



GOVERNMENT OF THE COMMONWEALTH OF DOMINICA BUDGET 2016

BUILDING A MORE RESILIENT DOMINICA



Budget Address
2015/16
“Building A More Resilient Dominica”.

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

I thank God that I am able to stand before you once again to deliver yet another Budget Address.

Shortly after this Parliament approved the last Budget, we were faced with one of our greatest challenges in recent times, the tragic loss of life, homes, businesses and destruction of critical infrastructure caused by tropical storm Erika. In addition to these grave challenges at home, global events have also continued to influence and impact upon us.

The Commonwealth of Dominica does not exist or operate in a vacuum. The interdependence of nations brought about by globalisation, dictate that we be mindful of, and pay very close attention to developments around the world which shape and impact our very existence, and accepted way of life. These last thirty-five (35) days in particular have brought this into sharp focus.

Madam Speaker, we anticipate that the decision of the British people to leave the European Union could have a negative impact on the Caribbean, and that the depreciation of the British pound will affect remittances to the Caribbean. Volatility in exchange rates will impact trade in commodities and while low oil prices benefit importing countries, it hurts producers and suppliers. The preoccupation of Europe with the refugee situation is likely to divert the attention of Europe away from Dominica and other Caribbean countries.

We have all experienced the negative impact of the global economic meltdown that started in 2008. Now, finally when there are glimpses of improvement and normality on the world economic stage, here comes a period of sustained terrorist acts that pose a direct threat to the world economy, preservation of life, freedom and civil liberties as we know them.

None of this is abstract or irrelevant to the presentation that I am about to make to this House. Indeed, it all helps to create the backdrop against which I speak.

This Budget is therefore presented today within the context that whatever we do or say as a Parliament and as a nation, must take into consideration, the effect that all these conflicts and uncertainties that exist around the world, can have on us.

So Madam Speaker, I present this package today, in the hope that Dominicans would stop and take stock of the environment in which we operate and the fact that much of what we aspire for, is not solely in our hands to achieve.

Our challenges here in Dominica are compounded by the continuing effect of the damage done and the fallout from the occurrence of several natural disasters in recent years; the most notable being the passage of tropical storm Erika. This particular weather system and its impact, posed a real and glaring threat to the economic, physical and social existence of Dominica.

On August 27, 2015, Dominica was devastated by one of the most severe storms in living memory. Our country was pounded with incessant rain, for approximately six hours. Flash flooding rapidly ensued, leaving a shocked population to gasp in fear and disbelief, as overflowing rivers and massive land slippages, carried away life and property, collapsed roads and bridges, isolated communities, and rendered impossible, the delivery of critical services on the island.

That was the day we came face to face with the full realisation of the impact that global warming and climate change, is having and is likely to continue to have on us here in Dominica.

Madam Speaker, in the ensuing days of this horrendous event, I saw and was deeply moved by the pain and disbelief in the eyes of many of my fellow citizens, who had lost relatives, friends, property and their economic livelihoods because of this particular weather system.

Amidst this pain and suffering, I also saw an inner strength in our people, combined with a resolve to pick up the pieces and rebuild their lives and re-establish their communities. I drew strength from this, that all was not lost and was fortified in my determination that no stone should be left unturned, first to relieve their plight and then to vigorously commence the rebuilding of Dominica.

This Storm starkly exposed our vulnerabilities. It resulted in an estimated damage and loss of EC\$1.3 billion and over 90.0 percent of Dominica's Gross Domestic product. We of course know that the loss is much greater. There are losses that were not quantified. These include for example, the loss of productivity and jobs.

Various interventions also had to be made to provide support to people and businesses.

In the immediate aftermath of the storm, the Government was able to respond in a timely manner to provide relief. This, by large measure, was as a result of the outpouring of support that we received from our development partners, regional and international agencies, friendly governments, friends from around the world and concerned citizens at home and abroad. Without their assistance those early days would have been much more difficult and nerve wracking.

The steady improvements to our roads and bridges, undertaken over the past few years to facilitate economic activity were severely compromised by the Storm. Some of our communities established and expanded over time, along the banks of our many rivers, suffered extensive loss of homes and businesses.

Post Erika, Government has been fully occupied in pursuing all initiatives possible, for rebuilding our severely damaged and destroyed infrastructure. This requires the mobilisation of financial resources and technical assistance on a scale never pursued before, but Madam Speaker, we are not daunted.

At the development partners conference convened in Dominica in November last year, we presented to the regional and international community, the findings of the Rapid Damage and Impact Assessment, conducted by a team led by the World Bank. This report outlined the nature and magnitude of the damage caused by the storm and formed the basis of our engagement with the development partners, to determine the level of assistance, that they would be able to provide, to support our recovery and reconstruction activities.

Government was extremely pleased with the outcome of the conference. The development partners and friendly governments, who sat around the table with us, pledged financial support and technical assistance. The negotiations are on-going with the partners individually, as the terms and conditions of engagement with each are different.

Madam Speaker, we have come out of this disaster determined to rebuild Dominica, and to do so better. Any construction or rebuilding today, must take into account twenty first century realities. One overarching reality is climate change, and the impact this phenomenon can have on small vulnerable island states like Dominica.

It is therefore imperative that we rebuild structures that are more resilient to unusual events such as Erika, which the experts are saying to us, is the new norm. When I use the word “resilient”, I am referring here to a rebuilding process that ensures that all social, economic and environmental systems operate effectively to meet the needs of citizens, while ensuring that these systems have the capacity to bounce back quickly and function normally, after disaster or external shocks.

It is with this in mind, that the budget is anchored on the theme “**Building A More Resilient Dominica**”.

Madam Speaker, I would not want anyone listening to this address, to be left with the impression that the principle of rebuilding better, is in relation only to physical structures. Our definition of rebuilding better, encompasses the building of strong family units and strong support systems within households and communities. Integral to this is the nurturing and manifestation of a strong sense of personal and community responsibility. To put it simply, Madam Speaker, the rebuilding of a more resilient and a better Dominica, requires each of us to be more diligent and to give of our best in whatever task or duty we are called to perform.

Madam Speaker, prior to the storm, all economic indicators pointed to positive growth of 2.4 percent for 2015. Due to the negative effect on the expected national output and income caused by Erika, we revised growth estimates downward to -3.9 percent. Notwithstanding the disappointments and setbacks due to the storm, Government is determined to return the economy to positive growth.

As can be expected after a major disaster, we would not have achieved the desired economic performance nor fulfilled all of the plans and projects envisaged in the previous year. In short, Madam Speaker, the performance of several sectors, was negatively impacted by Tropical Storm Erika.

Economic Review

Preliminary GDP estimates indicate that output in the Dominican economy, contracted by 3.9 percent, during 2015, in contrast to an expansion of 3.9 percent in 2014. Estimates for 2016 suggest a turnaround, as output is expected to expand by 1.3 percent, with projections for 2017 indicating a further expansion of 2.8 percent.

Agriculture

In 2015, agricultural production accounted for 11.5 percent of total GDP, with an overall decline in the sector of 15.1 percent. Declines were recorded in all of the major subsectors, with banana production dropping by 20.0 percent and other crops by 15.0 percent.

In 2016, the sector is expected to expand, with a projected growth rate of 0.3 percent, reflecting increased activity in the livestock sector. Projections for 2017 however, suggest a rebound of 6.1 percent for the sector as a whole, as banana and non-banana crop production accelerates.

Output within the Fisheries sector declined by 16.3 percent, following a 38.7 percent increase in 2014. The data suggest a sharp fall in the amount of fish landed and squares with the limited activity within the sector in the wake of Erika. However, the sector is projected to grow by 16.9 percent in 2016 and 5.6 percent in 2017.

Tourism

Output in the hotel and restaurant sectors, is estimated to have declined by 10.9 percent in 2015. This is a reflection of the limited operational capacity at the Douglas-Charles Airport which was flooded during the storm and the loss of key hotel stock, most notably the 35 rooms at Jungle Bay Resort and Spa, as well as the cancellation of the 19th World Creole Music Festival. Preliminary arrivals for January to December 2015, show an 8.6% decline in stay over visitors.

Overall, the tourism sector is expected to grow by 9.8 percent in 2016 and by 3.7 percent in 2017. Projections take into account, an increase in the budgetary allocation, for tourism promotion and marketing, as well as other investments in tourism infrastructure.

Construction

In 2014, the construction sector expanded by 9.2 percent, however it is estimated to have declined by 10.1 percent in 2015. As a result of the passage of the Storm, the capital programme presented in the 2015 budget, could not have been implemented as planned, as priority had to be given to rehabilitation works.

Projections for 2016 suggest a turnaround, as the sector is expected to benefit from the rehabilitation programme, which will include new public sector projects. This is expected to lead to growth of 26.0 percent and 7.7 percent for 2017.

Education

The education sector accounted for 9.9 percent of GDP in 2015. Preliminary estimates indicate that the sector recorded growth of 0.7 percent. In 2016 the sector is expected to grow by 0.3 percent, as public education continues to expand.

Financial intermediation

The financial services sector as measured by financial intermediation, grew by 4.6 percent in 2015. Growth in that sector is estimated to be 1.8% for 2016.

The current account deficit on the balance of payment is estimated to have widened to 15.0 percent of GDP in 2015. Demands for imported reconstruction materials, along with expected decreases in exports and tourism receipts, are contributing factors. An estimated increase in remittances, provided only a partial offset.

Fiscal Developments 2015/16

Government continues in its efforts at fiscal consolidation, with the aim of achieving its fiscal targets. Total revenue is estimated at \$454.1 million, with strong performances in both tax and nontax revenue.

Collection of taxes on income and profits amounted to \$69.5 million, exceeding budget estimates by \$5.0 million and reflects strong collection of withholding tax and corporation tax. Total revenue collections from taxes on domestic goods and services, amounted to \$192.7 million.

Revenue from taxes on international trade and transactions, indicate collections of \$69.2 million. Property tax collection amounted to \$7.1 million.

Non-tax revenue collection, played a very vital role in the fiscal operations of central government, during fiscal year 2015/16. Original estimates targeted \$92.1 million. However, total collections amounted to \$115.6 million, with 85.6 percent or \$99.0 million, coming from the Citizenship By investment Programme (CBIP) inflows. These resources are proving to be significant in the rebuilding of the country and economy, in the wake of tropical storm Erika.

Government continues to exercise prudent fiscal management and utilizes tight expenditure controls where possible. Preliminary numbers suggest that total expenditure, net of debt amortisation, for fiscal year 2015/16 amounted to \$467.5 million. Of this recurrent expenditure, net of debt amortisation, was \$354.4 million and capital expenditure was \$113.2 million.

Current expenditures were well within budget estimates. All of the major components of recurrent expenditure were less than projected. Expenditure on personal emoluments was \$152.6 million while other operating expenses, including goods and services, transfer and subsidies were \$96.9 million and \$78.0 million respectively.

Madam Speaker, the Public Sector Investment Programme (PSIP), is critical in providing a much needed fiscal stimulus. Capital spending for fiscal year 2015/16 fell short of original budget estimates. The budget for the year was \$184.2 million, whereas preliminary estimates suggest a total expenditure of \$113.2 million, with grants accounting for 28.3 percent.

Debt review

At the end of fiscal year 2015/16, total public debt stood at \$1.1 billion, consisting of external debt of \$776.4 million and domestic debt of \$278.9 million. Central government debt accounted for \$883.8 million of which \$654.8 million is external debt and \$229.0 million is domestic debt. Government guaranteed debt was \$171.5 million. The guaranteed debt represents approximately 16.3 percent of the total debt portfolio. These guaranteed debts are held by statutory institutions and agencies, with the AID Bank holding the largest share of 55.0 percent, followed by DOWASCO with 27.0 percent.

As at June 30, 2016 total debt to GDP was 77.8 percent, while central government debt to GDP was 65.2 percent. For the public debt, debt service to current revenue was 22.6 percent. For central government debt, debt service to current revenue was 16.5 percent.

During fiscal year 2015/16, new borrowing of \$23.5 million provided by the International Monetary Fund (IMF), was disbursed. This loan was for rehabilitation and reconstruction purposes, due to damage caused by Tropical Storm Erika. Government also re-issued quarterly treasury bills of \$20.0 million on the Regional Government Securities Market. Disbursements during the period under review, was \$53.6 million of which \$45.5 million was central government debt and \$8.1 million was government guaranteed debt.

The weighted average interest rates for central government's, external and domestic debt portfolios, are 2.2 percent and 4.6 percent respectively. The average time to maturity of central government debt portfolio, is 7.4 years.

Eighty-five (85) percent of the debt portfolio carries a fixed rate of interest; while 62 percent is denominated in foreign currency. The larger part of central government debt is held by multilateral creditors, with the Caribbean Development Bank holding the largest share, followed by the World Bank.

Post Tropical Storm Erika:

Madam Speaker, when I addressed the nation after tropical storm Erika, I stated that we shall rebuild Dominica in honour of those who lost their lives in that tragedy. I also said that all Dominicans should turn this disaster, into an opportunity to rebuild the country and to continue on the unique and impressive path of sustainable development, that we have been creating since 2000. In the aftermath of the disaster, priority was given to responding to the many emergencies that arose from the event. I wish to thank all those who came to our aid at short notice during this trying period.

As at 30th June 2016, the total financial resources received as emergency assistance was \$46.7 million including \$23.2 million in grants from various development partners and the loan from the IMF in the amount of \$23.5 million. This amount does not include funds which were committed to Dominica and which were channelled through national, regional and international organisations.

The amount which was received directly by Government was utilised to meet the cost of the clean-up, the restoration of access to and across communities, restoration of airport services and providing social assistance to the people directly affected by the storm. The latter includes the payment for accommodation, for those who were evacuated, rent assistance where this is applicable and income support for those whose livelihoods were affected.

In addition to the foregoing, an amount of \$35.0 million was allocated from the resources of the Citizenship By Investment Programme, for post Erika projects. As at end June 2016, an amount of \$20.4 million had already been spent. The unspent balance is in respect of the ongoing rehabilitation works at the Douglas Charles Airport. Other local revenue was utilized in financing other emergency works.

Madam Speaker so far, twenty-eight (28) contracts have been issued for infrastructure works deemed to be of most urgent priority, because of their impact on safety and livelihoods. These emergency interventions are funded with resources from the International Monetary Fund (IMF).

Infrastructure

Madam Speaker, one of the most formidable challenges that the country now faces, is to repair the damage and destruction to our roads and bridges, and to stabilise the slopes, which pose a persistent threat. Government has set about rebuilding the damaged infrastructure, based on the "build back better" principle. This will apply to the redesign and construction of destroyed bridges, the rehabilitation of existing bridges, the upgrade and/or replacement of drainage structures, slope stabilization, road reconstruction, rehabilitation and resurfacing, throughout the island.

It has been reported by local and external experts, that the damage to the network of roads and bridges exceeds two hundred and fifty four million dollars (\$254.0 million). That figure represents the cost of replacing what was destroyed. However, Madam Speaker, since we are rebuilding better, our informed judgement is that the true cost will be way in excess of this amount.

Several sections of the main road network require different levels of rehabilitation. The Ministry of Public Works and Ports carried out preliminary assessments and in collaboration with development partners, has been actively engaged in conducting surveys, preparing designs and cost estimates. Project proposals have been prepared and submitted to donors for review, in order to commence the tendering process, for key infrastructural works.

The British Government will finance the rehabilitation of the entire road from Loubiere to Bagatelle and Fond St Jean, with grant funding under the UK Caribbean Infrastructure Fund in excess of twenty five million pounds (£25.0 million). The process of selection of consultants commenced, with the evaluation of the bids. Construction is expected to begin next year. We thank the Government of the United Kingdom for their invaluable support and generous assistance.

On the 14th of July, the Governments of the People's Republic of China and Dominica signed and exchanged letters that will govern the building of new bridges and culverts, repair of broken road edges and resurfacing works along the E. O. LeBlanc Highway. These works are valued in excess of \$40.0 million.

Madam Speaker, we thank the Government of the People's Republic of China for its generosity and for always demonstrating its genuine solidarity with Dominica.

Madam Speaker, Government is aware of the importance of the Roseau Valley to the tourism industry. There is a comprehensive plan to improve the road network there and this includes the construction and upgrade of bridges, repairs to road edges, and road resurfacing.

We have already commenced road works in the Fond Canie, Byack, Laudat, Cochrane and Copthall areas. Government will also complete the Trafalgar to Wotten Waven Bridge. Work has commenced on the Cochrane Road and an allocation has been made for more substantial works in the fiscal year.

Madam Speaker, an allocation has been made for the improvement of the Copthall/Wotten Waven Road, to include drainage and rigid pavement. Designs are being worked on to address the road failures in the Cabanis area.

Approval was granted by the Caribbean Development Bank for an amendment to the scope of works for the Layou Project, to include an additional allocation of US\$2.1 million (EC\$5.7 million) for the works west of the Hillsborough Bridge. Approval was also granted for a change in the scope of works for the interventions required east of the Hillsborough Bridge. Government has been advised that completely new designs are necessary, as a result of further deterioration caused by the floods.

After arriving at an agreement with the World Bank, on the scope of works for rehabilitating sections of the Bois Diable to Hatton Garden Road, via the Kalinago Territory, Government is in further discussions with the Bank, to secure additional financing for rehabilitation of the entire road.

Madam Speaker, the International Monetary Fund approved US\$8.7 million (EC\$23.5 million) under the Rapid Credit Facility. This amount has been fully disbursed and used to finance immediate priority projects.

The Caribbean Development Bank also approved a tropical storm Erika Rehabilitation and Reconstruction loan of US\$30.0 million (EC\$81.0 million) and technical assistance support of US\$0.5 million (EC\$1.3 million).

Housing

Madam Speaker, Government's response to the housing needs created by tropical storm Erika had to be decisive and swift. Dubique and Petite Savanne were among communities declared special disaster zones and required the development of new villages.

Of the 300 Petro Casas, generously donated to us by the Government of the Bolivarian Republic of Venezuela, 50 houses have been completed in the Centre area in Grandbay. These houses have been allocated to one hundred and fifty-two (152) residents of Dubique and the new home owners have already received their keys and are now comfortably sleeping in those new homes. We express our appreciation to the Government of the Bolivarian Republic of Venezuela for this generous donation which will go a long way in addressing the housing needs of our brothers and sisters displaced by the Storm.

Government has also acquired 49.6 acres of land at Bellevue Chopin, to resettle the residents of Petite Savanne, as well as other individuals in adjoining communities, who were also displaced by the Storm. A new community will be established there, with all required amenities including a complete road network with underground utilities, a farmers market, commercial units, and street lighting. Government has signed an agreement with a developer to undertake this venture.

Foundation works for 50 Petro Casas have begun at the Bellevue Chopin site, which will benefit the residents from Petite Savanne.

Plat Ma Pierre in the Colihaut constituency is being developed, to provide homes for the displaced families of Colihaut, Coulibistrie, Dublanc and Bioche. Work on the construction of an additional six Petro Casas has begun. Government is also partnering with the Seventh Day Adventist Church through the Adventist Development and Relief Agency (ADRA) organization, in the construction of houses on that site. Work on six houses is ongoing and three of them are already well advanced and it is expected that over time an additional 19 will be constructed.

In addition to the resettlement of those communities, the Government will continue simultaneously, to pursue its housing revolution, to include the construction of new houses, elimination of pit latrines, home repair and renovation, across the country and we will assist in the relocation of persons currently residing in vulnerable areas.

Social Assistance

Madam Speaker, it has always been this Government's policy to provide assistance to those in need. After tropical storm Erika, entire communities were displaced, and people were rendered homeless in many parts of the country. We did not allow them to descend into despair and despondency, worrying about how they would house and care for themselves and their families. This Government immediately stepped in to give assistance and to address their social needs as a matter of priority.

Those situated in special disaster areas, whose homes were either washed away or had been rendered unsafe, had to be safely rehoused. As at 30th June 2016, the Government had already spent \$5.5 million in specific assistance to these citizens. This included the payment of rent, livelihood support, displacement allowance and contributions toward replacing household and other personal effects.

Budget 2016/17: Estimates of Revenue and Expenditure

Madam Speaker, I will now present the Estimates for the fiscal year 2016/17. Total revenues for the year are estimated at seven hundred and eighteen million, nine hundred and forty six thousand, eight hundred and thirty three dollars (\$718.9 million), while total expenditure inclusive of debt amortisation is projected at seven hundred and fifty eight million, twenty nine thousand, seven hundred and seventy six dollars (\$758.0 million). The overall budget can be summarized as follows:

- Recurrent Revenue: five hundred sixty-six million, seven hundred five thousand, nine hundred dollars (\$566.7 million).
- Recurrent Expenditure (inclusive of interest payment and debt amortisation): four hundred forty-four million, six hundred and ninety thousand, five hundred and eighty-seven dollars (\$444.7million).
- Debt amortization and sinking fund contribution is fifty-two million, one hundred and thirty-two thousand, nine hundred and sixty-four dollars (\$52.1 million).
- Current Account Balance is one hundred and seventy six million, one hundred and forty eight thousand, two hundred and seventy-seven dollars (\$176.1 million).
- Local Capital Revenue is five million and fifty thousand dollars (\$5.0 million).

- Capital Expenditure is three hundred and thirteen million, three hundred and thirty-nine thousand, one hundred and eighty-nine dollars (\$313.3 million).

The capital programme will be funded as follows:

- Grants in the sum of ninety-six million, four hundred and five thousand, seven hundred and eighty dollars (\$96.4 million).
- Loans to the value of forty-five million, seven hundred and eighty-five thousand, one hundred and fifty-three dollars (\$45.8 million).
- Local funding in the amount of one hundred and seventy one million, one hundred and forty eight thousand, two hundred and fifty six dollars (\$171.1 million), all of which will be provided from resources raised under the Citizenship By Investment Programme.

The primary balance, after grants, is estimated at: minus seven million, five hundred and eighty-six thousand, seven hundred and twenty-nine dollars (\$7.6 million) or a primary deficit of -0.7 percent of GDP.

Table 1 shows the overall summary for the fiscal year 2016/17 with comparative figures for the preceding year.

Table 1: Overall Summary

| | Estimate 2016/2017 (\$000 m) | Budget 2015/2016 (\$000m) |
|-------------------------------------|------------------------------------|---------------------------------|
| Revenue | | |
| General Revenue | 566.7 | 420.4 |
| Current Grants | 5.0 | 5.0 |
| Capital Grants | 96.4 | 99.4 |
| Loans | 45.8 | 33.1 |
| Other Inflows | 5.1 | 5.1 |
| Total Revenue | 719.0 | 563.0 |
| Expenditure | | |
| Compensation | 160.4 | 157.4 |
| Other Current Operating Expenditure | 205.0 | 183.8 |
| Debt Service | 25.1 | 25.5 |
| Project Expense | 313.3 | 184.2 |
| Total Expenditure | 703.8 | 550.9 |
| Current Account Balance | 176.1 | 53.7 |
| Primary Balance | -7.6 | 3.9 |
| Primary Balance (% of GDP) | -0.7% | 0.3% |

| | | |
|--|--------------|--------------|
| Debt Amortization | 51.6 | 37.9 |
| Investment | 2.0 | 0.5 |
| Sinking Fund | 0.5 | 0.5 |
| Total Expenditure inclusive of Debt Amortization and Sinking Fund | 758.0 | 589.8 |
| GDP (Market Prices) | 1,394.0 | 1,483.0 |

Recurrent Revenue

Recurrent revenue of \$566.7 million is estimated for the year 2016/17.

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

Table 2: Breakdown of Current Revenue

| Item | Estimates 2016/2017 (\$ m) | % | Budget 2015/2016 (\$ m) | | Revised 2015/2016 (\$ m) | % |
|----------------------------------|----------------------------------|-------------|-------------------------------|-------------|--------------------------------|-------------|
| Personal Income Tax | 34.4 | 6.1% | 36.0 | 8.6% | 34.0 | 7.5% |
| Corporate Income Tax | 36.5 | 6.4% | 28.5 | 6.78% | 35.5 | 7.8% |
| Taxes on Property | 7.6 | 1.3% | 7.9 | 1.9% | 7.1 | 1.6% |
| Tax on Domestic Goods & Services | 191.3 | 33.8% | 187.9 | 44.7% | 192.7 | 42.4% |
| Int'l trade taxes | 74.9 | 13.2% | 68.0 | 16.2% | 69.2 | 15.2% |
| Non-tax Revenue | 222.0 | 39.2% | 92.1 | 21.9% | 115.6 | 25.5% |
| Total | 566.7 | 100% | 420.4 | 100% | 454.1 | 100% |

Madam Speaker, tax revenue is projected at \$344.7 million while other revenues are estimated at \$222.0 million.

In respect to tax revenues, taxes on domestic goods and services take up the largest slice at \$191.3 million or 33.8 percent of the total. This is followed by corporate income tax estimated at \$36.5 million and personal income tax at \$34.4 million.

A significant part of non-tax revenue will come from the Citizenship By Investment Programme which is expected to contribute \$201.8 million for the year.

Recurrent Expenditure

The total amount budgeted for recurrent expenditure inclusive of interest and debt amortisation is \$444.7 million.

Recurrent expenditure, net of debt amortisation and sinking fund, is estimated at \$392.6 million.

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

Table 3: Recurrent Expenditure by Ministry/Department

| Ministry/Department | Amount (000's m) | % |
|---|---------------------------------|----------|
| Office of the President | 1.1 | 0.3% |
| Integrity in Public Office Commission | 0.5 | 0.1% |
| Public & Police Service Commissions | 0.6 | 0.1% |
| Legislature | 1.1 | 0.2% |
| Audit Department | 1.0 | 0.2% |
| Ministry of Justice, Immigration and National Security | 46.9 | 10.6% |
| Elections | 1.1 | 0.3% |
| Ministry of Trade, Energy and Employment | 2.8 | 0.6% |
| Office of the Prime Minister | 5.9 | 1.3% |
| Ministry of Finance | 134.9 | 30.3% |
| Ministry of Agriculture and Fisheries | 11.3 | 2.5% |
| Ministry of Education and Human Resource Development | 68.0 | 15.3% |
| Ministry of Housing, Lands and Water Resource Management | 3.7 | 0.8% |
| Ministry of Social Services, Family and Gender Affairs | 22.4 | 5.0% |
| Ministry of Health and Environment | 54.8 | 12.3% |
| Ministry of Tourism and Urban Renewal | 13.6 | 3.1% |
| Ministry of Information, Science, Telecommunications and Technology | 1.3 | 0.3% |
| Ministry of Kalinago Affairs | 0.4 | 0.1% |

| | | |
|---|--------------|---------------|
| Ministry of Youth, Sports, Culture and Constituency Empowerment | 8.5 | 1.9% |
| Ministry of Commerce, Enterprise and Small Business Development | 0.6 | 0.1% |
| Ministry of Planning, Economic Development and Investment | 3.2 | 0.7% |
| Establishment, Personnel and Training Department | 13.0 | 2.9% |
| Ministry of Public Works and Ports | 31.0 | 7.0% |
| Ministry of Foreign Affairs and CARICOM Affairs | 17.0 | 3.8% |
| GRAND TOTAL | 444.7 | 100.0% |

Madam Speaker, the budget for the Ministry of Finance in the sum of \$134.9 million, includes an amount of \$77.2 million to facilitate payment of interest, sinking fund and debt amortisation. Interest payments are estimated at \$25.1 million, while the sum of \$52.1 is expected to be spent for debt amortisation and sinking fund contribution.

The amount of \$32.0 million is allocated for retiring benefits to public officers, gratuities to officers on contract, the payment of compassionate allowance and to meet payment of non-contributory pensions to senior citizens over the age of seventy.

The Ministry of Education and Human Resource Development will receive the second highest allocation of \$68.0 million or 15.3 percent of the recurrent budget. Expenditure on education will increase in 2016/17 due to increased provision for maintenance and repairs to both primary and secondary school buildings. Government will also continue to provide support to education at all levels from early childhood to tertiary level.

The Ministry of Health and the Environment will receive \$54.8 million or 12.3 percent of the total. Provision is being made for filling a number of positions, in an effort to provide improved quality health services.

The Ministry of Justice, Immigration and National Security will receive an allocation of \$46.9 million or 10.6 percent of the total. Provision is being made for filling of all vacant positions within the Police Service.

The Ministry of Public Works and Ports is allocated \$31.0 million or 7.0 percent of recurrent expenditure.

The Ministry of Social Services is allocated \$22.4 million or 5.0 percent. Government is allocating an amount of \$4.2 million to provide for payment of displacement allowance to people who were displaced by tropical storm Erika.

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

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

| Classification | Estimate 2016/2017 | % | Projected 2015/2016 | % | Budget 2015/2016 | % |
|----------------------------------|--------------------|-------|---------------------|-------|------------------|------|
| Personal Emoluments | 160.4 | 36% | 152.6 | 42% | 157.4 | 39% |
| Goods & Services | 108.9 | 24% | 96.8 | 28% | 102.3 | 25% |
| Interest | 25.1 | 6% | 23.9 | 7% | 25.5 | 6% |
| Transfers and Subsidies | 93.1 | 21% | 78.0 | 23% | 79.0 | 19% |
| Refunds | 3.0 | 0.4% | 3.0 | 1% | 2.5 | 1% |
| Investment Financing | 2.0 | 0.4% | | 0% | 0.5 | 0.1% |
| | 392.6 | 88% | 354.4 | 91.1% | 367.2 | 91% |
| Debt Amortization & Sinking Fund | 52.1 | 11.7% | 34.7 | 8.9% | 38.4 | 9.5% |
| Total | 444.7 | 100% | 389.1 | 100% | 405.5 | 100% |

Madam Speaker, the largest component of the recurrent budget in the amount of \$160.4 million is for meeting personal emoluments. This is made up of salaries, wages and allowances.

Goods and services account for \$108.9 million or 24.0 percent of the total. The sum of \$93.1 million or 21.0 percent is estimated for transfers and subsidies inclusive of retiring benefits.

This year, the Government of Dominica will be contributing the sum of \$2.0 million towards the capitalization of the Eastern Caribbean Asset Management Company (ECAMC). This is in keeping with a regional initiative to address issues relating to the banking sector in the Eastern Caribbean Currency Union (ECCU).

Capital Expenditure

This fiscal year, the Government's capital investment is \$313.3 million, reflecting Government's continued effort in reconstruction and rehabilitation, post tropical storm Erika. The portfolio and its diversity also reflect Government's policy position in using the PSIP to leverage economic growth, increase employment, reduce poverty and to create an environment that will stimulate private sector investment. It seeks to enhance productivity and national development which will result in the improvement in the quality of life of our people.

The capital programme will be financed as follows:

- Grants of \$96.4 million
- Loans of \$45.8 million
- Local funding of \$171.1 million

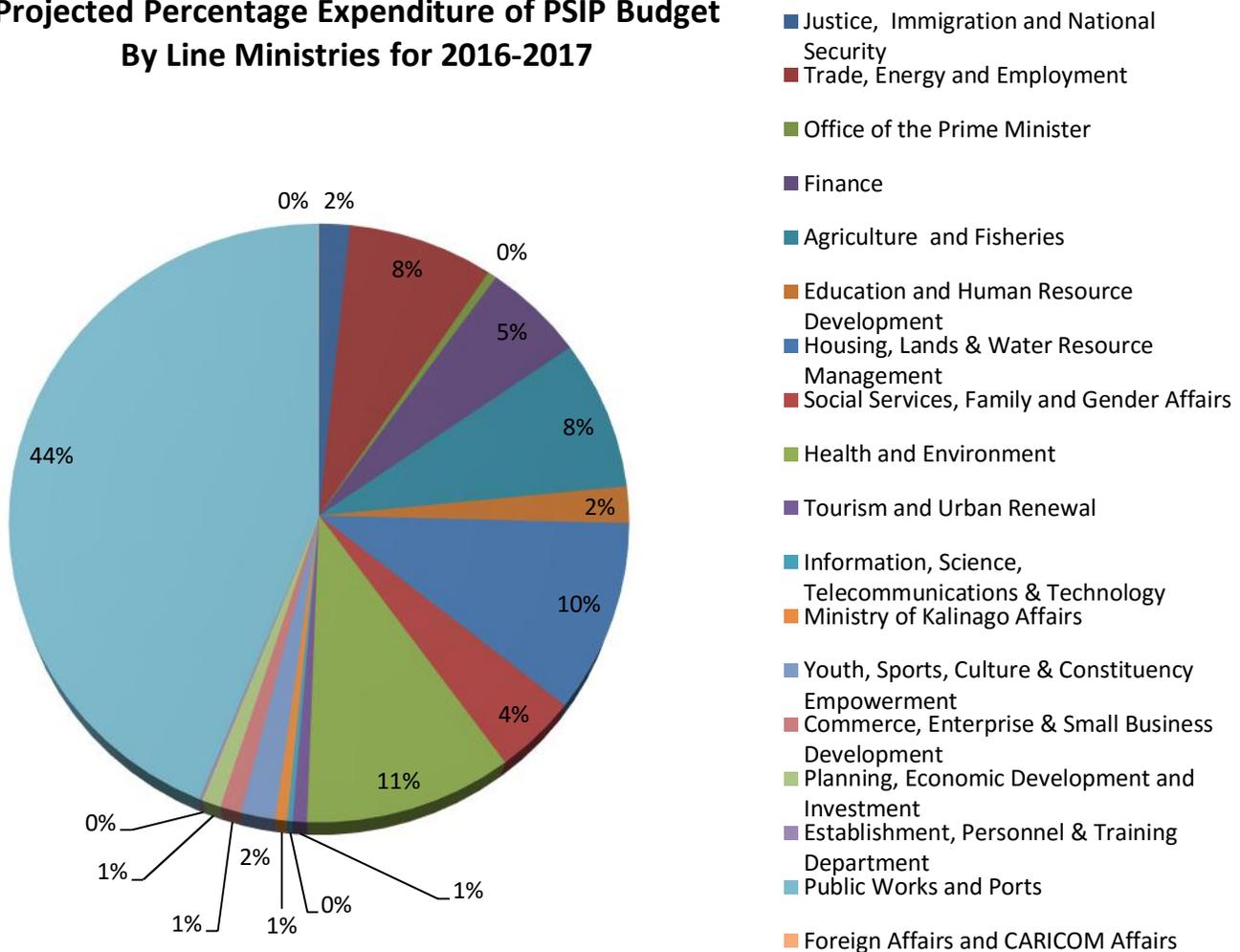
Madam Speaker, it should be noted that the Government's contribution to the capital budget will be financed with resources from the Citizenship By Investment Programme.

Table 5: Summary of Public Sector Investment Programme for 2016/17

| MINISTRY | Total | GOCD | Loan | Grant | % of total |
|--|------------|------------|-----------|------------|------------|
| Justice, Immigration and National Security | 5,133,565 | 4,107,240 | 408,000 | 618,325 | 1.64% |
| Trade, Energy and Employment | 24,405,901 | 8,564,102 | 1,533,813 | 14,307,986 | 7.79% |
| Office of the Prime Minister | 1,500,000 | 1,500,000 | - | - | 0.48% |
| Finance | 17,028,175 | 15,436,894 | - | 1,591,281 | 5.43% |
| Agriculture and Fisheries | 25,368,698 | 15,015,550 | - | 10,353,148 | 8.10% |
| Education and Human Resource Development | 6,162,061 | 5,411,634 | - | 750,427 | 1.97% |
| Housing, Lands & Water Resource Management | 32,414,128 | 24,661,891 | 6,672,237 | 1,080,000 | 10.34% |
| Social Services, Family and Gender Affairs | 13,302,403 | 1,200,000 | - | 12,102,403 | 4.25% |
| Health and Environment | 33,233,853 | 5,436,868 | 5,839,468 | 21,957,517 | 10.61% |
| Tourism and Urban Renewal | 2,285,948 | 2,285,948 | - | - | 0.73% |

| | | | | | |
|---|--------------------|--------------------|-------------------|-------------------|----------------|
| Information, Science, Telecommunications & Technology | 850,000 | 850,000 | - | - | 0.27% |
| Ministry of Kalinago Affairs | 1,880,000 | 680,000 | 1,200,000 | - | 0.60% |
| Youth, Sports, Culture & Constituency Empowerment | 5,470,372 | 5,093,212 | - | 377,160 | 1.75% |
| Commerce, Enterprise & Small Business Development | 3,370,000 | 3,370,000 | - | - | 1.08% |
| Planning, Economic Development and Investment | 3,043,700 | 530,000 | - | 2,513,700 | 0.97% |
| Establishment, Personnel & Training Department | 500,000 | 500,000 | - | - | 0.16% |
| Public Works and Ports | 137,254,540 | 76,504,917 | 30,131,635 | 30,617,988 | 43.80% |
| Foreign Affairs and CARICOM Affairs | 135,845 | - | - | 135,845 | 0.04% |
| TOTAL | 313,339,189 | 171,148,256 | 45,785,153 | 96,405,780 | 100.00% |

Projected Percentage Expenditure of PSIP Budget By Line Ministries for 2016-2017



Madam Speaker this fiscal year the Ministry of Public Works and Ports, will receive 43.8 percent of the PSIP in the amount of \$137.3 million.

Feeder road rehabilitation financed with funds from the European Union under the Banana Accompanying Measure (BAM) has also been allocated an amount of \$17.7 million. This will facilitate the rehabilitation of thirteen (13) feeder roads. This investment is expected to stimulate farmers to expand their cultivation, which will enhance exports, foreign exchange earnings, and national food security.

The first part of the Roseau Enhancement Project has commenced, with the Roseau West Bridge project, which will include the construction of a new bridge, river wall and river dredging.

In 2015/16, the amount of \$960,000 was raised from the Highway Maintenance Levy. This will be used to finance the rehabilitation of Charles Avenue in Goodwill, in keeping with Government's commitment, to utilise the funds from that road levy to specifically maintain our public roads to the benefit of road users.

Madam Speaker, Government will continue its efforts to improve the quality of health care and the promotion of healthy lifestyles among our people. The Ministry of Health and the Environment will receive 10.6 percent of the capital budget. This budget provides for the construction of the New National Hospital, with grant funds from the People's Republic of China and counterpart funding from the Government of Dominica.

I am aware Madam Speaker, of the skepticism, that has been expressed and encouraged by others in recent years, about the construction and operation of a new national hospital in Dominica. As usual, some said it could not be done and it would not be done. Many who poured scorn and cold water on this initiative, clearly did not understand the intricate planning process required in the building of a hospital especially on the same site of an existing hospital, in full time operation.

Right here in the region we know for example, that it took a particular country decades to conceptualize and finally agree on the structure and layout of their hospital facility. In another country, the planning process for and the actual refurbishment of their hospital, stretched over two terms of an administration. In a third country after more than 15 years under active consideration, discussions are still continuing over whether their particular hospital should be refurbished or replaced. Here in the Commonwealth of Dominica however, some people expected that with a flick of a light switch, we would just step out one morning, break ground and start to build.

Madam Speaker, the process of consultation on the formulation of designs and a methodology for constructing the new hospital on the same site as the current operation, was very intense and required extensive discussion and negotiation; not only with officials of the two governments involved, but with local, regional and international stakeholders as well.

I am pleased to announce to this House, that after ensuring that all necessary surveys and designs were done, all "I's" were dotted and all "T's" crossed, all agreements have now been signed. The ground breaking ceremony for Dominica's new state of the art national hospital will take place on the 8th August 2016, and I take this opportunity, Madam Speaker, to invite all Dominicans, to attend.

Madam Speaker a modern hospital will bring tremendous benefits to the people of Dominica. Our citizens will have access to top quality, affordable health care. Residents and visitors will have greater comfort knowing that when visiting Dominica, 21st century health care will be readily available. There will be scope and opportunity for the pursuit of health tourism, with Dominica being able to offer first rate health care services to neighbouring islands in specific specialty areas. Not only would this attract new and additional revenue, but it would also benefit the vital tourism industry as well. This would serve also to reduce the number of people being referred to overseas facilities for care. The new National Hospital will enhance opportunities for its use by the medical schools for their clinical rotations and will bring additional economic benefits to the country.

I should point out here however, Madam Speaker, that building a new hospital on the site of the current facility has its challenges. Clearly, we know that there will be some level of inconvenience to all special interest groups; namely to patients, health care professionals and other ancillary staff, visitors to the hospital and persons providing products and services to the institution. This inconvenience will be minimized as much as possible and I daresay will be worth the end product, when we receive a modern hospital facility, fit for the third decade of the twenty first century. This is a day that we have all prayed and hoped for, and I ask citizens and residents alike to be tolerant and patient, as we seek to implement short term arrangements for the continued conduct of business at the hospital during the months of construction.

During this financial year as well, designs for the Marigot hospital will be formulated and planned upgrades to the Portsmouth Hospital will be undertaken.

Madam Speaker, the largest amount from what is allocated to the Ministry of Health and the Environment will be for the Disaster Vulnerability Reduction Project (DVRP), towards building resilience in infrastructure, especially road infrastructure. The rehabilitation of many of the country's highways and the stabilization of vulnerable slopes to be undertaken as part of this project, will improve Dominica's resilience to devastating storms.

During the fiscal year, the Ministry will also benefit from funding provided by the Government of Japan and the Global Environment Facility (GEF) to undertake localized intervention, aimed at strengthening and enhancing livelihood opportunities and improving local community resilience.

The Ministry of Housing and Water Resource Management, Madam Speaker, has been allocated 10.3 percent of the capital budget in the amount of \$32.4 million. That amount reflects ongoing rehabilitation and resettlement efforts by the Government and Government's firm policy and commitment to improving the quality of housing and sanitation in Dominica. The Government's housing renovation and sanitation project, the Plat Ma Pierre Housing Scheme, Silver Lake Housing and the construction of houses in several areas of the country, will receive added attention. The rehabilitation and extension of water systems, remain a major objective of Government, in fulfilment of our policy to provide 100 percent pipe borne water to all communities.

The Ministry of Trade, Energy and Employment will receive 7.7 percent of the Government's fiscal investment budget. The National Employment and Mentorship Programme (NEP) receives the largest allocation reflecting Government's firm commitment to continue to create employment opportunities, training and mentorship especially for the youth. As at 30th June 2016, 1,344 young people were engaged under the NEP.

Madam Speaker, many can attest to the fact that the NEP has surpassed expectations. It has provided an invaluable boost to the critical growth sectors, improving the human resource and manpower needs of the small business, tourism and agriculture sectors. It has impacted education and improved social service and care for the most vulnerable among us. It is spread throughout the public and private sector and has improved greatly the Public Private Sector partnership. Its hallmark remains the improvement in the livelihoods of a significant number of youth and adults alike, who traditionally had difficulties attracting gainful employment. We can now see the positive impact of the NEP in numerous households, throughout the length and breadth of Dominica.

I remind this Honourable House, Madam Speaker, that the NEP is a programme that some said would not last; was not designed to last; was merely about catching votes. Well, Madam Speaker, elections are long over, and the NEP, far from winding down is expanding to accommodate a growing number of enterprising young people. Madam Speaker in the debate that will follow, I believe that those who spoke ill of the NEP, should have the conviction and the courage to apologize.

Madam Speaker, the Government continues to implement progressive measures within the Ministry of Trade, to facilitate the ongoing improvements in the quality of our exports and to enhance the country's export competitiveness. These include support to the shipping sector, the National Centre for Testing Excellence, and the multipurpose Pack Houses.

Provision has been made for an amount of \$500,000, to assist boat owners to upgrade their vessels. This is intended to facilitate them to meet the required certification standards and enhance their capacity for the transportation of agricultural and other commodities.

Madam Speaker, Government has decided that it will proceed with the construction of the domestic geothermal plant through a Special Purpose Vehicle (SPV). We will establish a company wholly owned by the Government, to build a 7 megawatt geothermal plant in two stages, of 3.5 megawatt each. Activities on the project will continue in fiscal year 2016/17 and budgetary allocation of \$46.3 million has been made to cover the project costs over a two year period. The cost will be met from local and grant resources.

The Government of New Zealand has agreed to expand its technical support to the project for the front end engineering and design; procurement of contractors for goods and services, for construction and operation and maintenance; and for the supervision of works of the geothermal power plant. We extend our thanks to them for continuing to partner with us.

The SPV will also be supported by a business consultant and legal counsel. We have entered into a new contract with Clean Infra Partners to provide technical advice. Clean Infra Partners was originally engaged by the Clinton Climate Initiative (CCI) and the World Bank respectively, to advise our Deal Team in earlier rounds of negotiations with the French companies.

Legal services will be provided by Holland and Knight, a New York based international law firm with extensive experience in energy law, concession agreements, Power Purchase Agreements (PPAs) and other related matters. In 2013 Holland and Knight was contracted by the Clinton Climate Initiative to provide pro bono services to our team during the last round of negotiations with the French Consortium and they provided those services for a period of about two years.

Once the power plant is commissioned, Government will contract the services of a qualified Operation and Maintenance contractor, to ensure the sustainable use of the geothermal resource and for the efficient operation of the power plant. Discussions have started with DOMLEC for the purchase of power from the plant. As part of the overall programme, Government is preparing a divestment plan to make shares in the company available to the local private sector and the Dominican public.

The Geothermal Development Bill which will establish the legal framework for the development of geothermal energy in Dominica, will be submitted to Parliament at its first sitting after the Budget.

Madam Speaker, notwithstanding our challenges, I wish to reiterate, that this Government will maintain all of its social programmes. Funding for most of these are contained within the recurrent budget. Under the capital programme, the Ministry of Social Services, Family and Gender Affairs will receive 4.2 percent. The Basic Needs Trust Fund (BNTF) will be provided with the largest allocation and will target a number of critical community infrastructure projects, aimed at contributing to a more comfortable and pleasurable way of life.

This year the capital budget an amount has also been allocated to the non-financial cooperatives. These cooperatives are important entities within the economic institutional structure of production, processing and export. The collective efforts of producers, manufacturers, and exporters, contribute to greater efficiency and competitiveness. The amount will seek to strengthen institutional arrangements, provide inputs to primary production, processing and enhance export competitiveness, and the creation of jobs.

Madam Speaker, the Ministry of Education and Human Resource Development will receive nearly 2.0 percent of the capital budget. This allocation will go towards the expansion and upgrading of school plants, with the continued development of the Dominica Grammar School and the construction of Thibaud Primary School.

The Ministry of Youth, Sports, Culture and Constituency Empowerment will receive 1.7 percent of the capital budget. The Ministry will seek to enhance sports facilities, and expand the recreational and sporting opportunities for Dominican youth. Particular reference is made of the project to cover the hard court in Massacre. This will allow for the hosting of games despite inclement weather.

Government continues to invest in the talents of the youth for their physical and mental well-being.

The Ministry of Justice, Immigration and National Security has been allocated 1.6 percent of the capital budget. This allocation will go towards improvement of police and fire stations, border management and continued work at the Registry. All these projects will improve working conditions, service delivery, border security, safety and satisfaction of customers.

The Ministry of Commerce, Enterprise and Small Business Development will receive approximately 1.0 percent of the capital budget. Small enterprises play an important part in the national economic and social development of the country. As the national economy continues to be more service oriented, financial, managerial, and other forms of support must be provided to already established businesses, as well as new businesses that are coming on stream. The Government has also provided support to small enterprises, to improve the quality of their products and services and enhance their level of competitiveness.

Particular mention is to be made of one million dollars (\$1,000,000) from the allocation, to be directed specifically, for support to the music industry. Madam Speaker, last fiscal year the Government financed training for musicians and artistes in collaboration with the Association of Music Professionals. It is expected that during this year, further training and assistance will be provided.

Through rural enterprise programmes, opportunities will continue to be created for start-up businesses in search of space, know-how, technologies, and business services. Four rural enterprise centres have already been established in Dublanc, Paix Bouche, Grand Fond and the Kalinago Territory, with several other communities to be targeted in this financial year.

An allocation has been made under the Ministry of Planning, Economic Development and Investment, for continued work on the Cabrits Hotel Resort & Spa. Under this Ministry, the Government has also allocated resources to conduct a Country Poverty Assessment (CPA), which is partly funded by the Caribbean Development Bank (CDB). The undertaking of that assessment will commence this year, with the results being made available during calendar year 2017.

The Ministry of Kalinago Affairs will receive funds for the continuation of the Carib Territory Community Capacity Building Project and a small business Development Fund. Both projects are aimed at providing more direct assistance to

the Kalinago people. The small business development fund is a facility directed at Kalinago entrepreneurs, seeking to start or expand their small businesses. It will boost the enterprise culture of the Kalinago people in developing and sustaining the indigenous craft industry.

An allocation is provided for the Ministry of Information, Science, Telecommunication and Technology to help bring the ICT Centre of Excellence to full operation. Madam Speaker, we need to tap into the creativity of our young people. This Centre will give priority to the training of the youth, to stimulate innovation, nurture their capacity to develop software applications that will improve the efficiency of work in the public and private sectors.

Building Resilience in the Main Growth Sectors

Madam Speaker, Government continues to articulate the position, that economic growth is the precursor to poverty alleviation and the platform for building a more equitable, peaceful and just society.

The pursuit of economic growth could be hampered, by the increasing threat of global terrorism, the refugee crisis in Europe, the de-risking of our banking systems, and the exit of the United Kingdom from the European Union. All of these could negatively impact the flow of resources and foreign direct investments, from the developed countries, to developing countries, including Dominica. This external environment, coupled with the fact that Dominica is prone to natural disasters, tells us that the pillars on which our economy is being built must be more robust, more widely diversified, well designed, adequately financed, and driven by visionary, capable and fearless leadership. This is applicable to all sectors, public and private, as well as non- governmental organisations.

I will now treat with the two main growth sectors.

Agriculture

Madam Speaker, agriculture contributes approximately 13 percent to the GDP and remains significant in terms of export earnings, employment, poverty reduction, and more importantly national food security. In the capital budget for this year, the Ministry of Agriculture and Fisheries has been allocated 8.1 percent of the capital budget in the amount of \$25.3 million. The allocations reflect Government's commitment to crops, livestock and fisheries.

Madam Speaker, Government remains firm in its commitment to the agricultural sector. We have confidence in our farmers' ability to rebuild a stronger, more climate smart and sustainable agriculture. Government will provide the necessary support to achieve this objective.

Indeed, we spoke in the last two budgets about the desire of the Government to assist meaningfully in the marketing of Dominica's agricultural produce to neighbouring islands. The main hindrance to this over the years has been reliable transportation. I am inspired by progress being made in negotiations with certain external private sector interests, to establish the necessary joint venture relationship with a local Dominica entity, to take on the challenge of acquiring and operating a reliable shipping service between Dominica and several of its neighbouring islands, as far north as the United States Virgin Islands and southerly to Trinidad and Tobago.

Government is also in discussion with entrepreneurs who are excited about the prospect of investing in the harvesting, packaging and sale of Dominica's drinking water. It is thought that the same vessels to be used to transport such water, would also be utilized for the transportation of agricultural produce to the islands, as well as of vital commodities from these islands.

Detailed plans are progressing rapidly to begin this operation and I expect to be in a position to announce the commencement of this particular venture by the time of celebration of our National Independence in early November.

Madam Speaker, our ongoing efforts to bring the Black Sigatoka disease under control and effective management, is showing positive results. Banana production is on the increase. In excess of forty five thousand (45,000) tissue culture plantlets were delivered to farmers and planted in the course of the last fiscal year. As a result of this initiative sixty-seven (67) acres of this new planting material has been established.

The Ministry of Trade and Dominica Export Import Agency (DEXIA) have been engaged in conducting trade missions and visiting potential markets for the sale of our agricultural products. Under a new arrangement, trial shipments have been made to St. Thomas and steady progress is being made to capitalise on an opportunity in this market. Efforts are ongoing to expand market share in Antigua and in other islands north of Dominica. A special unit will be established to provide further support to the banana farmers. We have engaged Winfresh with a

view to the resumption of our exports to the UK, and Winfresh has also given a commitment to assist with export to regional markets. Critical to all these Madam Speaker, is the need for farmers to maintain the highest quality of produce demanded by the market.

Madam Speaker, Government's programme for increasing production of plantain, dasheen, yams, citrus, passion fruit, sweet potatoes, Irish potatoes and onions, all recognised as important for food security and for export is proceeding satisfactorily. Farmers continue to receive assistance in the form of free or subsidised inputs, including fertilizers, and planting material. The Division of Agriculture continues to provide unbroken technical support to farmers.

The National Abattoir

Madam Speaker, in the budget address for the last fiscal year, I gave a detailed outline of Government's interventions and plans to progressively move forward in making the country self-sufficient in pork and poultry production.

These interventions were driven by the objective of creating the raw material base for supplying the National Abattoir which was under construction and funded by a grant from the Government of the Bolivarian Republic of Venezuela. The construction of the abattoir has now been completed and trial runs for processing pork and poultry have been conducted.

The abattoir is now ready to begin operations. The core staff has been recruited, and the business lines along which the facility will initially do business has been determined.

Madam Speaker, the Government of Dominica has implemented a programme for the development of the pork and poultry industry, geared towards making us self-sufficient in both of these products.

Through the generosity of the Government of the Bolivarian Republic of Venezuela, we have constructed a modern abattoir, with the capacity to slaughter 20,000 birds and 250 pigs per week. In an effort to develop the industry, Government has invested heavily in production, by providing farmers with financing and the technical support required to upgrade facilities and improve husbandry. Fortunately for us a ready market exists, as Dominica currently imports in excess of \$18.0 million of these products annually.

Madam Speaker, it is not the intention of the Government, to get involved in the running of the abattoir. This is a prime opportunity for the private sector, to come together and to present a proposal to Government, to take over the operations of the abattoir and to market the sale of the pork and poultry processed. This is a golden opportunity for a true manifestation of a public-private sector partnership and one that will redound to the benefit of the country, no doubt Madam Speaker, there is a market for pork and poultry parts in Dominica, therefore there is no question about the private sector firm not making a profit.

With the abattoir, Government has laid down the framework and the foundation for the establishment of a very profitable pork and poultry industry. Its success, however, will only be assured if we in Dominica purchase and consume the locally processed pork and poultry. Madam Speaker, if we eat what we produce as a nation, then the farmers in particular and the country as a whole will benefit.

Feeder roads

Madam Speaker, an effective agricultural production system is critically dependent on a proper network of feeder roads. Many farmers were denied access to their farms due to severe erosion and landslides degrading the feeder roads and in some cases a lack of appreciation of farmers of the need to do basic maintenance works on the roads which benefit them.

I can report that the contractors have been mobilised and work has commenced on the thirteen feeder roads being financed under the Banana Accompanying Measures (BAM). I am further advised that a number of local sub-contractors, service providers and other local personnel are engaged on these projects.

Additionally, special attention will be given to the Carholme feeder road for which an allocation of two million dollars (\$2 million) has been made with funding from the Citizenship by Investment Programme in this fiscal year to go towards a comprehensive rehabilitation of that road.

Strengthening Trade

Madam Speaker, the Ministry of Trade, will reposition itself, to further strengthen the marketing of our local products. A Unit will be set up, within the Ministry of Trade, with the specific mandate to generate real time information on specific crops and products and link potential sellers in Dominica with potential buyers in the regional market. The proposed Unit will work closely with DEXIA in the execution of this mandate.

Special loan facility for investment in agriculture

Madam Speaker, a special investment facility is being established for the agriculture sector. Access to capital for investment in facilities and for working capital, under reasonable terms and conditions, is always of overriding concern to the farmer. To address this need, Government will be placing ten million dollars (\$10 million) at the AID Bank for on-lending to farmers.

These sums will be used to support farmers generally, and to further support the development of the pork and poultry sector.

Loans will be made to farmers at an interest rate of three percent (3%) and they will also benefit from a grace period of six (6) months.

The relevant agreement with the AID Bank has been prepared and will be signed immediately upon passage of the budget by Parliament.

Tourism

Madam Speaker, as we have done in previous years, in preparing this Budget, the Government engaged stakeholders in the tourism industry to discuss their concerns and to receive proposals from them. One of the proposals submitted by the Dominica Hotel and Tourism Association (DHTA) for inclusion in the 2016/17 budget, is the establishment of a special loan facility to finance the upgrading and expansion of existing hotels and restaurants. The DHTA identified the need for low cost financing as one of the most critical matters for its members.

The above request is consistent with the policy of the Government to increase the number of high quality rooms in Dominica. As such, Government has given positive consideration to the request and will put in place a loan facility at the AID Bank for the purpose of financing the upgrade and expansion of existing hotels and restaurants.

An amount of \$15.0 million from the proceeds of the Citizenship by Investment Programme will be deposited with the AID Bank for on-lending to the hotel sector. The Government has decided based on consultations with the hoteliers to set the interest rate at 3.0 percent with a grace period of one year.

The relevant agreement with the AID Bank has been prepared and will be signed immediately upon passage of the budget by Parliament.

Madam Speaker, it is our hope that these funds will be completely taken up within one year since, potential beneficiaries have indicated that they are ready to get started on these rehabilitation, improvements and expansion initiatives. I, along with the Ministers for Tourism and Urban Renewal and Planning, Economic Development and Investment and other Senior Government Officials, held discussions with owners, and Chairpersons of the Boards of hotels, on 14th July to discuss these and other matters and there is great enthusiasm and excitement and expressions of gratitude for this initiative. I have no doubt Madam Speaker, that as a result of this loan facility, we will, in the next two years see a number of new and upgraded rooms added to the hotel stock.

The Ministry of Tourism will receive an additional \$2.2 million for site enhancement and the expansion of the Community Tourism product. This will enhance the attractiveness and quality of our product.

The marketing efforts of the Ministry will receive a further boost, to its marketing budget, from \$6.0 million to \$8.5 million, in line with the Tourism Master Plan. The budget for the World Creole Music Festival has also been increased by an additional one million dollars (\$1.0 million).

Madam Speaker some of these measures were also influenced by the report emanating from the National Reconstruction Task Force, chaired by His Excellency Eluid Williams, former President of Dominica. We wish to place on record our profound gratitude for their dedicated service to the Nation.

Citizenship By Investment Programme

Madam Speaker, the Citizenship By Investment Programme has become an important non-tax revenue earner for the State and I therefore wish to restate a few facts about the Programme.

- It is under this Government that a separate Unit of Government was established to strengthen the governance structure for the administration of the programme. Previously, the Citizenship By Investment Programme or its predecessor the Economic Citizenship Programme, was administered through the Financial Services Unit.
- It is under this Government that a decision was made to identify separately the projects on the PSIP which are funded from resources raised under the

programme. These projects are given a code of 115 in the printed estimates and are easy to reference. Government's contribution to the financing of a number of major development projects has come from the Citizenship By Investment Programme. This includes the geothermal development project, the counterpart financing for Lots 1 and 2 Canefield to Melville Hall project and in more recent times, many of the post tropical storm Erika rehabilitation works, including the rehabilitation of Douglas Charles airport.

- It is under this Government that greater structure was given to the programme, by defining clearly the two streams of the Programme; one by which resources will be raised to finance the public sector investment programme and the other by which foreign direct investment is targeted for private sector investment.
- It is under this Government that we have expanded the Programme and employed a marketing strategy aimed at attracting the best and most credible applicants.
- And it is under this Government that we have increased our revenue earnings to over 200 million in the last financial year.

Madam Speaker, we may ask the question "why is the Citizenship By Investment Programme so important?" The response is clear; In an age where development finance is dwindling and the process of gaining access to available financing is becoming more onerous, Governments the world over must find credible ways and means of raising financing for development programmes. The alternative would be to increase domestic taxes and or contract loans.

Dominica is not the only country implementing a Citizenship By Investment Programme; and it is not the only developing country which has introduced such a programme. The United States of America, the world's largest economy has its own programme. The United Kingdom, Malta, Cyprus and many other countries have programmes of their own.

In the last fiscal year, every effort was made to increase the revenues earned from the Citizenship By Investment Programme. In that regard, members of the Government at both the policy and technical levels, participated in several conferences around the world, particularly in the Middle East, Europe, North America and Asia, to promote the Programme.

Madam Speaker, the resources from the Citizenship By Investment Programme are deposited with the National Bank of Dominica (NBD) and the Royal Bank of Canada (RBC). The only signatories to these accounts are the Financial Secretary, Budget Controller, the Accountant General and the Senior Examiner and Corporate Services Officer in the Citizenship By Investment Unit. Drawdown from the bank accounts must be done by two of the officers so that no one officer can undertake any transaction on his or her own.

The account at the NBD had a balance of \$2.4 million at end June 2015 and a balance of \$19.1 million at end June 2016. Inflow for the fiscal year 2015/16 was \$118.0 million.

The account at the RBC had a balance of \$13.0 million at end June 2015. The balance at the end of June 2016 was \$143.2 million. Inflow for the fiscal year 2015/16 was \$161.8 million.

The following table summarises the bank balance and inflows:

| | Balance June 30, 2015 | Balance June 30, 2016 | Inflows FY 2015/16 | Amounts utilised |
|--------------|--------------------------------------|--------------------------------------|-------------------------------|-----------------------------|
| NBD | 2.4 | 19.0 | 118.0 | 101.4 |
| RBC | 13.0 | 143.2 | 161.8 | 31.6 |
| Total | 15.4 | 162.2 | 279.8 | 133.0 |

The resources from the Citizenship By Investment Programme were identified in the 2015/16 budget to finance a number of capital projects as well as the recurrent activities. The amount spent by Government for the year was \$99.0 million. In addition to this expenditure, payments were made out of the bank accounts for the due diligence that must be done for every applicant, promotion and marketing of the Programme and refunds made to applicants who were unsuccessful in the application.

The details of expenditure are contained in the table below.

| Name of Projects | Actual Expenditure (\$) |
|--|--------------------------------|
| TRADE, ENERGY & EMPLOYMENT | |
| National Employment Programme | 8,781,265.91 |
| Apprenticeship Programme | 435,706.63 |
| AGRICULTURE | |
| Assistance to the Fisheries Sector Post tropical storm Erika | 281,800.00 |
| SOCIAL SERVICES | |
| Projects Mahaut Constituency | 521,546.41 |
| Road rehabilitation in Cochrane | 300,000.00 |
| Assistance to farmers and small business in the La Plaine Constituency post tropical storm Erika | 389,980.00 |
| TOURISM | |
| Tourism Site Enhancement | 139,772.35 |
| Community Tourism Expansion | 258,400.00 |
| Roseau Enhancement Project | 2,991,323.11 |
| COMMERCE, ENTERPRISE AND SMALL BUSINESS | |
| Small Business Enterprise Development | 2,588,925.66 |
| Rural Business Enterprise Centres | 231,631.76 |
| Financial Assistance to Medium, Small and Micro Enterprises affected by tropical storm Erika | 136,517.00 |
| Windsor Park Stadium | 121,429.65 |
| PLANNING, ECONOMIC DEVELOPMENT AND INVESTMENT | |
| Cabrits Hotel Resort and Spa | 165,662.43 |
| HOUSING | |
| Land Settlement and Development | 781,622.54 |
| House Renovation and Sanitation Programme | 2,041,475.00 |
| PUBLIC WORKS | |
| Solar Street lighting Project | |

| | |
|--|-----------------------|
| | 262,140.89 |
| Road Rehabilitation Works in Belles | 253,799.25 |
| Reconstruction of West Bridge & River Dredging | 768,034.39 |
| Tropical Storm Erika Rehabilitation Works | 1,700,000.00 |
| Emergency infrastructural works at the Douglas Charles Airport | 14,385,424.68 |
| Dredging of rivers at Coulibistrie, Castle Comfort, La Ronde and Pichelin | 423,419.00 |
| Reconstruction of the Road Edge failure at Dublanc | 1,044,023.00 |
| Outstanding payment for the Roseau to Douglas Charles Airport Lot 2 | 5,479,543.34 |
| Reconstruction of damaged fencing at Douglas Charles Airport post TS Erika | 281,460.75 |
| PROJECT TOTAL | 44,764,903.75 |
| OPERATIONS | |
| Debt amortization | 34,744,051.00 |
| Interest payment | 10,538,345.25 |
| Budgetary Support | 9,000,000.00 |
| OPERATIONS TOTAL | 54,282,396.25 |
| TOTAL Transferred to Consolidated fund | 99,047,300.00 |
| Promotion and Marketing of the Programme | 15,862,500.00 |
| Returned payments for applications disapproved | 2,572,776.00 |
| Due Diligence Fees | 15,539,860.80 |
| GRAND TOTAL | 133,022,436.80 |

This fiscal year Madam Speaker, it will be noted that the Government's contribution to the capital budget will be financed with resources from the Citizenship by Investment Programme. This is deliberate, because increasingly, it is the intention of the Government to utilize the funds raised from the Citizenship by Investment Programme mainly for investment purposes, and to minimize the burden on the tax payers and limit the incurring of additional debt.

In regard to the investment arm of the Programme, Madam Speaker, I can report that construction of the Range Kempinski Dominica Resort, commenced in January 2016 and works are progressing satisfactorily. It is expected that the 160-room 5 star resort on Douglas Bay in Cabrits will be completed within eighteen (18) months.

On Friday 18th December 2015, Government signed an agreement with Sunstone Inc., for the construction of the Tranquility Beach Resort Dominica. This resort will be constructed on 6.37 acres of land in Salisbury and is the brainchild of a Dominican developer. It will be a seventy-three (73) room hotel with amenities including a spa, gym, restaurant, and conference facilities. It is expected that the facility will be managed by Curio ó A Collection by Hilton.

While other projects are being assessed for consideration, the following, have been granted provisional approval under the CBIP and we expect to conclude negotiations within weeks:

1. Oriental Developers Caribbean Ltd. (Silver Beach) ó (Picard, Portsmouth)
2. Bois Cotlette Estate Inc. - Soufriere
3. Montreal Management Company Est. ó Bellevue Chopin (Housing Resettlement Project)
4. AyAy Holdings Caribbean Ltd. (Jungle BayVillas) - Soufriere
5. Secret Bay Developments (Petite Bay, Portsmouth)

It is expected that construction and operational activities in the above-mentioned projects will result in a boom in the economy through trade, job creation, foreign direct investment and revenue generation for the State.

Madam Speaker, in the 2015 budget address, I announced some changes in the fee structure for the programme. After some consideration, Government has decided to defer the implementation of the new fees. As such, the fees as they now exist will continue to apply.

I wish to thank the agents, promoters, the Marketing firm C.S Global, as well as the Coordinator and staff of the Citizenship By Investment Programme Unit, for the great effort in ensuring that Dominica's Programme remains credible, highly successful and ranks among the best in the world.

De-risking By Global Banks

Throughout the Caribbean Madam Speaker, there has been a recent trend of de-risking by global banks. De-risking is sometimes defined as the phenomenon of financial institutions terminating or restricting business relationships, with clients or categories of clients, to avoid rather than manage risk, in line with the Financial Action Task Force's (FATF's) risk-based approach.

Global banks have either terminated or threatened to terminate their correspondent banking relationships with some local banks in the region. Madam Speaker, this is not an issue limited to Dominica or even to the Caribbean, it affects the Pacific and Africa also; but from a survey undertaken by the World Bank, the Caribbean has been identified as one of the geographic regions likely to be seriously affected. It has very little to do with the actions or inactions of Governments but has to do with the decision taken by the larger banks.

Correspondent banking relationships are critical for enabling key financial and economic transactions and the loss of these relationships will have a serious economic impact.

CARICOM has devised a strategy and we are actively engaged in discussions to seek to address this ongoing matter.

Establishment of a Vulnerability, Risk and Resilience Fund

Madam Speaker, Dominica is prone to a number of natural hazards. These include exposure to hurricanes and other tropical and rainfall events, volcanic activity, and earthquakes. In recent years, the most recent being the Christmas Eve trough in 2013 and the passage of tropical storm Erika in 2015, unusual climatic and weather events have caused significant damage to Dominica. The cost associated with rehabilitation and reconstruction is significant. While friendly countries and regional and international institutions make available, emergency assistance in the form of cash, technical assistance or emergency response personnel, funding of the more long term rehabilitation will always be a major challenge for Government.

It is in this context, and with the aim of building greater resilience in self-financing, rehabilitation and recovery, after disasters and external shocks, that the Government of Dominica proposes to establish a Vulnerability Risk and Resilience Fund.

For such a facility to be sustainable, it must be appropriately designed and managed. The IMF is now providing technical assistance to the Government, to establish the Fund.

The Eastern Caribbean Central Bank (ECCB) has been approached to manage and administer the Fund and has given a no objection to the request. Resources for the fund will be allocated from the Citizenship By Investment Programme and from Government's tax revenues. It is our hope that the Fund will be further capitalized with resources from specially established facilities by the United Nations and other international partners, aimed at reducing vulnerabilities and building resilience to the impacts of climate change.

It is also expected that proceeds from green projects developed by the Government and with a revenue stream will also contribute to the Fund. Two projects already identified are the Geothermal Energy Development Project and the National Waste to Energy initiatives.

Fiscal Measures and Reform

Madam Speaker, in the last fiscal year, we continued to engage the private sector with a view to arriving at an appropriate mix of policy measures. Generally, in assessing their suggestions, Government takes into account the possible impact on revenue, the impact of the relevant sectors and the potential impact on other government policies and the wider economy. In short Madam Speaker, each new policy should have a positive impact on the economy or on the fiscal situation of the country. For example, a policy measure may result in a direct loss of revenue but could as a result of the efficiency gains, in the long run, be the best decision.

Madam Speaker, earlier in this presentation, I announced two measures which are intended to facilitate investments in the tourism and agriculture sectors. Loan facilities will be made available to the AID Bank for onlending to the tourism and agriculture sectors. Under these facilities loans will be made available at concessional terms to stakeholders in the sectors. For the hotel and restaurants, the loans will be granted at an interest rate of 3.0 percent with a grace period of one year. For the farmers, loans will be granted at a rate of interest of 3.0 percent with a grace period of six months.

Madam Speaker, I now announce the following additional measures.

Increasing the VAT Registration Threshold

Madam Speaker, the Value Added Tax was introduced in March 2006. At its introduction, a VAT registration threshold of \$60,000 was set. This meant that businesses with annual turnover of more than \$60,000 qualified to register for VAT. Effective 1st September 2007, Government increased the registration threshold to \$120,000 for all types of businesses except hotels, commercial rental businesses and professional service providers.

In that regard, and nine years after the last increase, Government will once again increase the VAT registration threshold, to reduce the number of businesses required to register for VAT. This new threshold will apply to all types of businesses that are engaged in the supply of taxable goods and services.

The revenue cost of this increase in the threshold is estimated at \$985,383 based on VAT declarations for 2015.

Those businesses that are now registered for VAT and which will fall below the new proposed threshold would be deregistered.

Therefore Madam Speaker, effective 1st September, 2016 the VAT registration threshold will be increased to \$250,000 per annum for all categories of business. This we see as a first step in making it easier for smaller businesses to be tax compliant.

Proposal to amend the manner in which income tax incentives on new hotel rooms are calculated

This measure Madam Speaker, is based on a request from the DHTA, for an adjustment of the tax incentives granted to hoteliers who have decided to expand or undertake substantial renovations of their existing plant.

The Income Tax Act, as it is currently structured, provides incentives to hoteliers who are engaged in the construction of new hotels or additional rooms in existing hotels. Further, in the case of construction of additional rooms, the Act assumes that all rooms are of the same value and rented at the same price for the purposes of calculating the exempt income. The knowledge is that newer rooms are likely to be of a higher price and value. Further, new rooms are generally expected to be of a higher quality. Madam Speaker, the aim of the Government is to have better

quality rooms and we expect that any expansion of hotel plant should result in improved quality rooms.

Therefore Madam Speaker, the Government proposes to amend the Income Tax Act, to allow the Cabinet to approve tax holidays of up to 10 years, where hoteliers have made substantial upgrades, to their existing hotel plants. This would include extensive remodelling, renovation or refurbishment works.

Further, where a tax holiday has been granted in relation to the extension of an existing hotel, for the purpose of calculating the amount of income to be exempt, Government proposes to exempt the income that is directly related to that extension. In the case of a substantial upgrade to an existing hotel, the exemption will be based on the additional income, earned directly as a result of the upgrade.

Madam Speaker, where no income is earned as a direct result of an extension, or substantial upgrade, or part thereof, amendments will be made to allow Cabinet to approve of the classification of these extensions or upgrades or part thereof, as five year plants for the purpose of deduction of capital allowances. What this means Madam Speaker, is that these hoteliers will be allowed to recover their costs, by way of an income tax expense deduction of 20 percent for each year, over a period of five years.

The necessary amendment to the Income Tax Act will have to be done and this measure will take effect from 1st January 2017, to coincide with income year 2017.

Social Measures

Madam Speaker, we continue as a caring Government, to target the most vulnerable in society. A few budgets ago, we introduced a facility where hundreds of seniors, not qualified for contributory pensions, but who have worked hard to help build Dominica, would receive a monthly stipend from the Government. The response to this initiative has been overwhelming. I firmly believe, Madam Speaker, that just as corporate Dominica will benefit directly in this budget from the growth of the Citizenship By Investment Programme, so too must the needy and more vulnerable in our midst.

Madam Speaker, all available studies suggest, that it is the elderly, as well as infants who are most vulnerable. In this Budget, we shall address their concerns.

It is debatable what is the true cost of a basket of essential items for a senior, over the course of one month. In the context of Dominica, much depends on where you live and who are your neighbours. What we do know for sure, however, is that the current minimum pension payments are simply not enough to afford a significant number of seniors, a satisfactory quality of life and standard of living.

In this context, there are two categories of pensioners: A Contributory and a Non Contributory pensioner; meaning, those who made adequate contributions to qualify under the Social Security Programme and those who did not contribute. As I referenced earlier, we moved a few budgets ago, to address the interest of those who did not contribute adequately.

What concerns me Madam Speaker, is that we have a duty, as a nation, to provide for our seniors and to ensure that they live healthy and dignified lives in the twilight of their years. In 2014, we mandated that they receive \$200 a month. This has helped but, in my opinion, it is not enough.

The Citizenship By Investment Programme has been of enormous assistance to Dominica in helping to boost revenues, and Government feels strongly that its most vulnerable citizens should benefit directly from this programme. Therefore Madam Speaker, I am pleased to announce a 50 percent increase in the Non Contributory Social Allowance for persons 70 years and older, from \$200 a month to \$300 a month, effective 1st September 2016.

Now I know this will raise the question of 'what about those who have contributed?' That is a fair and reasonable question, deserving of a forthright answer. They too live in Dominica and they too are deserving of the guarantee of a satisfactory existence, from a country to which they gave their all.

The Dominica Social Security Board has done a remarkable job of managing the resources of workers in this country. I wish here to congratulate the directors, management and staff for the fantastic job they have done and continue to do.

It has been of concern to us as a Government that some pensioners receive less than \$55 a week for contributing to the system. Were these levels to remain in effect, it would create the anomaly whereby persons who did not contribute, would, as of September 1st, be receiving more than some of those who did. This, clearly, would not be acceptable.

Madam Speaker, as Minister responsible for Social Security, I propose, immediately upon passage of this Budget, to meet with the Board and Directorate of DSS to create a mechanism whereby the bottom tiers of social security pensions, will be brought cumulatively to no less than the same \$300 a month level, as the Seniors Social Allowance paid by Central Government. Furthermore, I will request that there be an actuarial study into what additional increment can be granted to DSS pensioners currently receiving between \$300 and \$500 a month. So while they would not receive the same percentage increase as those who were below \$300, they too would, by 1st January 2017, also receive a proportionate increase in the amounts received.

To put it simply, Madam Speaker, what the preceding measure will do is guarantee, for the first time in the history of Dominica, a reasonable income for every single person aged 70 and above in this country. Not only shall we guarantee them something, but that something, as of 1st September 2016, shall be a minimum of \$300 a month.

Madam Speaker, I said earlier that the two most vulnerable groups were seniors and infants. Many infants are born to single mothers who themselves have challenges because many fathers in our midst are not manning up to their responsibilities. The issue of delinquent fathers is one that I will address and deal with in the months ahead. I hereby give early warning to those men who are able but who are not taking proper care of their children, that their happy-go-lucky days are coming to an end, very soon. My philosophy on this is simple - pay up or go up!! The Maintenance Bill will therefore be brought before the Parliament for consideration before the end of 2016.

But that is an issue for another time, most likely in this same place. On this occasion, I believe, as a nation, there are certain realities we must confront. Single parenting is real. We cannot wish it away. We want however, as a Government, to do something for single mothers, in particular.

I am reliably informed, Madam Speaker, that a significant percent of the income of single parents, is devoted to health care for their children. These women, being of child bearing age, are also of working age.

We have spoken for years in this country, Madam Speaker, about the ultimate need for a National Health Insurance Scheme in Dominica.

Like the construction of a new national hospital, this is not something that can be done overnight. It will involve considerable study and analysis. But I am aware that especially during this post Erika period, some single parents have been experiencing some challenges. I speak here of the women employed in the hotel and tourism sectors, in the distributive trades and small businesses. Their incomes are relatively low and taking care of the health and other needs of a child is an added responsibility that becomes a burden, when fathers are not pulling their weight.

Immediately upon passage of this Budget, Madam Speaker, Government will discuss with the Dominica Social Security to determine how an initial installment of \$5.0 million can be set aside and utilized in the creation and administration of a pilot health insurance facility, for these workers and their children.

My contention is that we cannot just speak about these things and never attempt them. We have to start somewhere and perfect the service as we go along. My thinking is that effective 1st January 2017, mothers of children three years and under and all expectant mothers in Dominica would be eligible to register with the pilot health insurance service, to have up to 80 percent of all medical bills associated with the care of their unborn, newborn and infant, paid by the Service.

Madam Speaker, there are countries in this region and elsewhere that have implemented National Health Insurance Programmes. I do not believe it is beyond our capacity to create a facility that can first serve the needs of young mothers and mothers to be, and ultimately the needs of all Dominicans. This shall be effected by 1st January 2017.

Madam Speaker, I said this Budget is about building a resilient Dominica. This undertaking cannot only relate to buildings and bridges. I am convinced that the building of a resilient Dominica must not only target the productive sectors, but it must also involve building a social safety net for our most vulnerable citizens.

This Dominica Labour Party administration is determined to make government work for the people.

Over the years we have allowed entrenched bureaucracy to frustrate and often times deny citizens their due. As Prime Minister, I sit and interface with thousands of Dominicans, on an annual basis, who have relatively simple, but urgent needs, that the Government is in a position to address and resolve. Somehow, in all of the modernity and reforms we have pursued, we have not yet mastered the art of

solving people's problems. We have to simplify the process of Government to make it work easier and in a more efficient manner for citizens.

The Public Support Programme administered from the Office of the Prime Minister has been remarkable in attempting to address and resolve this challenge. I am satisfied however that the time has come for us to create the necessary administrative structures that will allow Government to be more accessible and also more receptive to the needs of citizens.

People having emergencies, whether health, domestic or financial should not in 2016, be bounced around, from pillar to post, in search of a remedy. I believe there ought to be clearly demarcated structures for the channelling of such concerns. Accordingly, it is my intention in this new financial year, to broaden the scope of the Public Support Programme, with the establishment of a fully staffed secretariat, encompassing four regional centres, located in the north, south, east and west of the country, to cater to the needs of citizens.

Suitably qualified and skilled Social Care Coordinators will be employed and deployed in these respective centres to garner all relevant information, for processing by the central office, which shall remain an agency of the Office of Prime Minister.

Madam Speaker I can already hear some in our midst complaining of the perpetuation of a welfare state and a mendicant mentality. They are entitled to their point of view and can continue to espouse it. I do not subscribe to the dictum that all men, and women, are equal, in the sight of the retailer. If persons do not have the wherewithal to help themselves, then I believe firmly that it is the responsibility of the State to help them.

We have to continue to wage a frontal war on poverty in this country and I intend to simplify the process where the concerns of citizens can be addressed and remedied in an expedited and dignified manner.

Madam Speaker, it is my intention, in this financial year, to channel \$5.0 million, from the Citizenship By Investment Programme and other revenues of the State, for use in the expansion and decentralization of the Public Support Programme of the Office of the Prime Minister.

Madam Speaker, those who take issue with ordinary citizens accessing help in this country, can speak their minds in the ensuing debate and let their positions be known.

Encouraging the Use of Environmentally Friendly Products

Madam Speaker, I wish to signal the intention of Government to take action to encourage the use of more biodegradable items to contribute to the enhancement of the nature island brand. We wish to see styrofoam containers and plastics replaced by materials which are more environmentally friendly. The plan is to make it easier and cheaper to access biodegradable materials, while making non-biodegradable materials less attractive. We will pursue this matter with the private sector in the coming months with a view to having this decision take effect in 2017.

No New Taxes

Madam Speaker, in all the studies which we conduct, cost of living continues to be touted as the Number One concern of residents. Those of you who travel or who shop online, can attest to the constantly rising prices of both vital and luxury items.

It must be borne in mind, Madam Speaker, that the Government is not in the business of buying and selling. The reality is that we have maintained as low a tax regime as is practical on vital commodities. We have also avoided too much regulation and have encouraged competition among private sector operatives to spur greater competition.

On this occasion, Madam Speaker, this government will again NOT tamper with our low tax regime. What we will do, however, is encourage consumers to be smart about the choices they make.

Madam Speaker, this Government has introduced NO NEW TAXES in this budget.

Conclusion

Madam Speaker, as I move around the country, I encounter many individuals and groups, who willingly share their views and make suggestions on interventions that could be made to reduce vulnerabilities in their communities. In our interactions and exchanges, I get the strong message that they are ready and willing to play their part in transforming the wreckage left behind by Erika, into an opportunity for building a better, more resilient Dominica.

This is the spirit that is required as we forge ahead in nurturing stronger families, more vibrant communities, more competitive businesses, a robust and more resilient infrastructure and a healthy environment capable of meeting the needs of citizens well into the future.

Madam Speaker, our friends and donors in the regional and international community, continue to rally round the table to generously assist us in making all of this possible. It is our solemn duty to come forward as sons and daughters of this beautiful country, to put our shoulders to the wheel and give tangible expression to the confidence they have reposed in us.

On behalf of the Government and people of the Commonwealth of Dominica, I wish to express deep and sincere gratitude to all our benefactors, who heard our call for assistance after Tropical Storm Erika and who, without hesitation, responded to our call for help, by providing advice, equipment, manpower, materials, and commitments of financial assistance to rebuild our damaged and destroyed infrastructure.

Madam Speaker, the performance of most of our public officers has been exemplary. They have shown us and the public, especially those affected by Erika, their true mettle. No day was too long, no task too difficult, no sacrifice too impossible, as they worked tirelessly to bring comfort and security to those suffering from loss, and to restore some measure of normalcy to life in the country.

Madam Speaker, Government recognizes that our ability to deliver on all our projects and programmes requires the commitment of our public officers to play their part.

Government continues to recognize and encourage all public officers who demonstrate a commitment to service. We also want to ensure that those with this level of dedication continue to be rewarded for outstanding performance.

To further demonstrate this commitment, Government now challenges and mandates the management of the public service to review the performance management system, so as to make it more efficient and objective. Once this review is completed, Government would consider the introduction of a policy to reward outstanding performance.

I wish to thank all patriotic Dominicans who gave their time and resources, at no cost to the State, to assist their fellow Dominicans and the country as we responded to the devastation wrought by Erika.

I convey my abundant gratitude and thanks to all of them.

As I said at the outset of this presentation, the entire country of Dominica must be vigilant and be mindful of what unfolds and transpires on the global scene. We must pray for peace. We must pray for a breakthrough in negotiations and other efforts to bring peace to troubled lands. It must be of interest and concern to us what happens post the UK exit from Europe, what happens to resolve conflict in the Middle East, what is done to make air transportation safer. It must matter to us, citizens of Dominica, what happens in the world in which we live.

So Madam Speaker, I end today by once again appealing to Dominicans at home and abroad, to wrap your actions and utterances in the spirit of the national flag. You harm Dominica by speaking ill of Dominica. You undermine the interest and development of this country by painting unflattering images of our beloved island nation. The internet can be a most useful tool in the marketing of a country. But, by the same token, it can be a highly destructive weapon in the undermining of a country's growth and development.

This Budget sets out to ensure that our people remain armed with a better than fighting chance at success. Dominica, with the Grace of Almighty God has prevailed and shall continue to prosper, of this, I am confident, once Dominicans commit to the cause of advancing this beautiful country of ours.

I am pleased, once again Madam Speaker, to present a no-tax Budget to this Honourable House for consideration. This Budget, when implemented will set the foundation for a more resilient Dominica

May the face of the Lord shine upon us and may He bless the work of our minds and our hands, as we rebuild a more resilient Dominica.

Madam Speaker, I thank you.