Presented by:
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Minister of Finance
to
THE HOUSE
OF REPRESENTATIVES

February 13, 2004

“Promoting Economic and Social Development through People’s Participation”
1.0 INTRODUCTION

Mr. Speaker, I beg to move the following Motion standing in my name: “Whereas it is necessary to provide for the State of Grenada for the year 2004 by means of an Appropriation Act;

Be it resolved that the Estimates of Expenditure for the year 2004 be approved.”

Mr. Speaker, as this is a Money Motion, I am pleased to inform this honourable House that I have the consent of the Governor General to proceed with this Motion.

Mr. Speaker, the Standing Committee on Finance convened on 5th February 2004, and considered and approved the Estimates of Expenditure for 2004. The Minutes of this Meeting have been laid on the Table earlier in these proceedings.

Mr. Speaker, I am compelled to commence the 2004 Budget Presentation by offering high praises to the Almighty God, in whom “we live and move and have our being” (Acts 17:28) for His faithfulness and favour in the past year.

Permit me to express on behalf of the New National Party Administration, our deep appreciation to the People of Grenada, Carriacou and Petite Martinique for entrusting us with the responsibility to manage the affairs of this beloved Country for yet another term. We assure you that the confidence that you have reposed in us, at this challenging time in our history, will not be betrayed.

Mr. Speaker, permit me also to extend congratulations to the newly elected members of Parliament, especially those on the Opposition side. I am confident that they will bring to this honourable House, a sense of patriotism and commitment to national development. Indeed, the entire Country is looking forward to intellectual and stimulating debates, which will redound to the benefit of our Nation.
Theme and Focus

Mr. Speaker, only one week ago, we celebrated the 30th Anniversary of the birth of our Nation under the theme, “Grenada Recognizing our worth, celebrating our achievements, exploring new frontiers”.

Today, I am highly honoured to have the opportunity to present the first Budget of our Seventh Parliament under the theme “Promoting Economic and Social Development through People’s Participation”.

Mr. Speaker, this theme has been carefully chosen, to reflect the foremost priority that this NNP Administration attaches to “putting people first” in the process of national development.

Mr. Speaker, the level of infrastructural development undertaken by this Administration over the past 81/2 years is unprecedented and unparalleled in history of this Nation.

Over $600 million have been spent on improving our road networks, building and upgrading schools, hospitals, seaport and airport, constructing of sporting facilities, improvement in water supply, among other activities.

These investments have significantly improved the quality of life of our people. Moreover, such investments have provided the enabling environment for the creation of new businesses, expansion of existing business concerns and massive home construction. Indeed, our national assets have dramatically increased both in value and quality.

Mr. Speaker, this Government is convinced that the investments that it has undertaken in upgrading and expanding our physical infrastructure, have created a solid foundation on which we can now build a viable and sustainable economy.

In this regard, the theme for this Budget Presentation is a clear signal of Government’s intention to place greater focus on the social dimensions of development. Accordingly, the specific needs of our
people, as they relate to health care, education and skills development, culture, youth development and sports, as well as assistance to the poor and needy, will take precedence.

Additionally, priority attention will be given to stimulating the productive sectors of our economy, namely Agriculture, Tourism and Agro-processing, to create sustainable employment and generate revenue to finance our development programme.

Public Consultations

Mr. Speaker, this Administration is fully committed to the principle of dialogue and consultation as a means of obtaining broad consensus on matters of national importance. In this regard, I am pleased to inform this honourable House that the series of public consultations, which preceded this budget presentation, was a tremendous success.

We are, indeed, impressed with the depth of knowledge, resourcefulness and understanding, which reside among our People, and in particular, our farming community.

This 2004 Budget Presentation, Mr. Speaker, is not only informed, but also enriched by the recommendations, which have flowed from these consultations. For this, we are eternally grateful.

Mr. Speaker, it is the intention of this Administration, to strengthen the Consultative Process. In this regard, the Multipartite Consultation Committee will be restructured to engage our social partners in more meaningful and constructive dialogue.

Furthermore, the Ministries of Finance and Education have been mandated to engage our public sector unions in regular consultations on issues that are of major importance to workers. This step will complement the standing policy of this Government, to hold consultations with various stakeholders on matters of national interest.
Mr. Speaker, because of the consultative process that preceded today’s Presentation, I am confident that this Budget will be a significant contribution towards the realisation of our Government’s vision of a Healthy, Educated, Productive and Prosperous Nation.

I now turn my attention to the external economic environment.

2.0 EXTERNAL ECONOMIC ENVIRONMENT

Despite some adverse developments in the first half of 2003, including the war in Iraq; the SARS virus; and a hike in oil prices, the global economy is estimated to have grown by 3.2 percent compared with 3.0 percent in 2002. This positive economic performance was influenced largely by the improvement of the US economy.

In the Eastern Caribbean Currency Union, the economic recovery that began in 2002 gained some momentum in 2003. According to provisional data, growth in real output is estimated at 2.4 per cent in 2003 compared with 0.2 per cent in 2002.

This is rather encouraging, considering the fact that both our domestic economy, and the OECS Economy, as a whole, experienced negative growth in 2001 and 2002 following the September 11th events in the USA.

The EC dollar remains strong. At the end of September 2003, the foreign exchange backing of the Eastern Caribbean currency was 96 percent. This means that for every EC dollar in circulation, there was 96 cents in foreign exchange reserves.

I now turn to the performance of the local economy.

3.0 GRENADA’S ECONOMIC AND FISCAL PERFORMANCE

Mr. Speaker, improvements in the global economy impacted positively on our own domestic performance. Following a contraction
of 3.4 percent in 2001 and a slight recovery in 2002, preliminary estimates indicate that the economy rebounded to record real growth of 3.4 percent in 2003 (almost 1% higher than the average for the Eastern Caribbean). This creditable performance was the direct result of increased economic activity in most of the productive and service sectors of the economy.

The increased level of economic activity resulted in a decline in the level of unemployment in the country with the creation of new jobs in the manufacturing, construction and telecommunication sectors. Data from the NIS indicated that the number of newly registered employees was up by 66.6 percent to 5,388 with many of these representing first-time employees.

The rate of inflation as measured by changes in the Consumer Price Index remained low at an average of 1.6% in 2003.

During that same period however, salaries and wages paid to workers in both the private and public sectors increased on average by 4%. The net effect was a 2.4% increase in real wages, which translates into an improvement in the standard of living of our workers.

Mr. Speaker, while I am on the subject of wages and salaries, I wish to speak on recent adjustment to the salaries of Ministers of Government. It should be recalled that in my 2002 Budget Presentation, I announced Cabinet’s decision to reduce the salaries of all Ministers by 10%. This decision was taken against the backdrop of the slow down in Grenada’s economy following the events of September 11.

As a result of this decision, the salary of Ministers moved from $65,000 per annum to $58,500 per annum. In December 2003, Cabinet took a decision to return the salaries of Ministers to $65,000 per annum.

As is the convention, Ministers of Government will receive a retroactive payment at the same rate as public officers. This means, Ministers will receive backpay of 2.5% for 2002 and 3.0% for 2003 on the
reduced salary of $58,500 per annum.

Mr. Speaker, it should be noted that, on average, each Minister gave up approximately $13,000 of salary over the past two years. It is wrong for anyone to suggest that Ministers are taking back the income they gave up two years ago. We shall not. We made a sacrifice!

Mr. Speaker, it is my intention to table in this honourable House, the Economic and Social Review for 2003 during the second quarter of this year. At that time, I shall speak in a comprehensive manner on the state of the local economy.

3.1 Fiscal Operations

Mr. Speaker, in 2003, central government operations resulted in a current account surplus of EC$38.3m. This was substantially higher than the $9.2m current account surplus registered in 2002. In fact, Grenada’s fiscal performance in 2003 was among the best recorded in the ECCU. It was also Grenada’s best fiscal performance since 2000. The higher surplus in 2003 was due to an 11% rise in current revenue to $323.5m and a 1.9% fall in recurrent expenditure to $285.1m.

It must be noted that for the first time in three years, the Customs Department surpassed its revenue target. The Comptroller of Customs and his staff must be highly commended for this performance. Commendations are also extended to the Comptroller and staff of the Inland Revenue Department for a good effort in 2003.

The current account surplus facilitated the continued implementation of a large capital programme in 2003, as capital expenditure remained high at EC$155.4m (14.1 percent of GDP). The capital expenditure was also partly financed in the form of grants of EC$59.2m. Hence the overall deficit was EC$57.7m (5.2 percent of GDP) and was financed in the form of loans from both domestic and external sources.
3.2 Public Debt

As at December 31, 2003, the central government debt was $970.9 million consisting of:

- External Debt - $729.3m
- Domestic Debt - $241.6m

Additionally, Government provided guarantees to several Statutory Bodies and Private Enterprises amounting to $260 million. Compared to other member countries in the ECCU, Grenada’s Public Debt Stock is not excessive. Consider for example, the debt stock of the following member countries at June 30, 2003:

- Antigua $2615.0m
- St. Kits/Nevis $1579.6m
- St. Vincent $731.0m
- St. Lucia $1109.8m
- Dominica $896.6m

Mr. Speaker, this government has demonstrated that it has the capacity to service and manage its debt. This is underscored by the fact that we have not defaulted on our international or domestic obligations; we continue to meet our obligations to our Public Workers on time; reputable international and local financial institutions continue to show strong interest in Grenada as a safe place to invest; and we have maintained our relatively good international credit rating.

Debt Management Strategy

Mr. Speaker, Government will pursue an active debt management strategy predicated on two basic objectives:

1. To ensure Government’s development financing and liquidity needs are met at the lowest possible cost; and
2. To lower the Public Debt-GDP ratio to 60% over the next 5-7 years.

In pursuit of these basic objectives, Government will continue to undertake the following:

I. Promote higher levels of economic growth, which will lead to higher levels of national income and government revenue.

II. Refinance existing debts thereby reducing the costs of debt servicing.

III. Strengthen the Public Sector Investment Programme to ensure better-designed projects.

IV. Limit new commercial borrowing to primarily productive sector investments.

V. Reduce the level and number of government guarantees thereby reducing the contingent liabilities of Government.

VI. Use the Regional Government Securities Market to lower the cost of government securities such as treasury bills and bonds.

VII. Make appropriate use of the international capital markets to diversify investor base and promote foreign direct investments.

VIII. Provide continuous training for staff in the Ministry of Finance in advanced debt management and investment analysis.

3.3 Compensation Claims

Mr. Speaker, recent research by the Ministries of Legal Affairs and Finance reveals that compensation claims against the State for the acquisition of lands total approximately $40 million.
The majority of these claims are the result of actions of past Governments, which acquired private properties and did not pay for them. The lengthy delays have resulted in spiraling interest costs. In some instances, the interest accrued has now surpassed the original claim.

In recent years, even with tight fiscal constraints, this Government has settled some of these claims. In 2004, Government will attempt to honour many of these outstanding claims. Further, Government will seek to enter into agreements with claimants who have not initiated litigation and have waited patiently for their payments.

As a consequence of this commitment, Government intends to borrow funds at the lowest possible cost to settle these claims.

Mr. Speaker, this is the action of a courageous, caring and committed Government.

4.0 OBJECTIVES OF THE 2004 BUDGET

As indicated earlier, the theme selected for the 2004 Budget is “Promoting Economic and Social Development through People’s Participation”.

Mr. Speaker, our Government fundamentally believes that development is a process of improving the quality of life of our people. This process includes higher incomes, better education, better health care, less poverty, a cleaner environment, more equality of opportunity, greater individual freedom and a rich cultural life. Furthermore, this process has two sides economic development and social development.

With this development philosophy in mind, the primary objectives of this Budget are:

ü To stimulate the development of Grenada’s leading productive
sectors, with particular emphasis on Agriculture and Tourism.

- To accelerate the pace of human development through education and training;
- To provide for improved delivery of quality health care;
- To provide opportunities for the development of our youth;
- To reduce the cost of living on selected consumer items; and
- To maintain the level of social safety nets for the poor and disadvantaged.

I now turn to the Estimates of Revenue and Expenditure for 2004.

5.0 ESTIMATES OF REVENUE AND EXPENDITURE FOR 2004

Mr. Speaker, in pursuit of the foregoing objectives, the 2004 Estimates of Expenditure provides for a total expenditure (including amortisation) of $595.9 million distributed as follows:

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Expenditure</td>
<td>$341.2 million</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>$179.7 million</td>
</tr>
<tr>
<td>Amortisation</td>
<td>$75.0 million</td>
</tr>
</tbody>
</table>

Mr. Speaker, the budgeted current expenditure of $341.2 million is 20 percent more than actual current expenditure in 2003. This growth is due to increases in personal emoluments, transfers and subsidies and interest payments.

The major areas of current expenditure are Personal Emoluments, which is $151.7 million (or 44.5 %); Interest payments, which is $71.7 million (or 21%); Pensions and Gratuities, which is $35.7 million (or 10.5%).
Current revenue for 2004 is projected at $370.2 million, approximately 14.4 percent more than the current revenue collected in 2003. Tax Revenue is estimated at $312.2 million based on significant improvement in the collection of general consumption tax, personal income tax and corporate income tax. The tax revenue projection includes $189.1 million from Customs and Excise and $123.1 million from the Inland Revenue Department.

In addition, Non Tax Revenue is estimated at $58 million, a 45 percent increase over the previous year. This projection reflects increased user fees and more aggressive collection efforts.

A current account surplus of $29 million, which is 2.6 percent of GDP, at market prices, is projected for 2004.

Mr. Speaker, of the $179.7 million estimated for capital expenditure, $72.8 million or 40.5 percent will be financed from local revenues while the remaining $106.9 million or 59.5 percent will come from external sources. Of the $106.9 million in external financing, $50 million represents grants while $56.9 million represents loans.

Mr. Speaker, in this age of declining foreign aid and concessionary financing, greater reliance must be placed on domestic resources to finance our development needs. In this regard, government will rely on the following measures to achieve its recurrent revenue targets for 2004:

I. increased buoyancy of the tax regime resulting from higher levels of economic growth;
II. greater efficiency in revenue collections at the Customs, Inland Revenue and various ministries and departments;
III. As stated earlier, greater reliance will also be placed on non-tax sources of revenues, such as user fees and licences fees;
IV. Careful contraction of additional debt;
V. Rationalization of concessions to eliminate abuse, and to prevent disincentives to improving operational efficiencies; and
VI. Higher levels of voluntary compliance, on the part of taxpayers.
It must be made absolutely clear, however, that where such compliance is not forthcoming, Government will vigorously enforce the various laws, to ensure compliance. Additionally, persons who are found guilty of tax evasion, under-invoicing, and smuggling, face the possibility of having their names and pictures published.

Anyone who assists such offenders in these illegal practices will also face the same or similar consequences.

5.1 REVENUE ENHANCEMENT MEASURES

Mr. Speaker, I am pleased to announce that for yet another year there are no new taxes or levies in the 2004 Budget.

However, I must announce, that from 1st March, 2004 there will be an increase in Licences fees and user fees on a selected range of services.

Mr. Speaker, it must be noted that for some of these services, the fees charged have not changed for more than 30 years and in some instances are as low as twenty-five cents.

The following examples will illustrate:

The licence fee currently charged to operate a Refreshment House is EC$2.40 per year, this will now increase to $40.00. For a Hotel, the fee will increase from $2.40 to $100.00.

The licence fee currently charged to operate a bakery is .25¢ per year (yes, .25¢!). This fee will increase to $20.00.

Mr. Speaker, the full range of services for which Licences Fees and User Fees have increased is provided in Appendix VI.

Mr. Speaker, we believe that with the wider range of services that Government is being called upon to provide, our people must be
prepared to pay for these services. However, special provisions must be made for the very poor and needy. Our philosophy is simple: those who can pay, must pay! The days of free lunches, or free books, are long over.

Mr. Speaker, it is in recognition of this fact, that one of the most significant recommendations from the recently held consultations on the National Budget is a Health and Education Levy to finance the operations of the New General Hospital, and the T. A. Marryshow Community College, respectively.

While we strongly recognize the need for additional resources to upgrade and expand the services provided by TAMCC, it is the opinion of this Administration that more consultation is necessary. Furthermore, adequate notice should be given before an Education Levy is introduced.

With regards to the Health Levy, we are not convinced that the range and quality of services currently offered at the New General Hospital warrant the imposition of such a Levy at this time. However, as the range and quality of service improves, those who can afford to pay will be required to do so.

The Ministry of Finance has been mandated to prepare a paper setting out the options for the Health and Education Levy. A key feature of this design will be the establishment of separate Funds (by Acts of Parliament) to ensure that any funds collected from the Levy go directly to the Hospital and T.A. Marryshow Community College rather than into the Consolidated Fund.

Our people will be engaged in further consultations on this matter after the paper is completed.

5.2 TAX REFORM

Mr. Speaker, the process of trade liberalization means lower and fewer import duties with the ultimate aim being to eliminate them
altogether. This process will lead to an eventual loss of government revenue from custom duties and taxes thus undermining Government’s fiscal regime. In 2003, $175 million or 53% of government’s revenue came from customs duties and taxes. Clearly, the process of liberalization necessitates appropriate and timely fiscal adjustment if Government is to remain viable and provide the current level of services required by the citizens of this Country.

Indeed, this was the primary consideration for the setting up of the OECS Tax Reform and Administration Commission headed by eminent economist, Grenadian-born, Sir Alister McIntyre. I am pleased to announce that this report has been submitted to all Governments of the OECS. It offers important recommendations for improved tax administration and revenue enhancement including the reintroduction of the Value Added Tax. Government intends to immediately circulate this report for public discussion.

Cognisant of the need for tax reform, it may be recalled in the 2003 Budget presentation, I informed the Nation that Government will seek technical assistance to design a transactions-based tax intended to be simple with a broad base and lower rates, as a replacement for some of our existing taxes.

This assistance has been received through the Caribbean Technical Assistance Centre (CARTAC). Its main recommendation is for the introduction of a broad-based, low-rate Value Added Tax.

Government is very mindful of the need for adequate preparation for any new tax regime not only for our tax administrators but also the business community and the general public. Accordingly, a special unit has been established in the Ministry of Finance to coordinate this tax reform process.

Cognizant of the commencement of the CARICOM Single Market and Economy (CSME) and the Free Trade Area of the Americas (FTAA) in 2005, Government has decided to work assiduously to reintroduce the Value Added Tax from January 2006.
The Ministry of Finance will soon commence public education and consultations on this tax reform.

Mr. Speaker, I now move to the Capital Expenditure program for 2004.

CAPITAL EXPENDITURE PROGRAMME 2004

5.3.1 INVESTMENTS FOR ECONOMIC DEVELOPMENT

A. AGRICULTURE

Mr. Speaker, the Agriculture Sector constitutes a vital pillar of our economy. The importance of this sector is derived primarily from its contribution to rural employment; good nutrition and domestic food security; foreign exchange earnings, and the creation of value-added products from manufacturing and its linkages to tourism. This Administration is therefore fully committed to making this sector more commercially viable.

In this context, the 2004 Budget provides for a total allocation of $34.2m, to this sector, of which $10.7m is for recurrent expenditure and $23.5m, is for capital expenditure.

Mr. Speaker, in my 2003 Budget Presentation, I articulated a comprehensive set of measures to promote food security and the development of the agriculture sector. Some of these measures have already been implemented and will continue this year. These include The Cocoa Revitalization Programme, The establishment of the Agro Processors Development Fund, Revitalization of the Banana Industry, Government’s support to the Nutmeg Industry, and the development of the Poultry Project in St. Mark’s, among others.

On this occasion, I will outline some additional interventions to be undertaken by this Administration for the continued revitalization of this important sector. Mr. Speaker, it must be noted that most
of these interventions were developed from the recommendations advanced by the farmers themselves, during the National Consultations on the 2004 Budget.

1. Concessions on Farm Vehicles

At present, eligible farmers receive 50% concessions on the purchase of a suitable vehicle if that vehicle is less than five years old. This concession is for a three-year period.

Government has decided to increase the concessions to 75%, on the purchase of a farm vehicle that is 10 years old or less. The duration of the concession remains at 3 years.

2. Agricultural Labour Subsidy

Mr. Speaker, Government recognizes the difficulties that most farmers face, not only in attracting labour, but also in financing labour costs.

In recognition of this fact, Government has agreed in principle to assist certified farmers with financial support to recruit much needed labour. The certified farmer will be required to contribute EC$25.00 per day while Government will contribute EC$10.00 per day, for every farm worker recruited.

In the first instance, the program will target the cleaning of economic tree crops that have been neglected or abandoned.

The Ministry of Agriculture will work out the terms and conditions of the programme after further consultations with farmers.

A sum of EC$1 million has been allocated in this year’s budget for this programme.
3. Agricultural Training Fund

Mr. Speaker, if agriculture is to be modernized, then new methods, and new technologies that will raise production and productivity must be introduced.

In this regard, Government will invest in training people, particularly our youth in acquiring such new skills and attitudes for a modernized agriculture.

An allocation of EC$1.35 million has been made in this year’s budget for this innovative training programme.

4. Agriculture Fertilizer Scheme

For many years, the farming community has complained about the high cost of fertilizer. Indeed, fertiliser is an essential input for agricultural production and productivity. Mr. Speaker, Sir, Government has heard these complaints.

In 2004, the Ministry of Agriculture will organize a bulk purchasing arrangement for fertilizer to reduce the unit cost to the farmers.

Appropriate consultation will be held with the large distributors and the Marketing and National Importing Board to explore the possibility of a public-private partnership for the Fertilizer Scheme.

This Budget has allocated $1 million for the Fertilizer Scheme.

5. Agricultural Research and Feasibility Studies

Mr. Speaker, modernization of the Agricultural Sector also requires that our farmers are up-to-date with new production techniques and market conditions that will improve production yields, while at the same time securing good markets for the crops, both locally and abroad.
This will require extensive and on-going production and market research, and feasibility studies.

In recognition of this imperative, Government has agreed to allocate $500,000 to undertake research and feasibility studies in various aspects of the sector, to include the sugar cane industry, minor spices and nutmeg processing. Furthermore, Government has already sought the assistance of the Caribbean Development Bank to finance a technical assistance study on secondary and tertiary processing of nutmegs.

6.  Support for Formation of National Farmers Association

Mr. Speaker, Government is in full support of initiatives from the Farming Community to form a National farmers Association. Such an Association will harness the ideas of farmers; make appropriate representation to Government and other regional and international fora; and will be an appropriate avenue for advocacy, training, and promotion of appropriate technologies. Government has allocated $30,000 in the Budget to support the formation of this association.

It is also anticipated that the National Farmers Association will be able to procure and distribute all inputs to farmers at reduced prices, utilizing the principle of Economies of Scale.

7.  Support to the 4H Movement

Mr. Speaker, this Administration firmly believes that the modernization of agriculture, and the introduction of new practices must of necessity begin with our young farmers, and particularly in our schools. In this regard, an allocation of EC$30,000 is made in this budget to enable the 4H Movement to carry out its planned activities among our future farmers.
8. Praedial Larceny

Government considers the ongoing practice of praedial larceny as a major crime against our farmers and our Nation.

As a caring Government we have listened to the cries and pleadings of our farmers.

In 2004, Government intends to launch a major counter-offensive against this scourge, which is plaguing the farming community.

In this regard, the registration of farmers by the Ministry of Agriculture will be intensified and substantially completed. At present, more than 2000 farmers have already registered but it is anticipated that there may be as many as 4000 farmers who are not yet registered. The process of registration is essential to combat praedial larceny.

Government will move to introduce a new Praedial Larceny Bill in Parliament by June of this year. The new law will, among other things, provide hefty fines and penalties for persons caught and convicted of this crime. Moreover, it will allow for a name and shame policy. Under this policy, persons convicted will have their names and photographs published in addition to the imposition of fines, penalties and prison sentences. Vendors who do business with these thieves will also be prosecuted.

To ensure the effective enforcement of the new law, the sum of $775,000 has been allocated in this Budget. These funds will be used to establish a mobile unit under the auspices of the Royal Grenada Police Force. Other features include a telephone hotline through which the community can provide information to this Unit.

The mobile Unit will work with existing neighbourhood farm watch programmes.

Mr. Speaker, I cannot overemphasise the need for a very strong collaboration among the farming community, the general public and the Police if this programme is to be successful.
Further, Government will grant 100% duty and tax concessions on all equipment purchased by farmers for farm surveillance.

9. Irrigation Development

One of the major factors constraining agricultural productivity and food production in Grenada is inadequate irrigation. This results in the seasonality of many agricultural crops and the volatility of domestic prices for these crops.

Arising from the recent consultations, Government has decided to provide resources for farmers to access much needed irrigation systems. Accordingly, the sum of $2.2 million has been earmarked for this purpose.

Under the irrigation programme for next year, several acres of banana-cultivated land will be irrigated, together with additional acres of other cultivated lands.

The Ministry of Agriculture will work with farmers to ensure easier access to appropriate irrigation technologies and will provide training in the use of these technologies.

Furthermore, Government will provide duty concessions to farmers who purchase irrigation equipment such as pumps for their farming enterprises.

10. Farm Roads Rehabilitation

Mr. Speaker, the Farm Roads Rehabilitation Programme involves several kilometres of farm roads in the main agricultural areas and is designed to increase agricultural production. The Budget provides $7 million for the construction, rehabilitation and maintenance of farm roads throughout the Country.

In addition to the provision of much needed infrastructure for the farming community, the Programme will provide employment op-
opportunities for many rural citizens.

11. Other Incentives

In addition, the following assistance will be provided to our farmers:

i. Incentives for the construction of small drains and ponds for irrigation purposes.

ii. Incentives for the setting up of surveillance systems.

iii. Incentives by way of duty free concessions for the construction of storage facilities.

iv. The Technical Division of the Ministry of Agriculture will be strengthened in order to ensure efficiency in the delivery of services to farmers.

v. Government, along with NAWASA will consider the feasibility of NAWASA providing untreated water for agricultural production in areas where rivers are accessible.

vi. Where possible, Government will make lands available to young farmers, by establishing a land bank.

vii. The Marketing and National Importing Board will be restructured, to make that Institution more responsive to the needs of farmers.

FISHING

The fishing industry continues to play an important role in the Grenadian economy. In 2003, total fish production exceeded $25 million. Fish exports were valued at more than $10 million.

I am pleased to note that work on the Grenville Fish Market is proceeding well and will be completed in March of this year. This market is being built as part of a grant of $32 million from the Government of Japan.

When completed, the people of St. Andrew’s will have a state of the art fish market with modern equipment and a new fish-landing jetty for the fishermen.
A provision of $450,000 is earmarked to complete the upgrading of fish market centers in St. John’s, St. Mark’s, St. Patrick’s and Carriacou. These improvements are essential to ensure Grenada remains on the list of countries authorized to export fish to the European Union.

The sum of $50,000 has been provided for jetty lights at Gouyave and Petit Martinique.

Mr. Speaker, in recognition of the very important contribution that our fisher folks make to national development, Government will continue to provide assistance to this sector by way of:

Fuel rebate.
- Budgetary Support for research in this sector especially in Rock Fishing.
- Grant of concessions on all equipment, to include CB Radios used by fishermen.
- Increased Coast Guard Patrol to intercept unauthorized foreign fishermen, and to provide Search and Rescue operations.
- A soft loan facility for fishermen to purchase boats, and communication systems.
- Reorganization of the Fisheries Unit, to provide more effective service to our fisher folks.

It should be noted that the fisher folks themselves made most of the recommendations just mentioned during the consultations on the National Budget.

Mr. Speaker, these are the actions of a listening Government that cares for the hard-working people of our Country.

TOURISM

Mr. Speaker, Government is fully committed to the growth and development of the tourism sector since it plays a major role in the
generation of employment and foreign exchange. Further, it provides significant opportunities for linkages with the agriculture and handicraft sectors.

From all indications, this important sector is poised for significant take-off. This is evident by the number of positive developments that have taken place during the past year; and the prospects for even more developments in 2004.

For example, the number of stay-over visitors increased by over 10 percent in 2003 as a result of increased air links to major metropolitan centres in the United Kingdom and the United States of America. Also, the number of stay-over visitors will increase as a result of the planned expansion of a number of hotel facilities and the construction of new properties, in anticipation of Grenada’s hosting of World Cup Cricket games in 2007.

Mr. Speaker, it may be recalled that as part of Government’s commitment to the revitalisation of small hotels, Government guaranteed a loan of US$8.9 million to the Garden Group, a collection of five small hotels.

This project commenced in June 2003 and will be substantially completed by December 2004 in time for the tourist winter season. The major jobs have been sub-contracted to local contractors.

On project completion, Garden Group Hotels Limited will have 160 rooms, conference facilities and other amenities.

Mr. Speaker, the number of cruise visitors to our shores is also expected to increase dramatically with the opening of the new Cruise Ship Terminal on Melville Street. The marine and dockside facilities are now complete; and will soon be handed over to the Government.

Mr. Speaker, the increased activity resulting from this project will bring significant benefits to hundreds of vendors, taxi-drivers, tour operators, restaurants and duty-free shop owners among others.
In support of the anticipated expansion of this important sector, Government has maintained its allocation of EC$15 million. This provision includes $9 million for marketing and promotion by the Grenada Board of Tourism and $4.8 million for joint marketing and risk sharing with several major airlines.

The Government of Grenada in collaboration with the European Commission has earmarked an amount of approximately 3.2 million Euros (approximately $8.5 million) for the restoration of three historic fortifications: Fort Matthews, Frederick and George. The aim is twofold: to preserve Grenada’s historic heritage; and to enhance the tourism product.

To this end, a management plan for the three forts was completed in September 2003 with funding from USAID.

In 2004, Government will commission a consultancy to prepare designs for the restoration works taking into account international consulting standards as proposed by UNESCO. These standards are important since Government intends to propose these forts for inscription on the UNESCO List of World Heritage Sites.

Work will continue on the provision of restroom facilities at our various attraction sites.

As promised, a lifeguard service at several of our major beaches and attraction sites will begin this year.

Cabinet is currently considering a proposal from the taxi-drivers association for a 50% duty and tax concession to improve the quality of the vehicles used to serve the increasing number of tourists. A decision will be made after further consultations with the taxi owners and drivers associations.

Mr. Speaker, Government is well aware of the need for considerable improvement in the quality of service offered to our visitors. In this
regard, the Hospitality Arts and Tourism School, under the auspices of the T.A. Marryshow Community College, will be launched later this year following the completion of the facilities jointly funded by the European Union and the Government of Grenada.

This Budget provides a training fund with an allocation of $500,000 to assist service providers particularly young people who are already in the industry and need to be upgraded. Persons who are interested in working in this industry, will also qualify for training.

OIL AND GAS

Mr. Speaker, on the basis of available research, there is the strong likelihood of significant deposits of natural gas and oil within Grenada’s territorial waters.

Indeed, there are already strong expressions of interest from several international firms in the exploration of Grenada’s oil and gas resources.

There can be no doubt that these natural resources, when exploited, have the potential to transform the economic and social landscape of this Country.

In 2004, Government intends to continue its negotiations with the Governments of Trinidad and Tobago and Venezuela on the delimitation of boundaries. The successful conclusion of these negotiations will pave the way for Grenada to commence oil and gas exploration.

5.3.2 INVESTMENTS FOR SOCIAL DEVELOPMENT

Education and Human Resource Development

Mr. Speaker, the development of our human resources constitutes the single most important element of our national development. In the context of an ever-changing global environment, it is imperative that our education system reflects our current national development priorities.
In this regard, Government approved a long-term education plan in 2002 following a highly participatory process. This plan focuses on six areas:

- access to education for the whole population;
- improved equity of education and student achievement;
- increased relevance of knowledge and work related skills of the Country’s human resources;
- strengthened relationships with education partners;
- improved efficiency, of the Ministry of Education, and school management; and
- consistent government financing and efficient use of resources.

As part of its commitment to the speedy implementation of this long term plan, Government recently signed a loan agreement with the World Bank for a project costing $30.5 million and to be implemented over the next four years. The Department for International Development (DFID) will contribute a grant of $2.1 million to this project.

The first component of this project will finance the expansion of three secondary schools in St. George’s, St. David’s and St. Andrews to relieve overcrowding by creating 520 new places. The schools are: the Grenada Boys’ Secondary (200 places), the Grenville Secondary (120 places) and the Westerhall Secondary (200 places).

Furthermore, given the poor physical conditions and inadequate equipment and materials, the project will finance 4 new learning resources centres and 11 science laboratories.

The second component will seek to improve the literacy and numeracy skills of our students in forms 1, 2 and 3 by revising the curriculum. The curriculum reform process will be based on a core curriculum policy developed by the Ministries of Education in the OECS. The policy aims to reduce the number of subjects to ensure the acquisition of basic skills by all students; introduce information
technology across all subjects; and make the subject content more relevant and attractive to students. The Ministry of Education will develop appropriate subject areas following consultations with key stakeholders. Principals, teachers and supervisors will be trained in the implementation of this new curriculum.

Mr. Speaker, good teachers are critical to the implementation of a successful education programme. Consequently, Government views the improvements in the quality of teaching and learning as very high priorities. Indeed, Government is taking urgent steps to address the 70% of secondary school teachers who are not trained to certificate level. With these priorities in mind, the project will place considerable emphasis on teacher training. Training will include:

- local training for 250 classroom teachers;
- local training for 28 technical teachers;
- distance learning for 40 technical teachers to degree level;
- overseas training for 4 special educators to degree level; and
- overseas postgraduate training for 10 teacher educators including 4 technical teacher educators.

It will also increase the capacity of the T.A. Marryshow Community College to deliver teacher training by creating a model classroom complete with IT facilities and equipment.

In pursuit of better learning outcomes, Government will introduce a textbook rental scheme. This scheme will benefit approximately 3000 students complementing the existing School Books and Uniform programme, which now assists hundreds of students every year.

The third component of the project will support Government’s efforts to improve the quality of school supervision. In this regard, 7 District Education Offices will be established complete with supervision teams. Each team will include among others an education officer and an early childhood supervisor and will provide focused supervision for each education district. Training in school manage-
ment will be organised for 80 principals and other senior administrators.

Furthermore, an Education Management Information System will be set up to provide timely and reliable information to measure school performance and to guide policy makers.

Mr. Speaker, Government will also be upgrading the physical conditions of our primary schools. This year, implementation will commence on a CDB-financed project to rehabilitate 13 primary schools and rebuild one primary school. Three of the schools under this $14 million project are in Carriacou.

Mindful of the need for more scholarships for our needy and aspiring students, this Budget has earmarked approximately $2 million for this purpose.

Mr. Speaker, the T.A. Marryshow Community College (TAMCC) is the main tertiary education institution in this Country. Over the past three years, full-time enrolment has risen by 76% to 1,872 reflecting the high demand for its services particularly in technical programmes.

As a consequence, Government is committed to the redevelopment of the Tanteen campus to cater for the needs of the growing student population and the local economy. In this regard, Government has sought the assistance of the Caribbean Development Bank for the preparation of a TAMCC strategic plan for the period 2004-2018. Moreover, a 10-year Facilities Master Plan for the physical expansion of the College is also being prepared.

When completed, these plans will pave the way for both the College and Government to seek much needed funding for TAMCC’s capital expansion programme.

The new Tourism and Hospitality Arts Training School will be commissioned in August of this year. This state of the art facility will
provide quality training for our students thereby preparing them for employment in our growing tourism industry. The College intends to offer one-year certificate programmes in several areas including: Food and Beverage operations, Front Office, Professional Waiting and Bartending and Culinary Arts. The curricula for these courses have been selected from the internationally recognised City and Guilds programme.

In 2004, work will commence on the construction of an additional six classrooms and a science laboratory partly financed by a grant from the European Union.

Mr. Speaker, in addition to a recurrent allocation of $4.5 million, this Budget provides $4.1 million for capital expansion of the College.

Mr. Speaker, the issue of knowledge enhancement has been addressed in great detail in previous Budget presentations. In 2004, Government will continue the implementation of National Information and Communication Technologies Action Plan. Some of the activities this year include the launch of the Government of Grenada website and the installation of computers in selected community centres.

The sum of $1.1 million has been allocated for the implementation of this plan.

YOUTH DEVELOPMENT

Mr. Speaker, the long-term success of a Nation resides in future generations. Postponing the active involvement of young people in nation building is not only dangerous but ultimately defeating. Our youth should not be viewed as a target group but rather as a key stakeholder in the processes of youth development and nation building.

Young people must be placed at the centre of the development process and be provided with the necessary skills and enabling conditions to meaningfully contribute to national development.
Government is therefore committed to implementing a comprehensive youth development programme, which will bring significant benefits to young people in every parish including Carriacou and Petite Martinique.

The first step will be to strengthen the Youth Department to deliver a coordinated and effective youth development programme. This process will necessitate recruitment and training of additional youth officers to ensure better coverage and quality service.

Further, a National Youth Advisory Committee will be established to advise Government on matters pertaining to youth development and to monitor the implementation of the National Youth Policy. Priority will be given to the formation of a national stakeholder network to ensure greater collaboration between governmental and non-governmental organisations involved in the provision of youth development services.

Mindful of the unemployment situation affecting our youth, Government will place even greater emphasis on providing opportunities for young people to acquire additional skills and work experience to better prepare them for the job market, and to empower them to create their own employment opportunities.

The Imani programme, which has already provided an opportunity for over 700 youths to acquire on the job training and work experience will also be expanded for more persons to benefit. Many trainees have been able to receive permanent employment through the programme, based on their performance during the training component.

Government will continue to use the Imani Programme to train young people leaving school who have no job experience, and will also assist persons completing their training to access opportunities to find permanent jobs, start their own businesses and to further their studies. A number of new components will be added to the
programme to ensure that participants are better rounded at the end of the training period.

The 2004 Budget provides $3.5 million for this programme.

Government will therefore initiate a number of skills training programmes at the community level. A special youth enterprise programme, which will target students at the primary school level, will also be launched this year. This programme will expose students at an early age to the concept of youth entrepreneurship. The Youth Enterprise Initiative will also be expanded to provide training, funding and support systems for young people to establish their own businesses. The sum of $60,000 has been allocated for this programme.

The National Youth Development Plan will seek to provide opportunities for young men and women to be actively involved in the economic and social life of our Nation. Emphasis will be placed on strengthening and supporting community based youth organisations, and forming new ones in communities where they do not exist. The focus will be on helping our youth to acquire positive values and attitude and to cultivate healthy life styles. An allocation of $50,000 is available for this programme.

Additionally, model youth development centres will be established, providing access to a wide range of positive activities and opportunities for youth participation for out of school youth and students. This concept will be expanded to other community centres in the coming years.

Youth involvement in decision-making processes will also be an area of focus. In this regard, young people will play a greater part in the consultative process and will have their views represented at various levels. One such mechanism will be the Multipartite Consultation Committee.

Mr. Speaker, the National Youth Parliament process will be strengthened by introducing youth parliaments at the parish level. The youth
parliaments will provide an excellent medium through which our young people can articulate the issues about which they are most concerned.

Mr. Speaker, I have no doubt that the National Youth Parliaments will produce young men and women who will one day their take their places as elected representatives of this honourable House.

Mr. Speaker, Grenada will be bidding to host games in Cricket World Cup 2007. In this regard, the Budget provides for the establishment of a secretariat to support the work of the National Bidding Committee.

Final designs for the upgrading and expansion of the National Stadium will be completed on the advice of the regional body responsible for organising Cricket World Cup 2007.

On the basis of this technical advice, Government will raise the required financing for the expansion of the National Stadium.

In 2004, Government will complete the Upgrading of Rural Sport Facilities in the parishes of St. David’s, St. John’s, St. Andrews’s and St. Patrick’s.

The sum of $2 million has been allocated for this project.

Mr. Speaker, over the next few years, Government intends to provide night lighting facilities at various playing fields across the Nation. We believe this is necessary for the sport development of our youth; the health and fitness of the general population; and the strengthening of family and community life. This Budget has earmarked $540,000 for the first phase of this programme.

As we have done in previous years, our Government will provide a number of athletic scholarships.

Overall, the 2004 Budget provides $8.5 million for youth and sport
HEALTH CARE

Mr. Speaker, the wealth of our Nation depends on the health of our Nation. Indeed, health and economic prosperity are mutually dependent.

Government is keenly aware of the concerns of many citizens about the state of health services particularly those provided at the General Hospital. We have heard the complaints of excessively long waiting periods; the malfunctioning of critical equipment; and the unavailability of certain services expected from a modern hospital.

As a consequence, the top priorities of the health sector, in 2004, are to strengthen hospital services and community health services.

CDB has approved a grant of approximately US$60,000 to assist the Ministry of Health with the preparation of a National Strategic Plan for Health for the period 2005-2009. Work on this plan will commence in the second quarter of this year.

The Ministry of Health together with the new Hospital Board of Management will move aggressively to implement the recommendations of the CDB financed technical assistance for the Development of the Hospital Management System. Some of the major recommendations include establishment of a proper registration, admittance and bill system; computerisation of accounts; and internal audit controls to ensure value for money and sound financial management.

The sum of $10 million is allocated for the commencement of the second phase of our New Hospital Project, which will include the administrative department, outpatient units and the construction of a hospital laundry at Mt. Gay.

The 2004 Budget provides for additional medical and nursing staff at the General, Princess Alice and Princess Royal hospitals. This addi-
tional staff will facilitate improvement in the quality and timeliness of existing services and the introduction of new services.

The Ministry of Health has committed itself to have the Intensive Care Unit fully operational this year. Furthermore, it plans to commence the provision of dialysis services before the end of this year.

Mr. Speaker, Government is aware of the sacrifice of time and money by many people who are forced to travel from the rural parishes to St. George’s for laboratory services at the General Hospital. Government intends to change that situation.

In this regard, I am pleased to note that laboratory services will be offered at the Princess Alice Hospital from the second half of this year.

At the community level, Government will undertake a comprehensive study of the community health centres to identify the most widely used centres. On completion, the catchment areas will be strengthened with more medical staff and additional resources.

The construction of the St. George’s Polyclinic located on Melville Street will be completed, furnished and commissioned during the year. Government is grateful for the grant of $1.5 million provided by the Republic of China for this project.

Under the Basic Needs Trust Fund, a number of health facilities will be refurbished, in addition to the physical upgrading of others.

Mr. Speaker, I am pleased to note that Government plans to commence kidney dialysis service in the course of the year through a public-private partnership. If this model succeeds, it may prove to be a cost-effective and efficient mechanism to deliver other advanced medical services to our people, which are currently unavailable because of high cost.

The operation and maintenance of a modern health system is costly and our people must be prepared to make a contribution to the
provision of these services. Nonetheless, our Government remains committed to ensuring that those who are unable to pay for these services will still have full access to the range of services offered at the New Hospital.

As a direct follow-up to one of the recommendations of the national budget consultation, the Ministries of Health and Finance will collaborate to formally prepare and present options for health financing. This issue will merit further public consultation.

Mr. Speaker, HIV/AIDS poses a monumental threat to the development prospects of Grenada and the Caribbean. All our efforts in education and human resource development will be undermined and severely eroded if urgent steps are not taken to deal with this epidemic.

Consequently, our Government has signed a loan agreement with the World Bank for the sum of US$7.2 million.

The recently established National AIDS Directorate in the Office of the Prime Minister will work very closely with the Infectious Diseases Control Unit of the Ministry of Health and the National AIDS Council to coordinate the National HIV/AIDS Strategy.

Mr. Speaker, investing in health is key to development. For 2004, the Ministry of Health has been allocated a total budget of $61.3 million, an increase of 13 percent over 2003. The allocation for health is 15 percent of this national budget.

HOUSING

Mr. Speaker, the New National Party Administration has continuously provided housing opportunities for low and middle-income households. In addition to the services offered by the Housing Authority, Government has directly initiated housing developments in Beausejour in St. George’s, Diamond in St. Mark’s and Dunfermline in St. Andrew’s.
In 2004, the Housing Authority will construct thirty-five (35) houses at a cost of $3.5 million using both the Cuban design and the standard design. Most of these houses will be for police officers as an immediate response to the recent Memorandum of Understanding signed between the Police Welfare Association and the Housing Authority.

Moreover, the Authority expects to sell 54 houses of the Dunfermline Housing Project this year.

Recently, the Housing Authority invested approximately $242,000 in a new block plant. This plant specialises in producing pre-fabricated materials and is capable of producing one (1) house per day.

The Authority also intends to construct two (2) Cuban design model houses in Carriacou in an effort to provide more housing opportunities for the people of Carriacou and Petit Martinique.

Government is also considering a proposal that will provide financing for the construction of very low-income houses between the $10,000 to $25,000 range. This will bridge a very important gap between the House Repair Programme which has a ceiling of EC$4,000 per recipient, (and in some instances simply not adequate), and the Low Income Housing Program, which in some instances is beyond the means of the very poor and needy.

5.3.3 Physical Infrastructure
Mr. Speaker, our Government recognizes that a well-developed economic infrastructure is necessary to promote domestic economic activity, as well as attract and optimize foreign investment.

Over the past 81/2 years, the New National Party administration has laid a solid foundation with an unprecedented level of investment in the physical infrastructure of this Country.

While much has been accomplished in this area there is still more
work to be done. Consequently, EC$57.0 million have been allocated to physical infrastructural development in 2004.

The major infrastructure projects for 2004 include:

- Road Maintenance Programme - $12.5 million
- Roads and Bridges - $13.3 million
- ROC/GOG Multi-Project (Secondary Roads)- $5.0 million
- St. George’s Market Square -$3.5 million
- Emergency Recovery and Disaster Management - $3.1 million
- Natural Disaster Management - $3.0 million

West Coast Rock Fall Emergency Response

Mr. Speaker, rock falls along the Western Main Road is a source of grave concern of our citizens who live and travel along the Western Main Road. Government is keenly aware of this situation and is taking steps to address it.

As a first step, funds have been allocated in this Budget to procure the services of an international engineering firm, which specializes in the area of rock falls to advise Government on how this situation can best be managed.

On receiving these recommendations, Government will make approaches to the World Bank and Caribbean Development for financial assistance to deal with this problem.

Carriacou and Petit Martinique

Mr. Speaker, the islands of Carriacou and Petit Martinique continue to experience an unprecedented level of development and prosperity.

Some of the major projects to be undertaken in 2004 include:

- Cultural and Sporting Complex - $800,000
- ROC/GOG Multi Project - $420,000
6.0 IMPROVING THE BUSINESS ENVIRONMENT

(i) IMPACT OF THE CSME AND FTAA

Mr. Speaker, the coming on stream of the CARICOM Single Market and Economy by January 2005, and subsequently the Free Trade Area of the Americas, will have profound and lasting effect on the way we have grown accustomed to doing business, and ultimately on our way of life.

It is therefore very important that our people prepare themselves for these eventualities.

Under these regimes, and the CSME in particular, goods and services will be allowed to move freely; persons will be allowed to move and work in any member country without work permits; and companies will be allowed to set up business in any member country without restrictions.

Only the most efficient enterprises will survive in this competitive environment.

The displacement of non-productive and inefficient workers with more efficient and productive workers from other member countries is a strong possibility that must be contended with.

The need for our people to train and properly equip themselves cannot be overlooked.

(ii) SUPPORT TO THE PRIVATE SECTOR

Mr. Speaker, Government considers the private sector, including our
various Non Governmental Organizations (NGO’s) as important partners in our development programme.

It is our intention to further strengthen this partnership. In furtherance of this commitment, Government took the bold initiative to create within the Prime Minister’s Ministry, an Office of Business and Private Sector Development, headed by a Minister of State.

The GIDC, our premier investment promotion institution will be restructured and reorganized in order to promote a genuine one-stop investment experience. The time lag from the receipt of an investment proposal and the grant of concessions must be shortened.

Incentive Legislations, such as the Hotel Aids Act, and the Fiscal Incentives Act will be updated, in keeping with new developments within the Tourism and Manufacturing Industry, and the emergence of the Services Sector as a new area for investment undertakings.

In collaboration with the other OECS Countries and with support from the World Bank and IMF, Government will undertake necessary reform measures within the Financial Sector, with a view to creating a safe and well-regulated financial environment conducive for business.

Government will also collaborate with various Export Promotion Agencies, regionally and internationally in providing our exporters with access to regional and international markets. Our local Bureau of standards will continue to work with exporters to ensure that our locally produced items are of the highest international standards.

Mr. Speaker, a stable and predictable industrial environment is essential to meaningful private sector investment undertakings, both local and foreign. In this regard, it is the intention of Government to engage our various Trade Unions in frequent dialogue, so as to promote greater understanding, while creating an atmosphere of Trust. Our Ministries of Finance and Education have already been mandated to commence this dialogue.
Mr. Speaker, the recently initiated Public Sector Reform Project is also designed to improve the level of efficiency in the Public Service which in turn will translate into the delivery of better service to the Private Sector.

We note the improvement in the level of service delivered to the public in such areas as Inland Revenue and Customs, but we must admit that much more needs to be done, throughout the Public Service if public confidence is to be maintained.

Mr. Speaker, this Government stands ready to deliver quality service to the private sector within the constraints of our human and financial resources.

7.0 POVERTY ALLEVIATION MEASURES

Mr. Speaker, over the past four years, this Government introduced a number of new initiatives designed to assist the poor and disadvantaged in our community, as well as improved existing ones. Some of these initiatives include:

- Old Age Pensions from $50 to $100;
- A $2.5 million House Repair Programme;
- A $5 million Special Project Programme for the financing of small community projects in rural villages;
- A $500,000 School Books and Uniform Programme for needy students;
- Free Water Supply to poor and needy citizens at a cost of $300,000 per year; and
- Free medicine for the Elderly at a cost of EC$250,000.

Mr. Speaker, I am pleased to state that all of the above initiatives have been retained and in some instances increased in the 2004 Budget. For example, the allocation for Old Age Pensions has increased from $3.5 million to $4.2 million, an increase of 20% over last year’s provision.
In addition, the US$7.5 million Rural Enterprise Project, financed jointly by CDB and IFAD will definitely commence this year.

The project is intended to raise the incomes of our rural producers such as farmers, fishermen ad craftsmen and women. The Project will directly impact 42 rural communities, which have been identified as being most disadvantaged, economically and socially.

Also, Mr. Speaker, under the Basic Needs Trust Fund (BNTF), social amenities such as health centres, community centres, water supply, village footpaths, and skills training will be provided to disadvantaged rural communities.

An allocation of EC$1.35 million is made in the 2004 Budget for this very important Poverty Reduction Programme, financed jointly by the CDB and the Government of Grenada.

Mr. Speaker, this Government will continue to explore new avenues for bringing further relief to the poor and disadvantaged members of our society.

I shall now identify several new measures aimed at providing immediate relief to our people.

7.1 REDUCTION IN THE COST OF LIVING

Mr. Speaker, in March 2003, Government reduced the General Consumption Tax on a number imported items including computer parts, articles of clothing and footwear. 
Mr. Speaker, arising from the national budget consultation, Government has decided to reduce the General Consumption Tax on the following items:

- School Books
- School Uniforms
- Notebooks
- Exercise Books
The GCT on these items will be reduced from 25% to 10% with effect from March 01, 2004.

This decision must be seen as part of Government’s commitment to make education accessible and more affordable to all citizens of Grenada, Carriacou and Petit Martinique.

Also arising from the national budget consultation, Government has decided to reduce the General Consumption Tax on a selected range of prescribed drugs necessary to treat chronic diseases such as diabetes, cancer, glaucoma, hypertension and HIV/AIDS.

The reduction will take effect from March 01, 2004.

This decision is consistent with Government’s effort to improve the provision of health care for our people.

Mr. Speaker, Government remains committed to poverty reduction. It has been observed that the prices of some imported food items seem to rise faster than the rate of inflation in our domestic economy.

In 2003, Government signalled its intention to reduce the general consumption tax on selected food items but only after it was satisfied that appropriate structures were in place to ensure that the reduction is fully passed on to consumers.

I am, therefore, pleased to announce that Government will reduce the general consumption tax on the following items from 25% to 10% or from 15% to 5%, where applicable:

Crackers    Brown Rice
Macaroni     Frank Furters
Corned Beef  Luncheon Meat
Salami       Canned Sardines
Fresh Butter Canned Tuna
Salted Butter    Margarine
Salad Dressing    Orange Juice
Refined Brown Sugar    Cocoa
Mixed Seasonings    Tomato Ketchup
Salted Ham    Raisins and Currants
Vegetable Oils

This tax reduction will take effect from March 01, 2004.

Furthermore, these food items as well as all other items on which the GCT has been reduced will be placed on the Price Control List. This was also a recommendation from the national budget consultation.

By placing these items on the Price Control List, the Ministry of Finance will be able to fix the mark-up on these items. This step is being taken to ensure that no profiteering results for this genuine effort by Government to lower the cost of living for everyone but particularly the poor and hardworking people of this Country.

Moreover, the price of these items will be carefully monitored by the Ministry of Finance and will be published on a regular basis for the information of the consuming public.
Mr. Speaker, on behalf of the Government and People of this Nation, I would like to thank the following Governments and Institutions for providing financial, economic and technical assistance during the past year:
The Government of the Republic of China on Taiwan
The Government of Japan
The Government of the Republic of Cuba
The European Union
The Government of the United Kingdom and the Department for International Development
The Government of Canada and the Canadian International Development Agency
The Government of France
The Government of the United States of America and the United States Agency for International Development
The Caribbean Development Bank
The World Bank Group
The Kuwaiti Fund for Arab Economic Development
The United Nations Development Programme
The United Nations Children's Fund
The Commonwealth Secretariat
The Food and Agriculture Organisation (FAO) of the United Nations
The Government of the Republic of Venezuela
The Federal Republic of Germany
The Government of the Republic of Korea
The Organisation of American States (OAS)
The Inter-American Institute for Co-operation on Agriculture
The International Monetary Fund
The Association of Caribbean States
The Eastern Caribbean Central Bank (ECCB)
The CARICOM Secretariat
The Caribbean Export Development Agency
The Organisation of Eastern Caribbean States (OECS)
The Caribbean Regional Negotiating Machinery (CRNM)
The Caribbean Regional Technical Assistance Centre (CARTAC)
The Caribbean Financial Action Task Force (CFATF)
The Caribbean Anti-Money Laundering Programme (CALP)

Mr. Speaker, I also take this opportunity to express my deepest appreciation to the Permanent Secretary and staff of the Ministry of Finance including the Government Printery, and to the public officers in other Ministries and Departments who have contributed to the preparation and delivery of this Budget.

Mr. Speaker, I also thank the Clerk of Parliament and staff for their assistance in the preparations for today’s Presentation.

Mr. Speaker, I extend my heartfelt gratitude to all community-based groups and organisations for their advice and support. Again, I extend our gratitude to our farmers and all persons and organisations, which participated in the public consultations.

Expressions of thanks are also extended to the Multi-Partite Consultation Committee, the Sustainable Development Council and other community groups and organisations with whom we consulted during the past year. Your contributions have enriched today’s Presentation.
Sincere appreciation is extended to the thousands of Grenadians and friends and supporters of Grenada living abroad.

Thanks also to the many Grenadians and friends of Grenada who have provided constructive criticisms of our policies and programmes. Your criticism is a ”mirror” through which we can see our strengths and weaknesses.

Mr. Speaker, my sincere thanks and appreciation are extended to my constituents of St. Patrick’s West for their continuing faith and confidence in me. I pledge to do my best in the service of both constituency and Country.

Finally, I place on record my gratitude and appreciation to the Honourable Prime Minister for affording me the opportunity to serve in
this particular capacity and for his guidance and advice over the past year. I also pay tribute to my Cabinet colleagues and other members of Government for their understanding and support.

9.0 CONCLUSION A RENEWED COMMITMENT TO NATIONAL DEVELOPMENT

Mr. Speaker, the people have spoken and this Government has listened and will continue to listen. Today’s Presentation has demonstrated the foremost priority that this NNP Administration attaches to “putting people first” in the process of national development.

Mr. Speaker, the outpouring of patriotic fervour and national pride witnessed during the celebrations of our 30th anniversary of independence were both moving and memorable.

As we go forward to implement this Budget, we are fortified by the strong sense of pride, progress and purpose deeply rooted within our People.

A sense of pride in our worth as a People.

A sense of progress from our wonderful achievements.

A sense of purpose as we explore new frontiers in our quest to build a Healthy, Educated, Productive and Prosperous Nation.

Together we shall aspire. Together we shall achieve.

Let us be inspired by the words of our Lord as expressed in the Holy Bible in Isaiah 41.10 and I quote:

“Do not fear, for I am with you; do not be dismayed, for I am your God. I will strengthen you and help you; I will uphold you with my righteous right hand” end of quote.
May God bless our beautiful Nation of Grenada, Carriacou and Petit Martinique.

I thank you.