



# THE NATIONAL BUDGET OF THE COMMONWEALTH OF DOMINICA FISCAL YEAR 2020 - 2021

THE ROAD TO **DYNAMIC DOMINICA**  
FOSTERING ECONOMIC RESILIENCE



## **The Road To *Dynamic Dominica* - Fostering Economic Resilience**

### **Introduction And Background To The Budget**

Mr. Speaker, Members of Cabinet, Members of this Honourable House, Distinguished Guests, My Fellow Dominicans, Residents and Friends of Dominica, greetings and good morning to you.

Today, I give God the glory for He has done great things. He has stood steadfast with us, guiding and directing us through many challenges. Mr. Speaker, every few years our country has been adversely impacted by exogenous shocks, which have led to life altering changes. I reference in particular, two major weather events in 2015 and 2017, which resulted in combined losses of more than 310 percent of GDP, and now in 2020, the dreaded COVID-19 pandemic. But this Government is not daunted by these crisis situations, as with God on our side, we are confident that we will overcome them.

At the end of 2019, this country elected a new Government. A strong mandate was given to the Dominica Labour Party and to me, as your Prime Minister. Determined to “build back better,” we developed the nationally embraced vision of a new *Dynamic Dominica*, coupled with our National Resilience Development Strategy.

I take the opportunity today, on this occasion of the first Budget after elections, to again thank the citizens of this country, for reposing confidence in this Government. Today, I assure each and every one of you, that we are humbled by this show of support, and I pledge my commitment to continue to serve and manage the affairs of this country, with prudence and diligence to the benefit of all Dominicans.

Mr. Speaker, when we woke up on January 1<sup>st</sup> to the new year 2020, it was with hope, excitement and confidence that our collective, and national fortunes were turning the corner. We had rebounded from Hurricane Maria and put in place new building blocks on which our future growth and development would rest.

In January 2020, we gained more encouragement from the assessment and forecast of the International Monetary Fund (IMF), that the Dominica economy was set to expand by, 5.5, 4.5 and 3.6 per cent, for the years 2020, 2021 and 2022 respectively. It must not escape our attention that the growth projection of 5.5% for Dominica, was 2.1 percentage points higher than the economic growth rate which the IMF was also projecting, for the countries in the Eastern Caribbean Currency Union (ECCU). By any measure, Dominica was doing extremely well.

At that time, our high hopes were based on the solidness of our performance, but truly Mr. Speaker, no one could have foreseen or predicted what lay ahead. A mere two months after

the appointment of a new, young and focused Cabinet, we saw an unprecedented global shut down. The world's busiest cities, highways, airports, thoroughfares, places of worship, learning, shopping, sports and entertainment activities, stood empty and silent.

Even as this Honourable House meets today, over 16 million people in the world have contracted the coronavirus SARS COV2, or COVID-19, from which over 650,000 have died. This Government has had to divert significant resources to bolster the health sector, and ensure an effective national response to the COVID-19 pandemic. According to the John Hopkins University, Coronavirus Resource Center, Dominica has the third lowest incidence of the disease of 185 countries in the world, with only 18 cases and no deaths.

Prior to COVID-19, the IMF reported that global growth had been 2.9 percent in 2019, and was expected to be 2.3 in 2020. By June of this year however, when presenting a global economic update in the World Economic Outlook (WEO), the IMF described the COVID-19 pandemic and its impacts, as a "crisis like no other."

Mr. Speaker, according to the WEO, "the baseline forecast, envisions a 5.2 percent contraction in global GDP in 2020. Growth in the group of emerging market and developing economies is forecast at minus 3.0 percent in 2020. Growth among low-income developing countries is projected at minus 1.0 percent in 2020.

The IMF reports that for the first time, all regions are projected to experience negative growth in 2020. The small island developing states of the Caribbean, are standing on the precipice of the greatest risk to our economies and societies, in modern history, with an expected contraction of eight percent. This, Mr. Speaker, is a disturbing forecast.

Mr. Speaker, this is the broad background in which the annual budgetary exercise for the Government and People of Dominica, now takes place.

I am pleased to report to you, that this Government, which I have the honour to lead, has kept Dominica and Dominicans safe. I also wish to thank my fellow Dominicans for their maturity, sacrifice and discipline and for, in large measure, complying with the guidelines and advisories of the Ministry of Health.

**In our national life and collective objectives:  
This Government will not turn back.  
This Prime Minister will keep pressing forward.  
This country will not fail.  
Dominicans will survive. Dominicans will succeed.**



Mr. Speaker, this Budget poses, and through its proposals, answers the question, “*In a time of trial, what must we do to achieve our transformation into ‘Dynamic Dominica’, where there is prosperity for all?*” This is the overarching goal from which we must not resile, or be deflected.

The new challenges emerging out of the COVID-19 pandemic, have made our policy outlines clearer, and have strengthened our resolve, to further invest in the empowerment of our people.

If nothing else, the current economic uncertainties have highlighted the need, to further strengthen our fiscal discipline, and increase efficiency in Government operations.

In continuing to spend significantly on areas such as education and health, and in building an economy that is adaptable to a digital environment, we are indeed investing in the very dignity of our people.

With that in mind, the theme for this year’s Budget is “**The Road to Dynamic Dominica-Fostering Economic Resilience.**”

### **The Road To Dynamic Dominica - Fostering Economic Resilience**

Mr. Speaker, Dominica has already embarked on a journey of transformation. Our commitment to build back better, and to mold Dominica into a resilient nation, has manifested in the development of a National Resilience Development Strategy (NRDS), and Climate Resilience Recovery Plan (CRRP), to guide us in achieving this goal. It will result in us having resilient systems and infrastructure, that will propel our economic growth and development.

I therefore turn now to outline our major achievements over the last fiscal year.

## **MAJOR ACHIEVEMENTS OF 2019/2020**

### **Health**

Mr. Speaker, I am sure that every Dominican who has visited the completed Phase 1 of the Dominica China Friendship Hospital in recent times, whether to access the A&E Department or other services, is proud of the modern look and functionality of that facility; I am sure that they are looking forward, as I am, to the completion of the other phases. I wish to commend the Hunan Construction company for the speed and efficiency with which it is constructing the additional wings of this hospital.

Phase II of the project is the construction of the Expert Dormitory and Ophthalmology Unit building. The dormitory section is complete, and is already in use, and the ophthalmology section which will have its own operating theatre, is at an advanced stage of construction.



This past year, the Louis Pasteur Polyclinic, which housed the Accident and Emergency, Radiology and other departments, was demolished in preparation for the commencement of Phase III. This phase includes a second Medical Technology Building, which will consist of a four (4) room operating theatre, eight (8) bed ICU, and a Blood Donor Center; and the Outpatient Building, and is almost complete. It is anticipated that Phases II and III will be handed over by early September 2020.

Phase IV which involves the construction of the Administration Teaching Building and Amphitheatre/lecture hall, is expected to be completed by October, 2020. The final phases, Phase V and VI, which will see the construction of the inpatient buildings, will begin around October. These phases are expected to be completed in 12 months. This means Mr. Speaker, that all things considered, by December 2021, our citizens will have full access to a modern, state of the art hospital, that will provide advanced medical care to them.

Mr. Speaker, to complement this the National Health Commission (NHC) has embarked on an ambitious Health Sector Reform Program, that will focus on the improvement of the delivery of health care which will involve among other things, a new governance structure for the hospital. I will say more about this later in my Statement.

Mr. Speaker, as part of the telecommunications project being undertaken for the Government by Digicel, thirteen (13) health centers will be outfitted with medical carts, in preparation for the transition to telemedicine and other online based services in health. The emergence of the COVID-19 virus has reinforced the need to provide these services, but it is important to note, that the Government was already ahead of this, prior to COVID 19.

Mr. Speaker, we have continued the work towards making our health facilities more resilient. Under the PAHO Smart Facility Initiative funded by the United Kingdom, works are ongoing to improve the resilience of the health centers at La Plaine, Grandbay, Pointe Michel and Portsmouth. Hurricane resistant windows and doors have been installed, structural changes have been made to protect the buildings from hurricanes and earthquakes, and energy saving units and water wastage reduction fixtures have been installed. These facilities will also have back up power in the form of standby generators or solar photo voltaic power systems.

When we say in our Climate Resilience Recovery Plan, that resilient communities must be able to function independently for at least 15 days after a disaster, these are some of the things that we contemplate. So even if communities are temporarily cut off after a disaster, each community will continue to have access to a decent level of health care, at a functioning facility.

## **Agriculture**

Mr. Speaker, Government has pursued a deliberate policy, aimed at enhancing the production capacity of small-scale farmers, and improving their social and economic resilience. Over the last fiscal year, the Ministry facilitated access to affordable inputs, quality seeds and planting material.

Through these efforts, there was an increase in production of 22.9% with 4409 acres being cultivated, compared to 3,320 the previous year, with an estimated increase in revenue of 20 % for 2748 farmers.

Under the tree crop expansion project, direct farm support has been provided in four critical areas, preparation and distribution of planting material, pruning, establishment of new orchards and germplasm, and assistance in rehabilitating and maintenance of fields. A total of 4235 citrus plants have been distributed to establish a total of 60 acres, among 111 farmers.

Mr. Speaker, we undertook the construction of seven processing facilities, at a cost of \$1.6 million. Two agro-processing facilities have been built at Delices, to support 42 tomatillo and bay oil producers, and five cassava processing facilities in Salybia, Atkinson, St. Cyr, Castle Bruce and Calibishie, are under construction. This will benefit 135 cassava farmers and 15 processors.

Further investments are being made by the Government under the FAO supported Climate Change for Fisheries Project which involves capacity building and training of fishers in maintaining sustainable livelihoods, including in the area of aquaculture and aquaponics. The Government continues to pursue a strategy geared towards developing a more productive and sustainable agriculture, to supply markets with greater efficiency, quality and competitiveness.

### **Infrastructure Development**

Mr. Speaker, though Financial Year 2019/20 was challenging, the Government persevered with rebuilding its infrastructure damaged by storms Erika and Maria. Notwithstanding the constraints caused by COVID-19, the Government was able to record significant achievements for the period under review.

#### **Edward Oliver Leblanc Highway Rehabilitation (West Coast Road)**

One of the major priorities of this Government, has been the improvement of our road infrastructure. Mr. Speaker, the Edward Oliver Leblanc Highway, is an important road artery, linking the economic centres of the North and the South. With the support of the People's Republic of China (PRC), this stretch of road was completely rehabilitated in 2014. Tropical Storm Erika in 2015, caused significant damage to the highway, including the complete destruction of three bridges. Our friends from the PRC agreed to undertake the restoration of the damaged sections and bridges, at a cost of \$50.1 million.

Today, I am happy to report that the Highway has not only been substantially restored with a comfortable surface, road markings, reflectors and guard rails, but we can also drive on three impressively constructed, resilient bridges, at Macoucherie, Batalie, and Point Round.

The river walls and the reinstatement of the roadway west of the Layou bridge, was also constructed at a cost of \$5.7 million with loan resources from the Caribbean Development Bank (CDB). Simultaneously works at a cost of \$2.2 million, to address edge failures and drainage issues, is being undertaken on a few areas which were damaged by Maria, and which were not part of the China Aid project.

The Government has also installed streetlights along the entire length of that Highway. I am sure that everyone will agree that their driving experience from Roseau to Portsmouth has been significantly enhanced.

Mr. Speaker, the Government and People of Dominica are extremely grateful to the Government and people, of the People's Republic of China for their generosity in undertaking the E.O. Leblanc Highway rehabilitation. China continues to display its genuine commitment to the development of our people and country.

### **Roseau Enhancement Project**

Mr. Speaker, this Government made a promise to the people of Dominica, and more so, the residents of Roseau, to completely transform the City. This transformation is already taking place. The riverbank west of the New West Bridge now has a fully rehabilitated roadway, is fully lit, with all utilities placed underground. A scenic Roseau River Promenade has been built with attractive vending stalls, exotic plants, and comfortable benches, and a river wall to protect the City. That project cost \$15.6 million, and saw the employment of approximately 100 persons.

Mr. Speaker the enhancement of Roseau will be done in phases, to minimize disruption to residents and users of the City. As an interim measure, the Government took the decision to resurface several streets in the City, in order to improve the comfort and safety of road users. These rehabilitation works were valued at \$4.2 million.

### **Improvement of the road network**

Several other road projects were completed across the country including the reconstruction of the Bell Hall and Cochrane roads, and resurfacing of roads in St. Aroment, Woodford Hill, Vieille Case, Paix Bouche, Terre Plat, Marigot, Checkhall Valley, Grand Fond, Kings Hill, Layou , and sections of the south east road,

Government also executed an island-wide community-based road rehabilitation program, geared towards the further improvement of the road conditions within communities, and generating direct employment for residents. Under the program twenty (20) roads were either



rehabilitated or constructed, at a total cost of \$3.3 million. That project generated employment for approximately 150 people throughout the island.

Mr. Speaker, all of these investments are consistent with Government's policy to continue to improve the quality of the road network, as articulated in the National Roads Policy.

### **Improvements to Water Systems**

Mr. Speaker, water is essential for our survival. That is why this Government has placed tremendous emphasis on bringing pipe borne water to every community and maintaining functional, reliable water systems. During the last fiscal year, DOWASCO completed the World Bank funded, West Coast Water Storage Tanks Project, which comprised the construction of storage tanks and associated supply and distribution pipe works in Cottage, Savanne Paille, Grange, Glanvillia, Picard, Bioche, Plat Ma Pierre, and Morne Rachette.

This project complemented the already completed EU-funded West Coast Water Project, which included construction of new intakes in the Picard and Coulibistrie rivers, and associated filtration facilities. Many residents on the West Coast are now benefiting from increased water storage capacity and reduced service interruptions.

Works were also completed on a project to extend the water supply from Tete Morne to Soufriere, in order to provide improved water service to Soufriere, Gallion and Scotts Head.

Rehabilitation of water systems compromised by both Tropical Storm Erika and Hurricane Maria, undertaken under the Basic Needs Trust Fund (BNTF) projects, have been completed on the Wesley/Woodford Hill/Marigot, and the La Plaine Water Supply systems, while works on the Salisbury and Boetica systems are nearing completion.

As part of the ongoing upgrades to Water Area 1, that serve the communities of Mero to Castle Comfort, a pre-treatment facility was completed at Antrim, and an upgraded and expanded filtration plant has been tested and commissioned.

### **Macroeconomic Performance and Outlook**

Mr. Speaker, the arrival of the COVID-19 disease to our shores on March 22, 2020 and our subsequent efforts to contain its spread, led to a virtual shutdown of the country. Like countries the world over, our ports were closed to passenger travel, as were those of sister Caribbean nations, bringing tourism activity to a halt. The wholesale and retail sector, was affected by the temporary closure of most businesses. The same was true for the banking and insurance sector.

Although construction activity did not cease altogether, the need for physical distancing, and the observation of strict protocols, took its toll on the level of allowable activity. This was

evidenced by a Public Sector Investment Programme out-turn, of \$158.6 million for Fiscal Year 2019/20, compared to \$389.4 million for the previous fiscal year.

As a consequence of the foregoing Mr. Speaker, there was a sudden and unexpected economic slowdown, with a resultant weakening of Government's fiscal performance. The January 2020 IMF growth forecast of 5.5% for Dominica this year, has since been revised to a contraction of roughly 5.8 percent.

At the beginning of the last fiscal year, that is July 2019, we had forecasted an overall fiscal deficit of 6.0%, and a primary deficit of 4.6% of GDP, by June 2020. However due to strong tax revenue performance, along with close management of expenditure, during the first six months of that fiscal year, the IMF in January 2020, projected that the overall deficit would fall to 1.2% of GDP, and there would be a small primary surplus of 0.6% of GDP, by the end of June 2020. The broad fiscal target is a surplus of 2.4% of GDP.

By contrast, Mr. Speaker, preliminary data now shows an overall deficit of 10.2 percent of GDP, and a primary deficit of 7.8 percent of GDP for fiscal year 2019/20. This fiscal outcome is primarily as a result of a COVID-19 induced, revenue shortfall of some 33.6 percent and a sharp increase in unplanned expenditure associated with the containment of the virus.

**Table 1** below shows a comparison between the Budget and projected outturn for fiscal year 2019/20.

	<b>2019/20</b>	
	<b>BUDGET</b>	<b>ACTUAL</b>
Total Revenue + Grants	944,578,446	571,673,101
Total Revenue	823,181,300	545,843,421
Recurrent Revenue	818,131,300	544,643,421
Tax Revenue	379,465,800	373,674,281
Non Tax	438,665,500	170,969,140
Capital Revenue	5,050,000	1,200,000
Grants	121,397,146	25,829,680
Total Expenditure	1,044,208,726	730,375,619
Recurrent Expenditure	562,422,708	572,751,072
Capital Expenditure + Net Lending	481,786,018	157,624,547
Capital Expenditure	481,786,018	158,556,202
Current Account Balance	255,708,592	(28,107,651)
Overall Balance	(99,630,280)	(158,702,518)
Overall Balance % GDP	(6.0)	(10.2)
Primary Balance	(76,038,826)	(121,743,183)
Primary Balance % GDP	(4.6)	(7.8)
Nominal GDP	1,659,000,000	1,554,000,000

Notwithstanding what has transpired over the last six months, this Government is still optimistic of a recovery of the economy. Barring further disasters, the outlook suggests a 3.5 percent expansion in economic activity in 2021, as the impact of the pandemic dissipates, and the economy returns to normal. Growth is expected to average 2.3 percent over the medium term.

## **Overview of Public Debt**

Mr. Speaker, at the end of Fiscal Year June 30, 2020, the Government's external debt stood at \$683.5 million, of which \$599.8 million is Central Government debt, and \$83.7 million is debt guaranteed for public corporations.

Domestic debt for the same period amounted to \$550.4 million, of which \$481 million is held by Central Government, and \$69.2 million is guaranteed by Central Government for public corporations.

During the Fiscal Year 2019/20, a sum of \$52.8 million was borrowed from external sources, to manage the spread of the COVID-19 disease and mitigate against its adverse impact on the economy. An amount of \$37.9 million came from the IMF under the Rapid Credit Facility, \$6.7 million from the Caribbean Development Bank (CDB), and \$8.2 million, was borrowed from the World Bank's, International Development Association (IDA), as part of the OECS Regional Health Project. The resolutions to authorize these facilities, will be presented at the next sitting of Parliament.

On the domestic side, Government converted a portion of its overdraft balance, and non-performing loans of the Public Works Corporation, to a 20-year loan in the sum of \$125.0 million.

The total debt to GDP as at June 30, 2020, is estimated at 79.4 percent, with Central Government debt to GDP at 69.6 percent.

Mr. Speaker, notwithstanding the fiscal gap, we have not defaulted on our debt service obligations. We continue to make all debt payments **on time**.

It is imperative that Government continues to maintain its good track record in servicing its debt, and every effort will be made to meet debt commitments as they become due and payable

## **Building Financial Resilience**



Mr. Speaker, the management of Government's finances has not been easy, amidst continual climatic and global economic shocks. Financing gaps have to date been managed at sustainable debt levels, and without imposing any additional tax burden on the people of Dominica. The salaries of public officers have not been affected, no one was sent home, and we serviced our debts on time. In order to maintain this position and ensure that these shocks do not result in derailing the country's fiscal position, Government has decided to implement a number of additional policies to enhance public finance management, and maintain sustainable debt levels, to ensure financial resilience.

A Disaster Resilience Strategy (DRS) was recently developed with technical assistance from the IMF. It is Government's intention to include that Strategy as an Annex to the Climate Resilience and Recovery Plan (CRRP), which was published in May 2020. The DRS is built on three pillars:

- Pillar I: Structural resilience
- Pillar II: Financial resilience
- Pillar III: Post-disaster resilience

Mr. Speaker, to achieve financial resilience, more robust and up to date public finance management legislation is required. With the support of the Caribbean Regional Technical Assistance Centre (CARTAC), a new Public Finance Management Bill has been drafted, and is being reviewed.

Government has also decided to implement a number of fiscal rules, which will set the parameters within which it operates, in areas such as debt, primary balance and expenditure. Special provisions will be made for disasters and unforeseen events. Mr. Speaker, these rules are being finalized, and it is Government's intention to seek feedback from the public, before taking them to Parliament for approval, hopefully by September 2020.

As a prudent Government which prides itself on transparency, this Government in 2013 presented to Parliament a Medium-Term Debt Management Strategy, for Fiscal Year 2013/14 to Fiscal Year 2017/18. That Strategy also included a review of the Debt Portfolio, which provided an in depth analysis of the stock and composition of the debt, as well as the risks levels.

The Medium-Term Strategy for Fiscal Year 2019/20 to 2021/22, which also includes a Debt Portfolio Review is being finalized, and will be presented to Parliament by September 2020. Although the Medium-Term Strategy is for a period of three years, Government will table a Debt Portfolio Review Report in Parliament annually.

Mr. Speaker, also by September 2020, Government will present to Parliament a new Public Procurement Bill. The Bill seeks to modernize public procurement, underpinned by principles of integrity, accountability, transparency, and attaining the best value for money. Once enacted it will replace the Public Procurement and Contract Administration Act No.11 of 2012. The draft Bill will be published by the second week in August, to allow Government to

incorporate feedback from the general public, before presentation to Parliament. The new Bill was drafted with the assistance of the European Union and the World Bank, and has received positive feedback from stakeholders, and our development partners.

Mr. Speaker, financial resilience cannot be viewed solely from the Government's perspective. Every resident must play his or her part, in ensuring their own financial resilience. Tropical Storm Erika and Hurricane Maria, demonstrated how easily and quickly, what we took several years to build, could be lost within hours.

Prior to Hurricane Maria many were of the view that insurance was not required. Some thought that they could rebuild from their pockets if anything were to happen. The experience of Maria has taught us, that adequate insurance coverage is essential to safeguard our investments, our future and that of our families. Government therefore urges all residents to adequately insure their properties and businesses, against all insurable risks.

Mr. Speaker, Government with assistance from our partners, the European Union and the Government of Canada, continue to pay insurance premiums annually, to the Caribbean Catastrophe Risk Insurance Facility. That insurance policy provides much needed cashflow following natural disasters such as tropical cyclones, earthquakes and excess rainfall. We have also set up a Vulnerability, Risk and Resilience Fund at the ECCB, to cover emergency expenditure following disasters. Effective October 2020 an amount of \$500,000 will be placed in that Fund monthly, from CBI revenue, and other sources, including contributions from our development partners.

Meanwhile, Government is exploring the development of a platform for the use of block-chain based parametric insurance, as a resilience option for households, small businesses and farmers. It will be a "micro insurance" product and will be designed so that the premiums are highly affordable by the more vulnerable in our society.

**Mr. Speaker, notwithstanding the fiscal gap, during the financial year 2019/20, this Administration's prudent management of the national economy, in the interest of all Dominicans continues.**

**In protecting the fiscal position and national economy:**

**This Administration will not falter.**

**We will keep pushing Dominicans forward.**

**This country will not fail.**

**BUDGETARY PROPOSALS FOR 2020/21**

Mr. Speaker, having set the context in which this Budget is being presented, the Budget for fiscal year 2020/21, will now be presented to this Honourable House.

The budgetary and fiscal position point to an overall deficit of 7.9 percent of GDP, and a primary deficit of 5.9 percent of GDP. Using conservative estimates, it assumes marginal increases over the Fiscal Year 2019/20 in some of the major components of tax revenue, and a return to normal CBI revenue activity. Estimates for capital revenue are in keeping with expected receipts from the sale of government assets. The Budget also assumes the utilisation of committed grants to finance a large part of the capital programme.

**Table 2** summarizes the 2020/21 Budget, along with the forecast for the next two years. This framework projects further fiscal deficits for 2021/22, and a return to overall and primary surpluses by the third year.

	2020/21	2021/22	2022/23
Total Revenue + Grants	844,009,351	900,463,545	868,818,477
Total Revenue	695,309,542	735,238,106	772,355,267
Recurrent Revenue	690,259,542	730,188,106	767,305,267
Tax Revenue	359,785,642	381,696,065	401,219,041
Non Tax	330,473,900	348,492,041	366,086,225
Capital Revenue	5,050,000	5,050,000	5,050,000
Grants	148,699,809	165,225,439	96,463,210
Total Expenditure	967,880,039	1,014,124,624	839,536,685
Recurrent Expenditure	541,581,634	523,819,225	539,253,152
Capital Expenditure + Net Lending	426,298,405	490,305,399	300,283,533
Capital Expenditure	427,248,405	491,255,399	301,233,533
Net Lending	(950,000)	(950,000)	(950,000)
Current Account Balance	148,677,908	206,368,881	228,052,115
Overall Balance	(123,870,688)	(113,661,079)	29,281,792
Overall Balance % GDP	(7.9)	(6.9)	1.7
Primary Balance	(92,673,315)	(82,602,044)	65,453,339
Primary Balance % GDP	(5.9)	(5.0)	3.8
Nominal GDP	1,559,000,000	1,644,000,000	1,727,000,000

Mr. Speaker, Government's continued expenditure rationalization, combined with a more pragmatic approach to anticipate spending, has prompted estimates which suggest a reduction in recurrent expenditure going forward. Declines are expected in a number of expenditure areas over the next two fiscal years.

Efforts to manage and access capital and debt financing on concessional terms are expected to manifest themselves through a reduction in interest payments for 2020/21. Capital expenditure is projected to remain elevated, in keeping with Government's aim of stimulating the economy.



## Recurrent Revenue

Mr. Speaker, as already indicated, there were weaker than expected revenue collections, during the third and fourth quarters of Fiscal Year 2019/20, as a result of the COVID-19 pandemic. Preliminary data indicates total revenue fell short of projections by 33.4 percent.

However, tax revenue for Fiscal Year 2019/20, fell short of estimates by a mere 1.5 percent, due to a very strong performance during the first two quarters of that year, and signs of a rebound during the final month, that is June 2020. On the other hand non-tax revenue fell 61.0 percent below projections.

The Government is encouraged by the visible signs of economic recovery, as the sectors continue to reopen. This recovery must be attributed to the resilience of the Dominican people, coupled with the policy initiatives of the Government.

I am happy to report Mr. Speaker, that barring any further disasters, or external shocks, total revenue is expected to improve gradually during this fiscal year, and exceed the revenue for Fiscal Year 2019/20, by 27.7 percent. We must keep praying Mr. Speaker, as it is well known that this hurricane season, is expected to be a very active, with at least 5, category 5 hurricanes.

**Table 3** gives a summary of the estimates of recurrent revenue for 2020/21. The major contributors are:

- ✓ Value Added Tax - \$145.6 (20.9%)
- ✓ International Trade Taxes - \$88.4 (12.7%)
- ✓ Other Domestic Taxes - \$66.1 (9.5%)
- ✓ Non-Tax Revenue - \$330.5 (47.5%)
- ✓ Personal Income Tax - \$31.6 (4.5%)
- ✓ Corporate Income Tax - \$24.5 (3.5%)

Table 3: Breakdown of Recurrent Revenue						
Item	Estimates 2020/2021	%	Estimates 2019/2020		Projected 2019/2020	%
<b>Tax Revenue</b>	<b>364.8</b>	<b>52%</b>	<b>379.5</b>	<b>46%</b>	<b>373.7</b>	<b>69%</b>

Personal Income Tax	31.6	4.5%	32.0	3.9%	27.6	5.1%
Corporate Income Tax	24.5	3.5%	24.0	2.93%	41.2	7.6%
Taxes on Property	8.7	1.3%	9.0	1.1%	9.3	1.7%
VAT	145.6	20.9%	144.0	17.6%	140.6	25.8%
Other Taxes on Domestic Goods & Services	66.1	9.5%	76.3	9.3%	67.6	12.4%
Int'l trade taxes	88.4	12.7%	94.2	11.5%	87.3	16.0%
Non-tax Revenue	330.5	47.5%	438.7	53.6%	171.0	31.4%
<b>Total Revenue</b>	<b>695.3</b>	<b>100%</b>	<b>818.1</b>	<b>100%</b>	<b>544.6</b>	<b>100%</b>

### Recurrent Expenditure

In Fiscal Year 2020/21 the total recurrent expenditure, inclusive of interest and debt amortization, is \$606.5 million.

**Table 4** below shows the distribution of expenditure by Ministry/Department.

<b>Table 4: Recurrent Expenditure by Ministry/Department</b>	<b>Amount (000's m)</b>	<b>%</b>
Office of the President	1.1	0.2%
Integrity in Public Office	0.5	0.1%
Public and Police Service Commission	0.5	0.1%
Legislature	1.0	0.2%
Audit Department	1.1	0.2%
National Security and Home Affairs		8.8%

	53.2	
Electoral Commission	3.2	0.5%
Trade, Commerce, Entrepreneurship, Innovation, Business and Export Development	2.0	0.3%
Office of the Prime Minister	8.8	1.5%
Ministry of Finance	245.7	40.5%
Ministry of Blue and Green Economy, Agriculture and National Food Security	8.1	1.3%
Education, Human Resource Planning, Vocational Training and National Excellence	74.4	12.3%
Housing and Urban Development	3.9	0.6%
Health, Wellness and New Health Investment	59.9	9.9%
Environment, Rural Modernization and Kalinago Upliftment	8.2	1.3%
Tourism, International Transport and Maritime Initiatives	17.5	2.9%
Sports, Culture & Community Development	12.1	2.0%
Economic Affairs, Planning, Resilience and Sustainable Development, Telecoms and Broadcasting	4.4	0.7%
Establishment	7.6	1.3%
Public Works and the Digital Economy	52.5	8.7%
Foreign Affairs, International Business and Diaspora Relations	20.5	3.4%
Cabinet Office	3.7	0.6%
Ministry of Youth Development and Empowerment, Youth at Risk, Gender Affairs, Seniors Security and Dominicans with Disabilities	14.1	2.3%
Governance, Public Service Reform, Citizen Empowerment, Social Justice and Ecclesiastical Affairs	2.5	0.4%
<b>GRAND TOTAL</b>	<b>606.5</b>	<b>100.0%</b>

#### Specific Line Ministry Allocations



Mr. Speaker, the largest allocation of the budget is under the **Ministry of Finance** in the sum of **\$245.7** million. This includes an amount of **\$31.2** million for interest payments, and an amount of **\$59.9** million, representing debt amortization and the contribution to the Sinking Fund. The sum of **\$36.5** million is comprised of retiring benefits to public officers, along with the payment of compassionate allowances and non-contributory pensions, to senior citizens over the age of seventy.

The **Ministry of Education, Human Resource Planning, Vocational Training** and National Excellence, will receive the second highest allocation of **\$74.4** million.

The **Ministry of Health, Wellness and New Health Investment** has been allocated **\$59.9** million, or 9.9 percent of the total recurrent budget.

The **Ministry of National Security and Home Affairs** will receive an allocation of **\$53.2** million or 8.8 percent.

The **Ministry of Public Works and the Digital Economy** is allocated **\$52.3** million, or 8.7 percent of the recurrent expenditure. Mr. Speaker, a significant portion is allocated towards funding the newly installed telecommunications network, to facilitate our digital transformation.

The **Ministry of Foreign Affairs, International Business and Diaspora Relations** has been allocated **\$20.5** million, or 4.4 percent.

The **Ministry of Tourism, International Transport and Maritime Initiatives** has been allocated **\$17.5** million or 2.9 percent of the total, **\$13.0** million of this amount is allocated to marketing and improving access to Dominica.

Mr. Speaker, table 5 below provides a summary of the recurrent expenditure by economic classification.

<b>Table 5: Recurrent Expenditure by Economic Classification (\$m)</b>						
Classification	Estimate 2020/2021	%	Estimates 2019/2020	%	Projections 2019/2020	%
Personal Emoluments	168.22	28%	178.97	29%	164.9	26%
Goods & Services	238.30	39%	238.95	39%	247	40%
Interest	31.20	5%	23.59	4%	37	6%
Retiring Benefits	36.51	6%	36.51	6%	46.68	8%
Transfers and Subsidies	66.83	11%	78.90	13%	72	12%
Refunds	5	0.10%	5	1%	5	1%

Investment Financing	0.50	0.10%	0.5	0.10%	0.5	0%
	546.56	89%	562.42	92%	573.2	93%
Debt Amortization & Sinking Fund	59.94	9.90%	48.84	8.00%	46	7%
Total	606.5	100%	611.3	100%	619.24	100%

Mr. Speaker, the allocation for goods and services accounts for 39 percent of the total or **\$238.30** million. The sum of **\$168.2** million or 28 percent of the total, is estimated for meeting the cost of personal emoluments. An amount of **\$66.83** million, or 11 percent of the total

the recurrent expenditure budget, has been set aside to meet commitments related to transfers and subsidies, while the sum estimated for retiring benefits is **\$36.51** million, or some 6%.

### Strategic Investment Projects

Mr. Speaker, Government will continue to work to maintain macroeconomic stability, and create employment opportunities to secure the livelihoods of our people. We will achieve this by building on the successes of the past. Over the past two decades, we have witnessed significant investments by the Government, not only in the productive sectors, but also in building the infrastructure to create an enabling environment, to attract foreign direct investment into our local economy.

As we continue on our quest to build a “*Dynamic Dominica*”, we recognize that it is imperative that we consolidate our position, and pursue strategies to exploit linkages between sectors, and create a niche for ourselves, based on our comparative advantage. This will be achieved through the implementation of a number of strategic projects, which I will now discuss.

The **Public Sector Investment Programme** for Fiscal Year 2020/21 is estimated at **\$427.2** million, and is financed as follows:

- **Local funds: 235.7 million**
- **Loan: 47.0 million**
- **Grants: 144.5 million**

### SUMMARY OF PUBLIC SECTOR INVESTMENT PROGRAMME FOR 2020/21

Ministry	Total (\$)	Share of Total
Office of the President	2,190,545	0.51%

National Security and Home Affairs	18,222,552	4.27%
Elections	400,000	0.09%
Trade, Commerce, Entrepreneurship, Innovation, Business and Export Development	5,052,918	1.18%
Office of the Prime Minister	13,723,984	3.21%
Finance	7,275,917	1.70%
Blue and Green Economy, Agriculture and National Food Security	37,166,122	8.70%
Education, Human Resource Planning, Vocational Training and National Excellence	11,086,217	2.59%
Housing and Urban Development	117,443,156	27.49%
Health, Wellness and New Health Investment	43,318,585	10.14%
Environment, Rural Modernization and Kalinago Upliftment	61,812,002	14.47%
Tourism, International Transport and Maritime Initiatives	6,352,526	1.49%
Sports, Culture & Community Development	18,477,492	4.32%
Economic Affairs, Planning, Resilience and Sustainable Development , Telecommunications and Broadcasting	7,805,727	1.83%
Public Works and the Digital Economy	71,074,151	16.64%
Cabinet Office	3,718,500	0.87%
Youth Development and Empowerment, Youth at Risk, Gender Affairs, Seniors Security and Dominicans with Disabilities	883,100	0.21%
Governance, Public Service Reform, Citizen Empowerment, Social Justice and Ecclesiastical Affairs	1,244,910	0.29%
<b>GRAND TOTAL</b>	<b>427,248,405</b>	<b>100%</b>

## **The Budget - Business and The Economy Transformation and Prosperity**

### **Measures To Stimulate Economic Activity**

#### **Digital Transformation of Dominica**

The Digital Economy has been identified as one of several building blocks in the creation of “Dynamic Dominica”. This comes from the recognition that technology drives everything: the way people live, work, do business, access information, source goods and services, socialize and even relax.

In an effort to grow our economy, create more sustainable and higher paying jobs, particularly for our young people, this Government decided to pursue the digital transformation of Dominica. We believe that this is a golden opportunity for our young people, to lead the process of the digital transformation of our economy, and to help build an economy for the future.

Mr. Speaker this policy was clearly articulated in the Labour Party manifesto, and our seriousness was manifested in the creation of a Ministerial portfolio, which specifically focused on the Digital Economy. We immediately embarked on efforts to secure the necessary financing, to help us achieve our objectives.

In less than six months of this new Government taking office, we have secured \$75 million, to help finance this transformation. I shall leave the articulation of the details of this progressive and innovative initiative, to the Minister responsible for the Digital Economy to expound upon, but suffice it to say, that this is a tremendous show of concern for, and confidence in our young people. As I said earlier this is \$75 million being invested in the youth, to assure them, especially those now at university and other schools, of increasing opportunities for them in this emerging economy.

Mr. Speaker this will complement the complete upgrade of Government’s telecommunications infrastructure, and network that began last year. This transformation while primarily advantageous to young people, will also benefit the whole of society;

- by improving efficiency and the way we do business,
- by bringing to us an increased range of online services, allowing us to pay bills online, access government services,
- by employing digital technology to make our businesses more attractive and accessible to the public,
- and by making online education more readily available to our students, and improving the delivery of health care services.

## **Agriculture, Fisheries and Food Security**

Mr. Speaker, there is no doubt that the population at large is now convinced, that there are myriad opportunities in agriculture. We are committed to working with our farmers and fisherfolk, to ensure that this sector plays a critical role in Dynamic Dominica. We will continue to encourage and partner with the farmers to build a sustainable agriculture sector that will further boost regional trade, complement our efforts at expanding agro-processing, and support the diversification of our tourism product into agro tourism. The objective of this Government is to continue to implement policies which will result in a sustainable agriculture system, that will guarantee food security, rural livelihoods, economic development and growth.

The \$67.0 million, Emergency Agricultural Livelihoods and Climate Resilience Project, is currently being implemented. This will include, the propagation of 627,600 tree crops, 5,249,000 root crops, 837,000 vegetable seedlings over the next five years, as well as technical and financial support to farmers. The upgrade of production capacities and skills and strengthening producers linkage with markets, the improvement of propagation facilities, among many other things. It is expected that this Project will touch the lives of every Dominican, more so, the fresh produce and livestock farmers. We have already seen the enthusiastic response of Dominicans to this Project. Mr. Speaker, with this major investment, Government is ensuring food security, increased employment opportunities particularly for our young people, and increased production.

Mr. Speaker final approval has been given by the Physical Planning Division, for the construction of a modern tissue culture facility at One Mile in Portsmouth. This project will be financed with a grant of \$13 million, from the People's Republic of China (PRC), and is part of Government's efforts towards modernizing agriculture. We thank the Government of the PRC and the Chinese Agricultural Technical Mission, for their continued partnership and contribution.

We will continue to work with farmers to increase production of crops, which will be used to expand agro-processing. During this Fiscal Year, Government will undertake a number of initiatives to increase the production and processing of root crops, including the construction of agro processing facilities, which are expected to benefit 177 farmers and 15 agro processors.

Mr. Speaker, the Fisheries sector has rebounded from the destruction of Maria, as a result of Government's investments in that sector, which included providing support to fishers in the procurement of boats and purchase of engines. The Climate Change for Fisheries (CC4FISH) project under the Food and Agricultural Organisation (FAO) began in January this year. It aims to build resilience within the fisheries sector. The project is valued at \$440,000 and entails training and tooling of fisherfolk, to maintain sustainable livelihoods.

The Government of Japan has graciously agreed to rehabilitate the Fisheries complexes in Roseau and Marigot, at a cost of \$27 million. We thank the Japanese Government for their generosity and support. The rehabilitation of these facilities will result in improved food safety, and facilitate us in meeting the required sanitary standards for certification, it will also improve our ice and storage capabilities.

The Multi-Purpose Pack Houses have made a significant improvement in the country's handling of fresh produce, enabling us to enhance the attractiveness of the produce, and meet phytosanitary requirements. We will all agree that it has made a marked difference in terms of sourcing high quality, and increased quantity of local goods, on shelves in and out of Dominica. The Multi-Purpose Packhouse processed EC\$2.1 million of fresh produce in 2019 and EC\$1.4 million in 2020 so far. This year an additional \$2.5 million has been allocated for additional works to improve and expand the operations at the pack-houses.

Mr. Speaker, Dominica has the ability to supply most of the fresh foods that are required for daily consumption. This includes but is not limited to our fruits and vegetables, root crops, meats and poultry, fish, honey, and processed goods such as cocoa, herbal teas and pepper sauce.

A vibrant agriculture and fisheries sector, providing produce to the nation, decent work and livelihoods for fishers, farmers, and agricultural workers, while providing the country with much needed foreign exchange, will be central to the economy and society of *Dynamic Dominica*. Budgetary support to the sector is intended to achieve this strategic goal.

### **Private Sector Operation of the Abattoir**

Mr. Speaker, the Abattoir was a gift to Dominica, from the Government of the Bolivarian Republic of Venezuela. It continues to have great potential in positioning Dominica to become self-sufficient in the production of poultry and pork for local consumption at affordable prices, thereby helping to reduce our food import bill. Under the World Bank Project, the abattoir will be further enhanced in order to expand its capacity, and be able to deliver on this objective.

The Government is willing to lease the abattoir to serious, interested and capable private sector person, or entity, at a peppercorn rate, for a period of five years in the first instance. From all reports the abattoir's products are in high demand and are of high quality; all the makings of a successful venture. Government is making a renewed call to local entrepreneurs to take advantage of this business opportunity. Mr. Speaker we will continue to work with the farmers to ensure that such an arrangement benefits all.

**In the expansion of our fisheries, agricultural sector,  
and improving food security and exports:  
Dominica will not turn back.  
Dominica will keep pressing forward.  
This country will not fail.**

## **TOURISM**

Mr. Speaker, despite the current hiatus in global travel, Government remains optimistic about the prospects for Dominica's tourism sector, both in terms of cruise and stay-over visitors. The cruise lines have been satisfied with this Government's maintenance, and improvements of tourist sites, and the country's general infrastructure and cleanliness. Indeed Mr. Speaker, the major cruise lines have given their commitment to return to Dominica, once the borders are reopened and there is agreement on safety protocols.

In terms of stay over visitors, the future of Dominica looks encouraging. Our market-ready hotel room stock is increasing with the construction, expansion and rehabilitation of hotels.

Up to March of this year, we had made much progress in improving access to Dominica with new routes and/or flights from Air Antilles, WINAIR, Inter-Caribbean and Silver Airways. We were also at that time processing an application from Caribbean Airlines for direct flights from Trinidad and Tobago, and in discussions with two airlines about the possibility of providing direct flights from Florida. We anticipate that once the pandemic dissipates, these discussions will resume, to facilitate easier access to Dominica. Mr. Speaker, the Government is prepared to support all initiatives that will lead to increased airlift to Dominica, including the reorganization of LIAT.

Mr. Speaker, Dominica has some of the most unique and diverse offerings in the Caribbean. We are consistently ranked by many international tour operators, travel writers and media houses as one of the top ten (10) destinations to visit. Dominica's tourism product has the potential to become one of the main economic pillars of a resilient *Dynamic Dominica*. To ramp up and refocus our marketing efforts, the marketing budget has been increased to \$13 million. The necessary budgetary allocation has been provided to the relevant Ministries to effect product upgrades to the island's top ten (10) most visited sites, as well as the capital required for the commencement of works on the vendors arcade at Wotten Waven.

## **Measures to Support Private Sector Investments**

Mr. Speaker, even in a time of difficulty, Government is acutely aware of its role in creating the enabling environment for investments and the overall development of this country. The larger than usual Public Sector Investment Programme with most of the projects in a state of readiness for implementation, ensures that Government takes the lead in that regard.

Arising out of discussions with national stakeholders over the past three months, Government is now proposing a list of additional measures to support the economy, to be implemented over the next year.

## **Dominica Entrepreneurship Visa Programme**

Mr. Speaker, one of the ongoing challenges we faced pre-COVID-19 and more so now, is triggering greater access to liquidity for businesses, and also encouraging a widening of the private sector locally. With this in mind we will create another avenue for attracting investments, and much needed capital, to new and existing local businesses, with the introduction of a Dominica Entrepreneurship visa.

Under the Dominica Entrepreneurship Visa programme, foreign investors who start a business in an approved sector, or who invest in an existing approved local business, or pursue the option of a joint venture with a local business owner, will be granted resident status. There is no doubt that the introduction of this initiative will result in the creation of jobs, and assist with the further expansion of the economy.

## **Special Facility to Support Micro, Small and Medium Enterprises**

Mr. Speaker within the last ten years, as a result of the investments of this Government in Micro, Small, and Medium Enterprises (MSMEs), they have assumed an increased importance in the economic and social development of our country. The MSME sector is quickly evolving as a nursery of entrepreneurship, driven by creativity and innovation.

Mindful of the contribution of these businesses to the economic development of our country, Government, over the past three months, has implemented a number of measures amounting to \$23.2 million, to cushion the negative impact of COVID-19 on the MSMEs. These measures include extension of the tax payment and filing due dates; access to a special highly concessional loan facility to assist these businesses in meeting their operational costs; and livelihood grants to the self-employed and employees who were grossly affected.

To date, 799 individuals have received livelihood grants; another 292 grants have just been approved for payment this week; while 390 loans have been approved.



Government is cognisant of the need to continue to assist these businesses in accessing the necessary financing for their development, growth and viability. Government will provide to the AID Bank an amount of \$30.0 million, over a three-year period, for onlending to micro, small and medium sized businesses. These funds will be loaned at an interest rate of one percent. This is in addition to the other facilities currently available through the AID Bank.

An amount of \$4.0 million has been set aside for this Fund during this Fiscal Year, in the first instance. To benefit persons must be in good standing with the Dominica Social Security and the Inland Revenue Division. I intend on meeting a representative group of entrepreneurs and business owners, as early as July 29<sup>th</sup>, 2020, to hear from them, on the conditions and parameters of this exciting initiative.

Mr. Speaker, while we are on the topic of tax, I would like to assure the small businesses that Government understands their concerns about having similar income tax filing requirements as medium-sized businesses. That is why we have begun the process to implement a simplified tax system for small businesses. This system will reduce the record keeping requirements and make it much easier to file and pay your taxes. We expect to implement this new system by January 2022.

### **Concessions to Registered Tour Operators**

Mr. Speaker, several measures have already been put in place, to support tour and taxi operators within the tourism sector, in recognition of their substantial contribution to tourism. This support includes:

- duty free concessions on materials, equipment and supplies, to support the implementation of the new health and safety protocols;
- livelihood support grants to former employees and self-employed individuals;
- access to a COVID loan facility at a highly concessionary rate of one percent;
- and for those who benefited from the post Maria special facility at the AID Bank, the deferment of principal and interest payments, for one year and six months respectively.

Dominica's tourism product, Mr. Speaker, is the entire visitor experience from the time of a visitor's entry into Dominica and to their departure. Bearing this in mind, Government has decided to offer to individuals and businesses, whose main activity is the transportation of visitors, similar concessions to those that are currently granted to farmers.

These operators will be granted **import duty and excise tax** exemptions on motor vehicles, to be used exclusively for the transportation of visitors to Dominica.

The operators must be registered and certified as taxi operators with the Dominica Air and Seaport Authority, or taxi or tour operators with Discover Dominica Authority, for the last two consecutive years; and must be in good standing with the Dominica Social Security, and the Inland Revenue Division, both in terms of their licences and taxes. **Concessions will be granted on a maximum of two vehicles over a period of five years, and on vehicles not more than five years old.**

### **Reduction in Duties and Taxes on Pleasure Craft**

As part of our development plans for the north, Government intends to construct a marina in the Portsmouth area. We recognize that having a marina in Dominica could bring significant foreign exchange from the purchase of food and tours, and from the provision of support services required to maintain seagoing vessels.

We expect to commence work on the marina within the next two years. As a first phase, Government will allow the importation of pleasure crafts and excursion boats, measuring at least 45 cubic metres, along with their engines, **free of import duty and VAT**, to begin to stimulate economic activity in that area. These vessels will be required to register in Dominica with the Maritime Unit.

This measure is expected to attract pleasure crafts including yachts, to anchor in Dominican waters for extended periods, facilitate non-Dominicans who own these vessels and wish to make Dominica their home, further diversify our tourism product by creating the opportunity for residents to purchase crafts for use in dive operations, and in offering sightseeing and entertainment tours to locals and visitors. Additionally, it is expected to create ancillary job opportunities, particularly in relation to their maintenance. This measure is to take effect from October 1, 2020.

## **Concessions to Manufacturers**

The creativity and talent of Dominicans, express itself in the small agro-processing and craft businesses using local resources. Government continues to explore export markets for our local produce and products. Two critical elements in ensuring the marketability of these goods are - attractive packaging and cost.

To improve the competitiveness of locally produced goods, Government will remove VAT and import duty on packaging and labeling materials, as well as on the equipment and machinery used in the production of goods, with effect from September 1, 2020.

Mr. Speaker, this is no doubt a huge cost saving measure for the manufacturers and agro processors in our country.

## **Granting of Discretionary Duty Free Concessions**

Mr. Speaker, following Hurricane Maria, Government made the exceptional effort to assist persons in restoring their livelihoods. The post-disaster funding and support to individuals, families, farmers, fishers, single mothers, business people and others, as well as various sectors of the economy, were some of the largest and most generous packages, ever given to citizens and investors, by a Government in this country. The support package included the granting of concessions on building materials, the importation of motor vehicles, equipment, household furniture and appliances to persons who had suffered loss during the Hurricane. To date, we have honoured virtually all requests for help, irrespective of gender, colour, religion or political persuasion.

Going forward, the Government will provide a 50% waiver of import duties, on a discretionary basis. This measure will not affect for example, the current policies related to tourism, agriculture, returning residents, and sporting and cultural organizations.

## **General Infrastructural Development**

Mr. Speaker, the Government's ongoing programme to modernize the infrastructure in Dominica, is a major feature of *Dynamic Dominica*. With that in mind I will highlight some of our major infrastructure projects, which will commence this fiscal year.

### The International Airport

Mr. Speaker, progress has been made towards the construction of the International Airport. We have completed the necessary property surveys, and Cabinet has approved for the acquisition of 213 properties required for the airport construction, of which 47 are farms. The

total market value of these properties is estimated at \$50.7 million. Negotiations have been completed with 25 property owners. Government will begin to make payments to the property owners and farmers in August 2020. Geotechnical surveys will be undertaken by September, 2020.

We appreciate the commitment of the People's Republic of China towards the construction of this important transformational project for Dominica, and we are grateful for their solidarity and support.

### Roseau Enhancement Project

Mr. Speaker, the capital city of a country is important to that country symbolically, as a place of opportunity and as the hub of the country's economic, social and cultural life. This Government has promised the people of Dominica, more so, the people of Roseau, a transformed Capital City.

This transformation is already taking place starting from the banks of the Roseau River with the construction of the Roseau River Promenade and river wall. During this fiscal year, we will see the construction of a by-pass running from east to west along the southern border of the Botanic Gardens.

Part of the vision of this Government is to undertake the transformation of the Botanic Gardens into an oasis of safety, calm and beauty, for all to enjoy. With the construction of the by-pass we will be able to make the Botanic Gardens a pedestrian zone.

Also, work will begin on the reconstruction of Great George Street. It will include the construction of a new road surface, with all utility lines placed in underground ducts, covered drains and gutters, new sidewalks which take into consideration the needs of the physically challenged, and upgraded street lighting.

Mr. Speaker, during this financial year, a 140-meter wall will be constructed along the southern bank of the Roseau river between the EC Loblack Bridge and the Goodwill Link Road Bridge. This will not only enhance the aesthetics of the City, it will also complete the southern river defence walls, mitigating the risk of flooding of the City.

### Rehabilitation of Layou Bridge

Mr. Speaker, the eastern bridge at Layou, which was severely damaged by Maria, will be fully rehabilitated, taking into account the need to build resilient infrastructure that can withstand the magnitude of flooding events, and other stresses such as earthquakes. A sum of \$14.9 million has been budgeted for these works.

### Loubiere to Bagatelle Road

Designs and cost estimates have been prepared for the construction of the section of Road from Loubiere to Bagatelle. That Project is being funded by the Government of United Kingdom and will see the construction of a number of new bridges, drainage systems, road widening and straightening, and a new road surface. Due to the terrain in that area, particularly between Fond Baron and Pichelin, and Dubique, the cost estimates for new designs exceeded the funding available. This required that the designs be reviewed in order to arrive at an estimate which is more in line with the budgeted amount. I have been advised that the revised designs should be completed by the third quarter of this Fiscal Year.

### North East Road Project

A contract was awarded earlier this month for a feasibility study as well as preparation of designs and cost estimates for improving a 36.1 kilometre span of roadway, on the north east, from St. Mary's Bridge in Hatton Garden, to Borough's Square in Portsmouth. This consultancy is being funded by the Kuwaiti Fund for Arab Economic Development.

### World Bank Funded East Coast Road

I am pleased to announce to this Honourable House and the people of Dominica, particularly the people of the east, that a contract in the amount of \$126.8 million has been awarded for the full rehabilitation of approximately 30 kilometers of road from Bois Diable in the Emerald Pool area, to Castle Bruce, and through the Kalinago Territory to Hatton Garden. This Project is expected to commence in August 2020 and will include the construction of new bridges, drainage systems, road widening and straightening, and new road surfaces.

I wish to point out to this Honourable House, that out of the \$126 million, \$79 million will be spent in the Salybia Constituency alone. This investment in the road network will certainly enhance and indeed increase economic activity in the East generally, especially in the Castle Bruce and Salybia constituencies.

### Other interventions

During this fiscal year, at least one road, in each of the 21 constituencies has been selected for rehabilitation works under the Community Road Enhancement Project Phase II. The overall cost of the project is estimated at \$14.9 million. Government will also undertake restoration works, including construction of retaining walls and road reinstatement at Belles, Cabanis and along the Warner Road.

### Water Resource Management

Mr. Speaker, in an effort to enhance the quality of service offered to the public, and to build a more robust national water system, Government will focus during the Fiscal Year 2020/21, on completing the upgrades to Water Area 1, and commence work on the Bagatelle and Morne Prosper Water Supply projects, as well as Bense Intake and Access Road Rehabilitation project.

In this fiscal year, the Water Sector Strategic Development Plan (WSSDP) which will look at the holistic improvement of the resilience of the water sector, including upgrading the infrastructure and capacity of DOWASCO, is expected to be completed. This important project is funded by the Government of the United Kingdom. We express our sincere gratitude to the United Kingdom for their extraordinary partnership demonstrated to Dominica.

Mr. Speaker, interventions to build resilience in the Islands' water systems will begin, on the New Roseau Valley Water Supply Project (supply improvement to Trafalgar, Shawford, Fond Cani, Copt Hall, Wotten Waven); the East Coast Water Project Phase 1 – Supply to Morne Jaune and Riviere Cyrique from Grand Fond; the West Coast Water System – where Portsmouth and Salisbury Water Supply will be augmented; the Castle Bruce Water Supply; and the Calibishie Water Supply.

Works are also expected to commence on a PV-powered backup water supply system for Roseau Central, and PV systems for Tete Morne and Jimmit water pump stations. These systems are being facilitated by the Caribbean Community Climate Change Centre (CCCCC), utilizing funding pledged by the Italian Government.

Mr. Speaker, once these projects are completed we should see vast improvements in the resilience of the water systems, thereby resulting in a more reliable water supply.

### **Development of Sporting infrastructure**

Mr. Speaker, the Government views sports development as a key component of our development agenda. Sports has been touted as critical in the development of our youth, as it instills in them a strong sense of discipline, builds character, confidence, and contributes to their general well-being.

In Fiscal Year 2020/21, an amount of \$2.5 million has been allocated for the construction of the Multi-purpose Sports Complex at Stockfarm, which will include indoor and outdoor courts, an Olympic size swimming pool and tennis courts, and be outfitted with essential amenities to include showers, locker rooms and the like. Work is expected to commence by the second quarter of this fiscal year.

In addition, Mr. Speaker, there are a number of playing fields and hard courts which will be rehabilitated during the fiscal year including the completion of the Massacre Hard Court.

## Building A Resilient Low Carbon Electricity Sector

Mr. Speaker, Government remains committed to building the first climate resilient, nation in the world. This will ensure that another severe weather system, will not disrupt our lives, society, economy and environment, to the extent or duration experienced after Hurricane Maria. The electricity sector is one of the essential pillars upon which a resilient nation must be built.

We are exploring the recommendations of the Sustainable and Resilient Energy Plan (S-REP) developed with the assistance of the Clinton Climate Initiative, with particular regard to the integration of large-scale solar PV to the national grid, on the west coast and the north of the island, and the creation of micro-grids.

Mr. Speaker as relates to the geothermal development project, I have previously reported to this Honourable House, that we had secured all of the financing for this project, based on the designs presented to the Government. That project went to tender, and all of the bids were returned significantly higher than the in-house estimates. We therefore had to revisit the designs. This design now allows for the reinjection well to be placed in Laudat, which it is hoped will significantly reduce the construction cost.

Mr. Speaker, six sites have been approved for a UNDP Low Carbon Development Path (LCDP) Project intervention - the St. Cyr Resource Centre, The Dominica Infirmary, Morne Rachette Emergency Resource Centre, Isaiah Thomas Secondary School, Portsmouth Secondary School and San Sauveur Primary School; implemented by the Government and funded by the Global Environment Facility (GEF).

Mr. Speaker, the greening of our electricity sector will result in greater resilience for the country and economy and new jobs for our people.

**In making our infrastructure resilient and our economy fit for purpose:**

**This Administration will not turn back.**

**Dominica will keep pressing forward.**

**This country will not fail.**

**The Budget - Social Policy, People Development and Prosperity**

At the center of the transformation of society and economies, are health and education. These areas warrant special attention. I frame the positioning of Dominica squarely on the development of our human capital.

### **Education and Training**

Mr. Speaker, permit me to adopt a phrase from the Director General of the OECS, Dr. Didacus Jules, who says that *“there is no future that we can imagine, there is no potential that we can visualize and there is no sustainable livelihood that we can cultivate, without education.”*

This Government is in full agreement with the Director General. We recognised that human resource development is an integral part of the upward mobility of our nation, and a well-trained and educated work force are critical elements of our growth strategy. Just over 10 years ago, this Government announced its visionary policy of ensuring that we have at least one university graduate in every Dominican household by 2020. Since then, we have worked without ceasing, to provide support, and facilitate the education of thousands of our young people.

Over the years this Government has provided significant support to facilitate the attendance of our students at school, improving physical infrastructure, providing transportation to and from school, providing uniforms, shoes and textbooks and school transfer grants. We have achieved universal, primary, secondary and tertiary education, with the decision last year to make tuition at the Dominica State College free.

We have also worked with our partners to secure scholarship opportunities for our students, mainly in Venezuela, Cuba, China and Morocco. Thousands of young Dominicans have been trained in numerous disciplines, some of which include business studies, ICT, medicine, psychology, natural sciences, agriculture, hospitality and tourism, law, engineering, aviation and the arts. Many of them have gone on to further their studies, earning Masters and Doctoral Degrees.

The training of our citizens is a principal key to the path of transformation. Many of our scholarship recipients are now employed throughout the public service and private sector, with many creating jobs for themselves and others. Their discipline, skills and qualifications, is helping to build our new society and economy, in *Dynamic Dominica*. We are proud of the achievements of our many students, and are confident that we have substantially achieved the lofty goal that we set ourselves.

Cabinet has recently approved an amount of \$4.2 million representing the 40% Student Loan Debt Relief which was announced in November 2018. The grants which will be settled very shortly, will benefit several of our young people and provide the space required to further invest in themselves and the country. We must ensure that Dominica's young people are self sufficient and can contribute to the buiding of Dominica.



Mr. Speaker, there is no doubt that under Labour, education has been a success story for the people of Dominica. The current goal of Government is to educate, train and equip a highly educated, talented, qualified and skilled work force, second to none.

#### *Construction of Schools*

In the new fiscal year, the construction and rehabilitation of schools damaged during Hurricane Maria, will continue, with grant funding from the Governments of Canada and the People's Republic of China.

There is a commitment by the Government of Canada to rehabilitate five schools, of which the Salisbury Primary School has been completed. The designs have been completed and the tender process started in respect of the Morne Jaune, Wills Strathmore Stevens, Grand Bay and Delices primary schools. In keeping with our commitment to focus on education from cradle to grave, all the schools listed above will on completion boast of having early childhood education units. Works on those schools are expected to begin by September 2020.

Mr. Speaker, the Government of the People's Republic of China, is committed to construct the Calibishie, Thibaud, Tete Morne primary schools, the Goodwill Secondary School, and extend the Bellevue Chopin and Sineku primary schools. To effect the commencement of these projects, letters of exchange were signed between representatives of the Government of Dominica and the Government of the People's Republic of China on May 20, 2020.

#### **Reclassification and Modernisation of the Public Service**

At this stage of our development, it is critical that we have a public service that reflects our new realities. To achieve this, we are embarking on a comprehensive Reclassification and Modernisation of the Public Service programme, , which will focus on the reform of existing structures and management of personnel, the overhauling of procedures, increasing efficiency through expanded use of technology, and improving our delivery of services to the public.

It will also focus, in particular on improving benefits to public officers. While the Government has accelerated in recent times, efforts towards getting officers appointed in the public service and we have made attempts at public service reform, we are of the view and so are the unions, that the way to systematically address the concerns of pay, terms and conditions, upward mobility, is through a reclassification exercise. We have submitted a request for a proposal to CARICAD, as it is the expectation that the exercise will be conducted by them, because of the expertise they possess in this regard.

## Health

Mr. Speaker, this Government has made significant investments and strides in the health sector. The Dominica China Friendship Hospital is progressing apace and is on track to be completed next year. This promises to revolutionise the standard and quality of health care delivered. In preparation for this, the Government through the National Health Commission has embarked on an ambitious Health Sector Reform Program, that includes an autonomous model of governance that will lead to the establishment of the Hospital Management Authority. There will be a complete overhaul of how the hospital functions which will include:-

- a focus on accountability and transparency;
- the creation of a management authority with powers and responsibilities set out in an Act of Parliament with subsidiary legislation and rules;
- creation of a Board of Management to provide policy direction and leadership;
- recruitment of a Chief Executive Officer with the requisite decision making capacity, qualifications, experience and competencies

Mr. Speaker, it is important to note that the Hospital is not being privatized, but will remain a public health facility, with a new governance management structure that will give greater focus to the improvement of the delivery of health care, in an efficient and cost effective manner.

I wish to place in the records of this Honourable House, the Government's gratitude to the Health Commission, chaired by Dr. Dorian Shillingford.

Mr. Speaker, four of the twelve modern resilient health centres promised in last year's Budget, have been completed, Mahaut and Wesley will be completed in August, Bagatelle and Penville in September and Anse de Mai has commenced. Colihaut, Soufriere and Newtown are expected to commence in September, having finalized all the outstanding land issues.

Further under the PAHO Smart Facility Initiative funded by the United Kingdom, our health facilities are being transformed into safe and green centers, capable of functioning independently for at least 15 days after a disaster. In our Plan, even if communities are temporarily cut off after a disaster, each community will continue to be able to deliver quality health care in a functioning facility.

I am pleased Mr. Speaker, to report to this Honourable House, that the new Marigot Hospital which naysayers doubted would ever be built, is progressing at a quick pace. Construction began in January 2020 and the hospital will be completed in April 2021. The new Marigot Hospital will occupy 55,800 square feet, and will be fully equipped with an operating theatre, ICU, in-patient wards, A&E, lab services, dialysis unit, x-ray services among other services. Provision has also been made for staff quarters and parking.

Another significant feature of the expansion of our health care facilities, system and services, beyond ensuring a more healthy and productive population capable of fully enjoying life, Mr. Speaker, is the number of good paying jobs that will be created. It is in this context of new opportunities in the health sector, that the importance of training and upskilling young Dominicans become more apparent, both for their upward social mobility and as a national development strategy.

Mr. Speaker, one of the most significant outcomes of the changes and benefits that Dominicans will enjoy in health care, is that our small country will emerge as one of the leaders in health care services and delivery in the Caribbean.

### **Housing the Nation**

Mr. Speaker, this Government's commitment to housing the nation is unparalleled anywhere in the world, we have continued to transform and improve the housing conditions of thousands of our citizens. The people of Dynamic Dominica will be properly housed, and our national housing and property stock will be amongst the highest quality and most hurricane resilient in the Caribbean.

As we accelerate the Housing the Nation Programme in Fiscal Year 2020/21, the Ministry of Housing and Urban Development will receive an allocation of \$117.4 million. This includes funding of \$25 million from the World Bank under the Housing Recovery Project, and 10.6 million in grant funding, from the European Union. The latter is designated to construct fifty (50) resilient homes in the Kalinago Territory. The tender process has commenced and award of contract is expected soon. I would like to once again place on record, the gratitude of the Government and people of Dominica to the European Union, for this grant

Mr. Speaker, over 450 homes will also be built across the island, with proceeds from the Citizenship By Investment Programme (CBIP).

These significant investments, while providing homes to those in need, will not only contribute to changing the landscape of our housing sector, but also create many opportunities for jobs and the provision of other services. The Government for example, has taken a firm decision that all kitchen cabinets and closets, shall be manufactured by local furniture makers.

### **Introduction of a Property Tax**

Mr. Speaker many of the vacant and abandoned properties in Roseau and other urban areas have become eyesores to residents and visitors to the nature island, and pose a health hazard.

Government wishes to send a signal to owners of these properties that now is the opportune time to put them into productive use, to contribute toward the development of our country.

Government has begun initial work on the implementation of a property tax. The intention is to apply the tax to vacant and abandoned properties. In the first phase the tax would apply to the vacant and abandoned properties in the city and other urban areas. It is expected that this tax will take effect from July 1, 2021. This gives owners ample time to get their properties into productive use.

### **Reduction in Land Transfer fees**

Mr. Speaker, Government realizes that several persons own land but are not in possession of a certificate of title, as they have difficulty in paying the taxes associated with the transfer. There are also several vacant and quite often, prime properties which are in a state of abandonment across Dominica. Many of those have been willed to family members who are unable to divide and register these properties in their names, simply because they do not have the required financial resources. We are also aware that several Dominicans, particularly young people, would like to own a piece of Dominica, and any assistance received from Government would help to make that possible.

For a period of one year, that is from September 1, 2020 to August 31, 2021, the fees related to transfer or purchase of land will be as follows:

- Stamp Duty                      2 percent
- Judicial Fee                      1 percent
- Assurance Fund                1 percent
- Fee to Lawyers                A maximum of 1 ½ percent

The total of 5 ½ percent on the value of the property will be paid by the buyer instead of the 10 ½ percent which is currently payable. This Mr. Speaker, will result in a 48 percent reduction in fees associated with land transfer for the buyer or receiver.

The fee payable by the sellers of these properties will remain at 2 ½ percent.

We urge our citizens here and abroad to take advantage of the temporary reduction of these rates. Additional staff will be reassigned to the Registry as needed to facilitate quicker processing of these titles. We expect these provisions to provide greater opportunity for property ownership and formalization of that ownership. The provisions will be particularly helpful to young people, couples or families looking to own their first home.

### **Grants to First Time Home Builders**

We have received again this year the recommendation to reduce import duties on building materials. As indicated on numerous occasions, based on Dominica's experience, this

measure does not result in the desired outcome, of an equivalent reduction in the prices of these materials.

Notwithstanding Government's expansive housing programme, we are cognizant of the fact that we must create the environment to encourage people to build their own homes. We have more than doubled the mortgage interest deductions allowable for income tax, have made funds available at the Government Housing Loans Board and at the AID Bank, for access by public officers and citizens in general.

Government is going further this year, and is providing for a temporary reduction in the fees related to the transfer of land. It is our desire that everyone, particularly our young people, will take advantage of the opportunity during this very favourable period, to invest in the purchase of properties and construction of their homes.

To assist in this regard Government has set aside an amount of \$1.5 million, to support persons under the age of 40 years, whose annual income is less than \$100,000, who have never owned a home before and are interested in acquiring a home of their own. This support will be provided in the form of grant vouchers to a maximum of \$10,000 per home for the purchase of building materials or to be put towards the transfer fees for the purchase of a new home.

To qualify, first time home builders, must present copies of building plans approved by the Physical Planning Division and must have commenced construction with the secured financing required to complete construction of the building where they intend to reside. In the case of first time buyers of a home, notice of intention to sell must be presented along with evidence that financing has been secured. These grants will be available from October 1, 2020 and be administered by the Ministry of Youth Development and Empowerment, and is expected to benefit 150 of our young people.

Mr. Speaker while we concentrate on providing for the vulnerable, middle age and elderly we shall continue to assist in the development of our young people, to ensure they can be self sufficient and can contribute to the building of Dominica for generations to come.

### **Decriminalisation of Marijuana**

Mr. Speaker, there has been a global thrust in recent times to decriminalize certain aspects of marijuana possession, growth and ownership in recent years. This challenges views on the use of cannabis, and policies which align with emerging scientific research.

In my Address to this Honourable House last year, I indicated that “ *We are of the view, however, that in all the circumstances, particularly having regard to the empirical data, and the growing international importance of medical marijuana and the world trend of*

*decriminalization of marijuana for medical, religious and recreational use, that the Government should bring to the Parliament for consideration, legislation to decriminalize the possession of marijuana.”*

In our “Dynamic Dominica” manifesto there was also a pledge to “expunge the criminal records” of all persons previously convicted for possessing a spliff or small quantities of marijuana that were clearly not for sale or trafficking and to halt prosecutions of persons found in possession of one ounce or less of marijuana for personal use. A draft of the Drugs (Prevention of Misuse) (Amendment) Bill 2020 is being finalized and will be presented to Parliament at its next sitting. It will provide among other things, for the decriminalization of possession of 28 grams of marijuana or less.

The Government will forge ahead on the matter of developing a revenue stream, and foreign exchange earnings from a marijuana industry, and I will report further on this aspect of the policy in due course.

**In the building of our human and social capital and the creation of opportunity:**

**This Government will not turn back.**

**Dominicans will keep moving upward.**

**Our country will not fail.**

## **Tax Amnesty**

I propose now, Mr. Speaker, to deal with the matter of a tax amnesty.

Mr. Speaker, this Government has been substantially reducing the tax payable in Dominica, particularly personal income tax, and corporate tax, to ease the tax burden on residents. We have:-

- increased the income tax personal allowance from \$12,000, to the present level of \$30,000.
- reduced the tax rate by 5 percent in every band, and have made some adjustments to the lowest band;
- reduced the corporate tax rate by 5 percent
- allowed for deductions on interest paid on student loans, and have more than doubled the deduction allowed for mortgage interest

Mr. Speaker, this Government is not a fan of amnesties. We believe that taxes should be paid when they are due. We applaud all Dominicans who are diligent and who continuously pay their taxes, and do so on time. These dutiful Dominicans are making an important national contribution. We urge others to follow their example. That said, Mr. Speaker this year is an extraordinary one, particularly for us in Dominica, where COVID-19 has followed so closely on the heels of Hurricane Maria. This is why Government has decided to grant a tax amnesty.

Effective August 1, 2020 to November 30, 2020, Government will waive the interest and penalties due on outstanding personal income taxes, withholding tax, corporate tax, excise tax and value added tax liabilities, in respect of tax periods prior to 2019. These waivers will only apply if all of the principal taxes owed for the respective tax types, are paid between August 1, 2020 and November 30, 2020.

### Acknowledgements

As I close Mr. Speaker, I wish to thank the many countries, partners, agencies, friends, who have stood with us, particularly through our darkest hours, and who have continued to provide assistance to us, and who have agreed to walk with us on this journey to become resilient. We could not achieved as much as we did without your support.

I thank all of the public officers who have worked long hours, toiling in the vineyard, to ensure that our plans and policies were implemented.

I wish to thank all of my Colleagues for your continued diligence, hard work and commitment to our country. You are an exceptional group.

Special thanks to the prayer warriors who continue to pray for the country, Government, and for me, personally.

### Conclusion

And so, Mr. Speaker, as we go forward, as a united nation, and in this period of uncertainty, we appreciate now more than ever, that our strongest currency is faith.

We have once again shown to the world, our resilience; and together we will meet the next challenge with the same vigour as before.

History has repeatedly taught us that, the Dominican spirit always rises.

Our development agenda remains on track - and we are well on our way to delivering the promise of a Dynamic Dominica.

Mr. Speaker, Members of this Honourable House, Good People of Dominica, when I accepted the honour and responsibility of leading this country, I could not have imagined the challenging times through which I would be called to lead. I have asked the Almighty God to fortify me.

I have had to draw on deep reserves of faith, but most of all, I have had to ask you, the people of Dominica, to walk with me, to hold your Government and your country in prayer.

Today, I ask the country to let us stand on our faith as a God-fearing people. This is a Budget of faith. **Faith**, that it is the right package for these testing times. **Faith**, that the people of Dominica are resilient enough to fight through adversity, until they see their way clear. **Faith**, that the Government will stick to the task. **Faith**, that Almighty God is holding us in His hand.

Resting on my faith, I can join with the Psalmist David<sup>1</sup> in saying:

“Be still before the Lord  
and wait patiently for him;

I have never seen the righteous forsaken  
or their children begging bread.”

Throughout the Bible when His people have needed Him, we have seen the hand of God, mighty to save.

Mr. Speaker, the country must keep faith with the Government; and the Government and country must keep faith with God.

**In good and in lean times,  
In creating *Dynamic Dominica*,  
This Administration will not turn back.  
This Prime Minister will not tire.  
Dominica will keep pressing forward.  
Dominica will keep moving upward.  
This country will not fail.  
Its people will not falter.  
This country will prosper.  
The people of Dominica will succeed.**

**Mr. Speaker, I believe it. In this Honourable House, I decree it. With God, this team and this country by my side, I will work toward it.**

**Tchembé Donmnik Fò!**

**Mr. Speaker, I am obliged to you.**

---

<sup>1</sup> Psalm 37