomato ketchup. The duty imposed on this commodity is 30%. If CARICOM had to reduce the duty on tomato ketchup, then ketchup imported from outside of CARICOM would become cheaper, competing directly not only with Baron’s and other locally produced ketchup, but with all other ketchup produced in CARICOM. The same applies to chicken parts. Chicken is a staple in our diet. If Government, decided, for whatever reason, to reduce the CARICOM-imposed rates of duty on whole chicken, then we might as well say goodbye to locally produced whole chicken, because the imported chicken would become considerably cheaper than our locally produced chicken. Interestingly, Mr. Speaker, the Government does not charge or impose any Import Duty on chicken backs, wings or legs; only Consumption Taxes apply.

There is, Mr. Speaker, one other myth that I wish to expose. Contrary to the popular view, price controls do not prevent increases in the retail prices of commodities. Price Controls normally limit the profit mark-ups that a retailer is allowed to enjoy. Thus, if the importer is compelled to pay more for the items from abroad, for example, because the cost of fuel has increased, then the price of the items will still show increases on the shelves, even though the profit margin is controlled.

Mr. Speaker, I do not wish to down play the challenges that face us. Everywhere in the region, Governments are contending with increases in the cost of living. Earlier in my presentation, I pointed out that every Government has had to contend with rising inflation. There is no doubt that the increases in the price of fuel are primarily responsible for this inflationary spiral. The price of fuel has led to higher costs of production and expectedly, higher shipping costs. As long as the price of fuel continues to increase, so too, will the price of imported goods.

How then do we deal with this situation? Our Government, Mr. Speaker, will reduce the rate of Consumption Tax on a list of items. **I propose as follows:**

Proposed Consumption Tax Reduction on Seleted Food Items

Food Item	Import Duty	Current Consumption Tax	Proposed Consumption Tax
Chicken Backs & Necks	0%	5%	0%
Chicken Wings	0%	5%	0%
Chicken Thighs, Breast, Leg Quarters, Legs	0%	5%	0%
Chicken Drumsticks	0%	5%	0%
Turkey Backs, Necks & Wings	0%	5%	0%
Turkey Drumsticks	0%	5%	0%
Evaporated Milk	0%	10%	5%
Powdered Milk	0%	10%	0%
Red Kidney Beans	40%	5%	0%
Disposable Baby Diapers	0%	30%	5%
Canned Tuna Fish	5%	10%	5%
Canned Mackerel	5%	15%	10%
Canned Sausages	30%	20%	10%

THRONE SPEECH
BY HER EXCELLENCY THE
GOVERNOR GENERAL
DAME PEARLETTE LOUISY,
GCSL, GCMG, D.ST.JJ,
PH.D., LL.D. (Hon)
ON THE OCCASION OF THE
OPENING OF THE SIXTH
SESSION
OF THE EIGHTH
PARLIAMENT
OF SAINT LUCIA

There was a time not so long ago, when one could look at the Saint Lucian landscape and read a hundred years of history in the unscarred hill, the ancient road, the old stone church, the quiet unchanged village. That present was not so different from its past. We could still inhabit the same world as our grandparents and great-grandparents.

A Place Called Home

We lived the same lives, very often in the same house. We spoke the same language. When our sons and daughters left these shores to study or work for a better life, they knew they could return to that same village or township, to the certainty of that eternal landscape where people passed, and the place remained reassuringly the same.

There was a certain sanctuary in that slow pace; a sanity, if you will. There was a calm, devoid of the frenzy of living elsewhere. There was a dependable quiet which stabilized, reinforced, and reminded us of where we came from and who we were. There was a place called home to which we could return, in body and in memory, as to a green spring, or quiet cove for refreshment and renewal.

It is no doubt nostalgic. Something of a romantic notion: this ideal of old mountains and relatives that live forever. It is the sort of thing that a St. Omer might paint, or a Walcott might write about: this idea of an idyllic “passage” peopled with safe, dependable faces: fearless fishermen, familiar folk, country musicians, stoic school teachers and the matronly midwife.

It is the sort of story we would like to tell our grandchildren: about the old town clerk, the policeman, the overseer, the JP, and the parish priest. Through birth, first-communion, marriage and death, a manifest tradition presided over all the important milestones of our lives, and order characterised our existence.

In reality of course, that order was not chosen but imposed by material poverty, a lack of options, and few resources. We were a fledgling people, easing off the yoke of colonialism and dependency. Many had only their labour and some land.

But here were a people who endured and who overcame with the barest of amenities: no piped water, electricity, or telephones. Here were a people who dared not hope for the benefits of public healthcare and universal education but managed to produce world-class scholars. Here were a people without national insurance benefits who could not dream of a job in the national bank, owning their own bus, or being their own boss.

And yet they became the foundation and the pillars of a new society; a society where people had role models, a sense of moral authority, an understanding of civic responsibility, and an appetite for social equity. We rose out of that ordered, even regimented society, and, despite its social stratification, that society knew itself intimately and held itself together with the kind of discipline and dignity that poverty and an absence of options often impose.

We lived through and triumphed over the circumstances of our history. In the paucity of our little island theatre we became



Dame Pearlette Louisy
Governor General

lead characters in the dramas of our own lives. We worked hard and managed to love each other. We aspired and achieved. We proved that size had nothing to do with determination. We gave the world two Nobel Laureates. We did this with a sense of community, despite the desperate circumstances of geography and history.

The Passing of Communal Life

But today, Mr. President, Mr. Speaker, the concept of communal life is too quickly passing from us. The idea of people bound together by more than blood is becoming increasingly illusive. The youth, though they may live in the same house, no longer speak the same language as their elders. We are becoming a house divided into so many factions that it is difficult to define, much less discover, that emotional and spiritual place called home. We are in danger of losing sight of that society which anchored us and which reminded us of who we are, how far we have come, and where we might choose to go.

It would seem then Mr. President, Mr. Speaker, that one of the luxuries of better living is the ability to leave our past behind. It would seem that among the spin-offs of development is the option of abandoning our history. We have, it appears, earned the right of amnesia and the benefit of forgetting who we are and what it means to be a Saint Lucian.

A Radical Transformation

In the last fifteen years, a radical transformation of the Saint Lucian landscape has taken place. This transformation is likely to accelerate in coming years to a pace unforeseen. The old plantation economy is no more. New highways, schools, hotels, harbours, banks, and other businesses have risen from the soil. A ferry terminal stands where once there was a banana shed. Sleepy villages have awoken from slumber to find that there is a living to be earned. International travel and communication are common place for people from all walks of life. Consumer tastes and preferences have become cosmopolitan. In the home, televisions are often more common than radios. Computers have replaced books. The cell phone is everywhere. We have, as they say, “arrived!”

A Pervasive Modernising

There has been, you might say Mr. President, Mr. Speaker, a pervasive modernising of this society with all of the positives and negatives that the term implies. There has been irrevocable change upon the landscape and this has produced strains and stresses, physical and psychological. The diminution of the banana economy for example, has altered the pace and practice of rural living. The visible expansion in tourism has changed the physical environment. This affects where we work and where

we recreate.

The advent of the CSME may alter our demographics as citizens of this region exchange addresses: Saint Lucians will be attracted abroad just as our regional brothers and sisters will seek opportunity here. In the meantime, universal secondary education is altering the landscape of the mind. Compared to their parents, young students have an altogether different appreciation of the world and their role within it. Indeed, the Saint Lucian family is redefining itself from extended to nuclear to single-parent.

Impact of New Images

All these trends suggest that the young Saint Lucian psyche is being bombarded. New images of popular living are imported daily via the media and the internet. Those images include the glorification of violence and the trivialisation of sex, the corruption of society and the indulgence of the individual self. If we lack a keen understanding of ourselves and our own vision and values, then we will hasten to fill the void with what we are told is “fly”, “fab” and “gangsta”.

So when the world arrives at our doorstep, we welcome it in. We embrace liberalisation, communication and globalisation - lock, stock and barrel. Unfortunately, what we find in the barrel is more than we bargained for. Our openness has made us susceptible to a host of ills and potential vulnerabilities: crime, drugs, terrorism, HIV/aids, money laundering. But, surely we think, regular Saint Lucians and ordinary citizens are not engaged in all these evils. Well, maybe we need to think again, for it appears that we are all engaged in a society that is increasingly tolerant, even accommodating of these ills.

Turning A Blind Eye

We are engaged in a society that too often celebrates wrong doing and which turns a blind eye. We tend to criticize but not contribute. We are quick to talk but slow to act. Many know the problems but few will pioneer the solution. We are quick to condemn the victim and undermine the ambitious. We want employment but do not want to work for someone else. We gossip and spread ill will. We will go along with the popular lie rather than stand alone for truth. Is this what it means to be a Saint Lucian?

These are the ills of our chosen existence, and we must take responsibility for the society that is built upon them. Perhaps, the old Saint Lucian psyche would have found this unacceptable and revolted. Perhaps our former selves would have known how to take arms against this sea of troubles. Some Saint Lucians do feel strongly enough to protest from the comfort of their living rooms and the safety of Friday-night bars. But we are not quite ready to come forth and be counted. We are ill-equipped and not prepared to define or to defend the Saint Lucian way of life; the ideals of family, community, and society.

Looking To The State

Meanwhile, we look to the state to provide traditional public goods like health, infrastructure, education, and security. But it seems that we also look increasingly to government to clean the neighbourhoods that we pollute, to rebuild the schools that we destroy, to capture the criminals that we harbour, and to raise the children we bring into the world. How often have we used the old adage: the solution must start in the schools, when we know full well that the solution must start in the home? A place called home which once was the heart of our country.

It is perhaps a perversion of our ingrained fight against the once colonial, once oppressive, once discriminatory system that

we continue to undermine the house that we ourselves have built. When we pull down our brother or our sister, what message do we send? Do not aspire; do not dream; do not try; do not succeed. We are saying to the world that we are not capable. We are denying ourselves while providing the means to be exploited.

At Odds With Ourselves

As triumphant as we have been as a young nation, we seem to be still deeply at odds with the idea of governing ourselves? Is this what it means to be Saint Lucian? How is this possible when we have already earned our independence? We have already proven that we can build a society worthy of preservation, even emulation. We have already proven that a small impoverished nation can pull itself out of the quagmire of dependency. We have already proven that we have something to offer as our legacy to the world.

These issues are not unique to Saint Lucia. They are the same for many developing countries seeking to actively define and preserve their identity in an increasingly borderless world. Let us not be fooled however about the benefits of a world without borders. Osmosis, Mr. President, Mr. Speaker, is a process by which substances move through a semi-permeable membrane. This sounds like integration, but regrettably, it is one-way. The more concentrated substance infiltrates the less concentrated substance. The flow only ends when the two substances are indistinguishable.



The Pitons - symbol of Saint Lucia's old mountains that live forever



Symbols of the new Saint Lucia - (L) a cruise ship from the all important tourist industry and (R) cell phones - a sign of Saint Lucia's new cosmopolitan consumer tastes

ON BEING SAINT LUCIAN

Part of A Whole

But, we do not integrate so as to be consumed or overcome. We integrate to be part of a whole that is greater than the sum of its parts. We need, therefore, to be strong of mind and purpose. In a world without borders, we do not wish to be indistinguishable; without our own national identity. Among our Caribbean brothers and sisters, among other world citizens and the community of nations, we must retain our Saint Lucian-ness; that which makes us who we are; something that no one else can be.

Similarly, we may need, welcome and encourage foreign investment, but we must be directing its course into those sectors that we think appropriate. For this to happen, we need to be focused, realistic and strategic about our own strengths and how we will derive our long-term benefits. We too have goods and services for sale, and CSME or not, we need to promote our strengths in the international marketplace. Let us not turn as usual upon our brother, as if he is the enemy. Let us see our brother as our first challenge, knowing that if we can convince each other of our worthiness, then surely we can more easily convince the world.

Reinforcing National Consciousness

We know that we are strong in services, while others are strong in manufacturing. We are powerful in Tourism while others are rich in energy. These realities will not change soon, and being confident in our own skin is as much of an economic advantage as any other resource. If we are to benefit from the CSME and not see ourselves as lesser cousins of the regional family, we must re-establish and reinforce a sense of identity in the national consciousness.

This is a collective responsibility, and one which must be spearheaded by the would-be custodians of the national patrimony: our national foundations, historical societies, our trusts and other institutions dedicated to research and education; ministries engaged in community empowerment and social transformation, and not least, our media. This is your challenge.

Even our Tourism authorities, dutifully defining our tourism product, must be aware that they are also defining our face to the world, and by extension, they are defining the national personality.

Mr. President, Mr Speaker, these ponderous social, cultural and economic issues also affect the political landscape and it is against this backdrop that Saint Lucians will go to the polls later this year. As most of us are



aware, a convention has developed that General Elections are normally held on, before or about the anniversary of the previous General Elections. As such, my Government's legislative agenda will be short.

Legislative Agenda

Mr. President, Mr. Speaker, my Government will assign priority to the Bills that were introduced in the previous session of Parliament. These include: (1) The Consumer Credit Bill; (2) The Private Security Bill; and (3) The Disaster Management Bill.

In the course of this Parliamentary Session, my Government intends to introduce a Protective Services Compensation Bill. This Bill is aimed at providing compensation to fire officers, correctional officers and police officers who suffer injury in the line of duty.

In the area of Health Sector Reform, my Government will introduce for enactment a Health Practitioners Bill. This Bill is currently in its final stages of consultations. The Bill will provide for the registration and regulation of health practitioners to allow for more efficiency and greater accountability in the health care system. With the increased popularity of alternative health care practices, issues have been raised with respect to the accountability of individuals who engage in the practice of alternative medicine. Consequently, the Bill will also introduce a mechanism for the registration and regulation of such persons, normally described as allied health practitioners.

Revisiting Holidays With Pay

Mr. President, Mr. Speaker, my Government is determined that the Labour Code is enacted during this Parliamentary Session. There are, however, some old laws and practices which require overhaul. One such law is the Holidays With Pay Act, now Chapter 16:11 of the Revised Laws of Saint Lucia. This Act, formerly an Ordinance, entered into force on June 11, 1965.

Section 3 (1) (a) of that Act stipulated that at the end of each succeeding year of employment an [employee] shall be entitled to an annual holiday of at least fourteen days. This provision has remained in effect for forty one years. In 1985, the Wages Regulations (Clerks) Order was enacted. This Order provided that Clerks, and others so described, shall, in respect of the first completed year of service and each completed year thereafter, up to and including the fifth year, be entitled to fourteen (14) working days. In respect of the 6th year and each subsequent completed year the employee shall be entitled to twenty one (21) working days. But this regulation applied only to clerks but not ordinary workers.

Mr. President, Mr. Speaker, it should be noted that there is a wide disparity between workers in the Private Sector and workers in the Public Sector. Public Officers are normally entitled to twenty one (21) working days, irrespective of their years of service.

After forty-one years, the time has come to effect adjustments to this regime and ensure greater equity among our workers. My Government intends to effect changes to this regime, but consistent with the objective of reaching consensus on the Labour Code, will discuss its proposals with the Social Partners. The new provisions will appear in the Labour Code.

Initiative In Crime Prevention

This modest legislative agenda notwithstanding, my government will continue to invest in national security and crime prevention. For example, Mr President, Mr. Speaker, ever mindful of the exigencies of Cricket World Cup 2007 and the

rising levels of violent crime, my Government has approached Her Majesty's Government in the United Kingdom to assist with recruiting seven (7) highly experienced, former British Police Officers on a two year contractual basis to serve in the Royal Saint Lucia Police Force.

These officers will be essential elements of my Government's strategy to build capacity in the Royal Saint Lucia Police Force and to increase the efficiency and effectiveness of the Force. They will help us to enhance our intelligence capacity, develop a research and development capability, improve public relations and relations with the community, introduce better management systems and processes, make better use of management information, and provide more effective and comprehensive training. Equally importantly, they will assist my Government in its police reform agenda, which will include an anti-corruption programme. New and additional posts will be created to accommodate these officers.

Based on discussions with Her Majesty's Government, the officers will be assigned responsibilities in: (1) Crime and Intelligence; (2) Management and Professional Standards, including anti-corruption; (3) Crime Analysis and Crime Management; (4) Research and Development; (5) Investigations; and (6) Community Policing.

The Police Welfare Association will shortly be consulted and fully briefed on this initiative.

In availing ourselves of this assistance, Saint Lucia will become the third country in the region, after Trinidad and Tobago and Jamaica, to make use of the expertise of British Police Officers within the national Police Force.

Mr. President, Mr. Speaker, Honourable Members will be pleased to know that my Government will finance the cost of these officers by accessing the Petroleum Stabilisation Fund established by the Government of Trinidad and Tobago.

An Eye on Productivity

Mr. President, Mr. Speaker, in this new era of challenges we have no choice but to press ahead, mindful as we are of both our strengths and our shortcomings. One clear signal that we must heed comes in the form of a warning from international development agencies, such as the World Bank and the International Monetary Fund (IMF), which both have cautioned Saint Lucia to keep a watchful eye on productivity. Similar concerns have also been expressed by our Private Sector.

The issue with which we must contend is the fact that wage rates and labour costs in Saint Lucia are rising faster than national output. This means that we are eroding our competitive edge in the international market place, and we must now exercise restraint. The challenge then is to link wage and salary increases to improvements in real output. We have to find ways to improve both the quantity and the quality of production, whether of goods or services, to make sure that we offer value for money in all that we produce.

If there is no improvement in quantity and quality while production costs remain high, the relative costs of goods and services from Saint Lucia will become even less attractive compared to those from other economies, even within the region. This will result in declining demand for our goods and services because we will be seen as a high-cost, low-quality economy, susceptible to inflation and recession.

This is simply not sustainable, and during the coming months therefore, mechanisms will have to be jointly explored by both public and private sectors to link wage and salary adjustments to productivity and output. Several models exist within the region where the social partners engage in joint action to curb this dangerous trend. In Barbados, for example, there exists a



Members of the Royal Saint Lucia Police Force which will receive seven British Police Officers

National Productivity Council, which engages in a wide variety of productivity enhancement activities, including management and worker training. Such is the level of concern, that my Government will allocate resources to support initiatives of this nature, particularly those which engage the social partners in collaborative initiatives on a national scale.

Conclusion

Mr President, Mr Speaker, in cataloguing concerns of national import, it is not my intention to bemoan or demoralize, but to alert and draw attention to those issues that threaten our nation from within. There is little point in pretending that all our woes are external; that the world owes us a living; or that we will somehow continue to prosper indefinitely without conscious and collective endeavour. It simply is not so, and to turn a blind eye or a deaf ear to our shortcomings is to walk senseless off the high cliff of foolish pride, pettiness, and false pretension.

How much better then to let the world know that we are a good and noble people; that Saint Lucia and Saint Lucians have much to offer the world. Let the world know that we are an intelligent, imaginative people, proud of our island with its glorious past and promising future. Let the world know that our talents, like our aspirations, our ambitions and our imaginations, are limitless. Let them see that in this global environment, we are a nation without boundaries, and that we will neither impose on ourselves, nor accept from others, any limitations on our universe of possibilities.

Let them know by our word and our deeds that we are a nation that has triumphed over the adversities of history and geography and taken our place among the citizens of the world. There is no office, no position, no opportunity, no responsibility of which we are not worthy, or to which we, for reasons of birth, race or economic circumstance, should not aspire.

We have given the world two Nobel Laureates. We have celebrated a quarter century of peaceful democratic independence. You will also find us lending vision and leadership in private enterprise and government institutions, in foundations and universities, in regional and international agencies, whether in the OECS, CARICOM, the OAS, or the United Nations.

Fellow Saint Lucians, let us not now lower our sights. Let us set our ambitions high and work together to achieve them. Let us extend the hand of cooperation to each other, fulfilling the great potential of every single individual citizen of this our precious, our only nation: this place we all call home – Saint Lucia.

And so, Mr. President, Mr. Speaker, it is now my pleasure to declare open the Sixth Session of the Eighth Parliament of Saint Lucia.

2006 - 2007 Budget Proposals

Coping With High Fuel Prices

As you are aware Mr. Speaker, fuel prices have been the focus of our attention over the last year. Undoubtedly, you have been following the erratic movements in the international price of oil and I am sure that you, along with the citizens of Saint Lucia, have been concerned about the impact that oil prices have had on the price of items that we import for consumption. There should be no doubt in our minds now that oil prices have a significant impact on the cost of living in Saint Lucia. More importantly, we continue to be concerned about the effects that the escalating prices have on eroding our revenue base.

A significant percentage of our Consumption Tax on imports comes from oil imports. Whenever international oil prices increase and we do not make the commensurate adjustments, Government loses revenue. This, of course, has the effect of limiting our ability to fund our operations. The IMF has identified this as a threat to our fiscal position.

Mr. Speaker, the present situation is precarious and untenable. Over the period 2002-2005, oil prices have increased by more than US\$30 per barrel, reaching as high as US\$70 per barrel. While oil prices averaged in the range of US\$60-\$66 per barrel over the first three months in 2006, prices have increased considerably in the month of April, reaching a peak of US\$75 per barrel on April 21. Given the continued geo-political uncertainties in the Gulf, especially Iran's nuclear standoff with the international community and disruptions in the supply in Nigeria, the prognosis is that oil prices will remain in the range US\$65-US\$70 per barrel.

Consumption Tax On Petroleum

Government has, to the extent possible, adopted an energy pricing policy which aims at keeping retail prices fixed in the face of rising oil prices. This pol-



A petroleum station

icy has been undertaken at great cost, resulting in the erosion of Consumption Tax revenue from petroleum. Mr. Speaker, as I speak, the Consumption Tax rate is negative, which in effect means that Government is subsidising the cost of fuel. The current subsidy is around 19 cents per gallon. While the Government will do all in its power to minimise the inflationary impact on the consumer, the current policy, is simply unsustainable.

Subsidising The Cost of LPG

It is not only unleaded fuel that is subsidised from time to time. The Government has continued its policy of subsidising the cost of LPG or "cooking gas" as it is more commonly known, in an attempt to reduce the cost of living to consumers. The current subsidy on LPG is 59 cents per pound, which in effect amounts to a subsidy of \$14.75

per 25 pound cylinder. In other words, Mr. Speaker, every single time someone buys a small cylinder of "cooking gas", Government is paying \$14.75 to ensure that the price of that cylinder remains at a level that Saint Lucians can afford.

We will continue to monitor the situation. If prices remain high and do not recede, then the Government will have no choice but to join other CARICOM States and announce increases.

The constant movement in oil prices points to the need to look into alternative ways by which revenue can be collected on a more transparent and consistent basis. So, during the course of the year, Government will be undertaking an assessment of a mechanism that will accomplish this objective. We are aware that other CARICOM States have implemented procedures to stabilize their revenue intake, and so we will be pursuing this initiative along with a proposal that was tabled at a recent ECCB Monetary Council meeting in February this year.

This review will also include an assessment of the request by Petroleum Dealers for an increase in dealer margins. They have been knocking on the door for some time.

Minimising Effects of Oil Prices

Mr. Speaker, I have spoken at length about the burden of high oil prices. Saint Lucia needs to make adjustments in energy policy to minimise the effects of these high prices. Part of the response has to do with encouraging our citizens to invest in energy-saving devices. We must begin to prepare for the inevitable.

I have had the opportunity to review initiatives elsewhere in the region, and propose to adopt some to our use and circumstances.

Energy Efficient Building Materials

Mr. Speaker, there is currently a housing boom in Saint Lucia. I, however, wish to urge Saint Lucians to pay special attention in designing their

homes, especially in relation to using materials that keep houses cooler. These materials include window tint, ceramic roof coating, roof insulation and thermal barriers. I propose to reduce the rate of import duty on these items, which generally attract a rate ranging from 15 – 20 percent, to a rate of 5 percent. In so doing, Mr. Speaker, I hope that home owners would choose their building materials wisely.

Home Energy Audits

Mr. Speaker, we tend to be very wasteful in the use of energy in our homes, incurring significant and sometimes unnecessary energy costs. I want to encourage Saint Lucians to be more economical in the use of energy by carrying out home audits. Each household will require different advice depending on their respective energy needs.

In order to encourage home energy audits and conservation systems that are recommended as a result of the audit, I wish to propose that up to \$2,500 be allowed as a one-off tax deduction from assessable income to persons who undertake such audits of their properties and implement the recommendations of the audit in the year that the deduction is claimed. The Ministry of Communications, Works, Transport and Public Utilities will develop the criteria for approval and certification of the auditors.

Encouraging The Use of Fluorescent Bulbs

A significant percentage of a household's electricity consumption is from the use of light bulbs. Many households continue to use incandescent bulbs, rather than fluorescent bulbs, despite the fact that the latter is up to five times more energy efficient than the former.

In an effort to encourage households to switch to fluorescent bulbs, I propose to reduce the import duty rate on fluorescent bulbs, which carries the same rate as incandescent bulbs, from 20% to 5%.

Continued on page 7



Bottles of LPG or cooking gas whose cost is subsidised by Government

Continued from page 6

Purchase of Hybrid Vehicles

It is evident Mr. Speaker, that high gas prices are here to stay. As supplies dwindle, gas prices are likely to continue to increase. It is therefore important for us to be futuristic and encourage the use of vehicles that are run on alternative energy sources. In keeping with this vision, Mr. Speaker, I propose that new hybrid vehicles, as well as those powered by solar energy, LPG and Compressed Natural Gas, will attract a flat Excise Tax rate of 15 percent, irrespective of engine size, as compared to the lowest rate of 20.5 percent on regular cars.

I hope, Mr. Speaker that this concession will encourage an enterprising Car Dealer to explore the possibility of importing such vehicles into Saint Lucia. Government is also willing to enter into discussions with the Petroleum Dealers Association to consider options for retrofitting existing fuel stations to cater to these hybrid vehicles.



A diesel pickup on which the consumption tax will drop by 15%

Effective June 01, 2006 the following Excise Tax Regime will apply to diesel powered vehicles:

Category	Import Duty	Current Excise Tax	Proposed Consumption Tax
Diesel coaches and buses not exceeding 21 passengers	35%	33.75%	20%
Diesel coaches and buses exceeding 21 but less than 29 passengers	35%	23.75%	15%
Coaches of a capacity exceeding 29 passengers	35%	23.75%	15%
Other diesel motor vehicles with compression	35%	33.75%	20%
Diesel motor cars less than 1500cc	35%	23.75%	15%
Diesel motor cars exceeding 1500cc but less than 2000cc	35%	50.75%	40%
Diesel motor cars exceeding 2000cc but less than 2500cc	35%	65%	50%
Diesel motor cars exceeding 2500cc	35%	65%	50%
Other Diesel Cars designed principally for transportation	35%	65%	50%
Diesel trucks and pick ups not exceeding 5 tonnes	20%	55%	40%

Property Tax Anxieties

Mr. Speaker, I wish to touch on an issue that has attracted considerable concern and anxiety throughout the length and breadth of Saint Lucia. I refer to the ongoing assessments for Property Tax.

I wish to emphasise the following: (1) Property Tax legislation has been in existence since 1950; (2) Up until 2001, homeowners, depending on where they lived, paid one of three rates of Property Tax – 7 percent, 8 percent or 14 percent – on the assessed rental value of their properties; (3) In 2001, Government reduced the rate of Property Tax to a single rate of 5 percent. I repeat, Mr. Speaker, this Government reduced the rate

that it inherited; (4) This Government exempted three categories of persons from the payment of Property Tax: (a) Persons who qualify as pensioners as defined in the National Insurance Act; (b) First time home owners who carry a mortgage. Depending on the value of their mortgage, they will either be totally exempted or receive a rebate; (c) Persons whose household income is less than \$6,000 per annum.

How then, Mr. Speaker, does a poor person owning a small house end up paying Property Tax? The simple fact is that if a family owns less than \$6,000 per year then that family does not pay Property Tax.

Further, Mr. Speaker, there is provision in the law to grant the waiver of

Property Tax on the basis of poverty.

I repeat for emphasis, Mr. Speaker, the exemptions just outlined were introduced by this Government. All of these provisions are enacted in Section 7 of the Land and House Tax Act, Cap 15:13 of the Revised Laws of Saint Lucia.

There is one other aspect that I wish to address. In the 2003/2004 Budget Address, I announced that Government would further amend the Land and House Tax Ordinance to exempt all pensioners from the payment of Property Tax once their sole source of income is a pension. The amendment has not yet been enacted and I pledge to ensure that it is done in this Parliamentary session.

Mr. Speaker, I do understand the

anxieties about the assessments. However, some who complain will in fact be exempted. The current exercise is necessary to determine who qualifies to pay Property Tax and who ought to be exempted. It is only the assessments that will provide accurate information. Every citizen must remember that they have a right to appeal against any assessment conducted by designated officials of the Inland Revenue Department.

I hope, Mr. Speaker, that this information, although already clearly stated in the 2001/2002 Budget Address, will assist Parliamentarians to respond to the misinformation that is circulated by those whose sole objective is mischief.

2006-2007 Budget Proposals and Cricket World Cup 2007



Beausejour Cricket Ground with its lights for night matches

Mr. Speaker, everyone knows by now that we will be hosts to the 2007 Cricket World Cup. Indeed, the Government of Saint Lucia has borrowed funds to facilitate the development of facilities and for other necessary preparations, including some very important legacy components. It is perhaps opportune that I remind Saint Lucians that it is the Government of Saint Lucia, and not the ICC or any other entity that is funding all of our preparations for the Cricket World Cup. Therefore, every playing facility that is upgraded, be it the Mindoo Phillip Park or the Gros Islet Playing Field, all of the flood lights that are installed at the Beausejour Cricket Ground, every yard of public road that is rehabilitated along the Beausejour Bella Rosa road, all of the improvements in our Emergency Medical Services and our Security Services, every volunteer who is trained, and every one of our communities that is branded, is paid for by the Government of Saint Lucia.

Our guiding principle has been that we want to host the best Cricket World Cup ever and that the event should bring economic benefit for as wide a cross-section of our population as possible. Moreover, while we strive to do so, we must recognize that we are a developing country, and that the hosting of the Cricket World Cup is just one of the many challenges that we must face.

The Aftermath of Cricket World Cup: A Soft Landing?

But Mr. Speaker, the Cricket World Cup event will come and go and after all the euphoria of hosting the exciting matches and the thousands of visitors, we will all be holding our collective breath and wondering what next. Will we be able to cope with the expansion that was created in our economy? Will there be, as some predict, a hard fall for

the economy? Is our economy doomed for a period in the doldrums in the post Cricket World Cup period?

We do not pretend to be clairvoyant Mr. Speaker, but these are questions that we considered very carefully when we made the decision to bid to be a host venue in the 2007 ICC Cricket World Cup.

Our predictions are that our economy will grow by no less than 6.6% and 5.4% in 2006 and 2007 respectively. Our projections show a reduced GDP growth in 2008 and resurgence in 2009. Our analysis shows that the inevitable slowdown in investment associated with the completion of major projects will be offset by an increase in consumption related to the increased employment generated by the new hotels. Of course, Mr. Speaker our predictions need to be tempered with the uncertainties that inevitably arise when one is making economic projections so far down the road. More specifically, I wish to point out that certain events, over which we have no control, like a world recession or an oil price shock, could derail our projections. However, what these predictions assist us in doing is to take a more clinical look at the areas of economic activity to which we should pay attention.

And herein lies our ability to influence whether the aftermath of the 2007 Cricket World Cup will be a hard or soft landing.

Mr. Speaker, there are some things that we do know. We know that there is going to be an increase in hotel rooms, a legacy of the event. So we need to make every effort to keep these rooms filled after the event. Therefore, it will be necessary for us to start working with the property owners to see how we can work collectively to ensure that occupancies remain high. This calls for strategic marketing initiatives, increasing the airlift and ensuring that our service delivery remains at extremely high levels.

We also know Mr. Speaker, that a legacy of the Cricket World Cup will

be the enhanced skills of our people in the service, construction and entertainment sectors. These new found skills will be available to enhance our productivity. With productivity gains, this country can move the productivity quotient to higher levels. And I dare say Mr. Speaker, this will serve us well in the CSME environment.

Another legacy that will benefit this country is the improvement in some of our major sporting facilities. This will undoubtedly enhance our ability to become a sports centre in the region, serving as an attraction for regional and international sporting events, especially cricket.

Our national security and health and emergency services systems and infrastructure will also be significantly enhanced as a result of the investments that will be made for Cricket World Cup. The positive impacts of these improvements will be felt and appreciated both within our resident population as well as in the tourism sector.

So are we going to have a hard or soft landing? I suggest Mr. Speaker, that the answer to that question depends on us. If we seize the opportunities, if we are bold and make timely policy interventions, I believe that we will have a soft landing.

Concessions For Car Rental Sector

Cricket World Cup, Mr. Speaker, will place heavy and extraordinary demands not only on our infrastructure but also on the availability of services. One sector that will come under severe pressure is the Car Rental Sub-Sector.

I am advised by the Association of Independent Automobile Owners that the current combined fleet of the members of the Association is approximately 600 vehicles. They estimate that the existing fleet should be increased to 750 vehicles to meet the expected demand during and after the Cricket World Cup.

The Government is also concerned that there is equity of treatment across

the sub-sectors in the Tourism Industry. Concessions have already been extended to hotels, bed and breakfast providers, and of course, taxi-drivers, all in the build up to Cricket World Cup.

Having reviewed the expected demand, Government has agreed to a 100 percent waiver of Import Duty and Excise Tax on the purchase of new vehicles by companies and individuals engaged in the Car-Rental Sector, subject to the following terms and conditions: (1) The concessions will apply only to vehicles purchased and landed in Saint Lucia during the period May 15, 2006 to February 28, 2007; (2) Purchasers will be required to pay Service Charge and Environmental Levy on the vehicles as required by Law; (3) Car Rental Operators must: (a) Be declared "approved" operators by the Ministry of Tourism and be in existence as of April 25, 2006; (b) Confirm the use of the vehicles purchased, or imported exclusively in the Car Rental Sector; and (c) Retain vehicles that are granted the concessions for a minimum period of three (3) years. Thereafter, the vehicles may be sold without the payment of Import Duty and Excise Tax.

Any breach of these conditions will render a defaulting operator liable to the payment of the Import Duty and Excise Tax foregone.



THIS WEEK ON NTN

NTN SPOTLIGHTS BUDGET PROCEEDINGS

The 2006-2007 Throne
Speech by Governor
General Dame Pearlette
Louisy, the Budget
Presentation by
Prime Minister Hon.
Dr. Kenny Anthony
and the subsequent
Budget Debate by
parliamentarians will
dominate programming
on NTN throughout
this and ensuing weeks.
Viewers are therefore
asked to take note of this
change in programme
scheduling.

For the complete programme guide,
log on to our website at www.stlucia.gov.lc
and then click on the NTN icon.

www.stlucia.gov.lc