



# BUDGET RESPONSE 2018/2019

Leveraging the Nature Island Brand

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July 28th, 2017

## **INTRODUCTION**

Madame Speaker, colleague Parliamentarians, fellow citizens of Dominica, on behalf of the leadership and members of the United Workers Party TEAM Dominica – the Parliamentary Opposition of Dominica – it is my duty to respond to the 2017/2018 Budget Statement of the Dominica Labour Party Government delivered by the Prime Minister of Minister of Finance less than 24 hours ago on July 25th, 2017.

As I said last year, this new normal, this outrageous limitation of the time to respond to a budget statement prepared over a number of months with input from an army of public officers under the watch of the largest Cabinet in the OECS, confirms the hostility to Parliament's oversight responsibility for public finances that has become the modus operandi of this administration.

In response to its 18-year record of consistently achieving the worst economic performance results in the Eastern Caribbean Currency Union, we stand on our commitment to develop and grow a model green economy that rewards enterprise, puts our people to work for decent wages, gives a fair chance to all and secures our place in the global trade of goods and services.

## **MARIGOT CONSTITUENCY**

In the constituency of Marigot our vision is to become a self-sufficient, full employment eco city with modern education, health, sporting, and recreational facilities; a road network that effectively connects the residential, commercial, agricultural, tourist and recreational areas; 1st world water and sanitation services; 100% energy requirements from wind and solar; and a minimum 4G platform for world class ICT functionality

For well over a decade, the people of Marigot have been expecting to see adequate resources budgeted for the road network, housing, health, small business and village economy priorities for one of the most

progressive and productive communities in this country. A better Marigot means a better Dominica... a politically victimized Marigot means a Dominica operating below its capability for outstanding sustainable growth and development

Marigot lives matter

We cannot unite Dominica with hate and prejudice...we cannot build Dominica with partisan, political pettiness and vindictiveness. All ideas must contend and all talents and skills must be allowed to serve. All must be allowed to eat.

In last year's budget an amount of 18.8 million dollars was provided over two years for construction of the new Marigot Hospital - 14.1 million by way of a grant from the government and people of Mexico and 4.7 million from local funds. 6.4 million would be spent in year one and 12.4 million in year two. It didn't happen. In this year's budget an amount of 20.25 million dollars is provided. 1.5 million will be spent this year; 9.5 million next year; and 9.25 in the final year. This new Marigot Hospital is a sore point for the residents of the North East from Crayfish River to Calibishie. We trust that nothing stands in the way of a commencement of work to no later than September 2018.

In this year's budget as was the case in last year's budget an amount of 20 million dollars is budgeted to correct the wave overtopping problem at Melville Hall that has been destroying vehicles with salt water for over a decade. Budgeting money to deal with this issue and not spending it has become a display of disrespect that pressures the restraint of Christian people of good conscience. We need work to commence on the resolution of the decade old problem no later than September 2018.

Some years ago, citizens with long-standing interests in land in the housing area at Melville Hall were promised that land reserved for them by the Housing Division would be officially allocated. This has not happened. As a result, persons willing to build are unable to do so and in some instances allocations agreed to are being compromised by intervening arrangements. Again, we are asking the government and the

minister responsible to give urgent attention to what has become a particularly vexing matter.

The playing field at Concord needs urgent attention. And the excellent sporting facility at Lio Park regrettably abandoned by the government is in desperate need of rehabilitation

We need money for small business development in Marigot.

In 2016/2017, government overspent a budget of 3.5 million by 10 million dollars for small business assistance in the constituencies represented by the Dominica Labour Party. There was no small business assistance for Roseau North, Roseau South, Salisbury, Wesley and Marigot.

In May of 2018, a number of persons from Marigot attended a meeting with the Small Business Unit and filled out forms for assistance. Those who had bank account numbers were told that the assistance would be available within 2 weeks. The patient people of Marigot are still waiting.

An amount of 3 million is in this year's budget for small business development. It is only reasonable to request that the entire amount goes to small business operators in Roseau North, Roseau South, Salisbury, Wesley and Marigot.

A few months ago, government's Roadside Cleaning Program finally arrived in Marigot. The Village Council has also received 1.5 million dollars belonging to the people of Dominica for Housing recovery Assistance to 148 persons. The government check to the lawfully constituted local government authority for Marigot was handed to the chairman by a labour party operative who stated as follows:

*"At this time, I have within my hand a cheque of 1.5 million dollars to assist us in Marigot... and I want to say thank you again for your patience and I would like to present it on behalf of the Prime Minister/Minister of Finance and the Dominica Labour Party to the Marigot Village Council to assist us in the rebuilding of our homes".*

As far as we are aware, the average of 10 thousand dollars per homeowner in Marigot is the lowest paid out so far by the Ministry of Housing. The discrimination is evident. There has to be an explanation and a prompt correction. Hundreds of home owners in Marigot are still waiting for their share of the Housing Recovery Assistance which a few months ago was coming soon.

10 years after his last official visit to Marigot, the Prime Minister has delivered on a promise that government would fix the Fine Grass road. We need money to rehabilitate a number of other feeder roads:

Baron/Tantan road

Captain Bruce/Windy lodge road

Myshall road, Craig road

Coffee road, Tantan/pagua link road

We also need money to bring a number of village roads up to acceptable standards:

Bull Hole, six acres Melville Hall link road

Valley road, North End road, Overgutter Road

We need a new bridge at ManTiPo, we need to fix the Dam bridge

## **BUGDET 2018 – The Issue of Trust**

In April 2017, the International Monetary Fund concluded consideration of its 2017 Article IV consultation with Dominica. Under Article IV of its Articles of Agreement, the IMF has a mandate to exercise surveillance over the economic, financial and exchange rate policies of its members in order to ensure the effective operation of the international monetary system. The IMF's appraisal of such policies involves a comprehensive analysis of the general economic situation and policy strategy of each member country. IMF economists visit the member country, usually once a year, to collect and analyze data and hold discussions with government

and central bank officials. Upon its return, the staff submits a report to the IMF's Executive Board for discussion. The Board's views are subsequently summarized and transmitted to the country authorities.

The 2017 Article 4 discussions ended on March 21, 2017 and the report was completed on April 27th, 2017. The Government of Dominica agreed to publication of the report on December 20, 2017 – 8 months later.

On June 18, 2018, the Executive Board of the International Monetary Fund (IMF) concluded the consideration of its 2018 Article IV consultation with Dominica.

The authorities have not consented to publication of the staff report and the related press release.

Based on that Article 4 consultation with Dominica the IMF projects an economic decline of 16.3% for the year 2018.

For 18 long years, through budget after budget, this administration has spent more and more of the people's money on making people poorer, destroying their quality of life and rendering them more and more incapable of making their own money, being their own people, taking care of their families and living lives of dignity. Indeed, the most disgraceful performance record of this administration is the more money it receives to develop the country and help the people, the worse off the people become.

Year after year, we have called out the enduring obsession with the same old failed policies of exclusion, secrecy and petty political partisanship that have made a complete mockery of the parliamentary oversight responsibility for preparation of the national budget and the management of public finances.

We have asked for the involvement of the parliamentary opposition at stages in the budget preparation cycle where it can meaningfully contribute to the annual revenue and expenditure planning exercise.

In 2015, in 2016, in 2017 the budget response of the parliamentary opposition went to great lengths to demonstrate why the budgets of those years and the budgets of the 15 previous years lacked credibility. We made the case that these Labour Party Budgets are not the products of an effectively anchored, bi-partisan parliamentary mechanism to decide on and fund the growth and development priorities of Dominica. We advised against the dangers of driving Dominica Labour Party paramountcy to supersede the authority of our nation's highest decision-making body, for partisan purposes like having parliament routinely rubber stamp approval of budgets that are not designed to (and therefore cannot) serve as tools to deliver the growth and development fundamentals of the Commonwealth of Dominica.

For three straight years we have come to this parliament with constructive proposals for improving the budget formulation process. The response has been a deafening silence. So, once again, for the fourth straight we present our recommendations on what needs to be done with a solemn commitment that budget process reforms will be done under the United Workers Party Team Dominica in the public interest of good, accountable government:

- I. We will present budget outlook and budget strategy papers for better public understanding of the fiscal strategy driving the revenue and expenditure allocations
- II. We will enact Fiscal responsibility legislation establishing principles of responsible fiscal management and transparency.
- III. We will Issue Medium Term Expenditure Framework guidelines
- IV. We will use Sector Working Groups and Ministerial Public Expenditure reviews to bring together input from ministers, parliamentarians, public officials, the private sector, civil society organizations and private citizens
- V. We will engage a Finance Committee of Parliament, the Budget Office and Sector Hearings to consider these contributions and transform them into action-oriented proposals for the betterment of Dominica.

VI. We will engage an Estimates or Finance Committee of Parliament to review and approve the Estimates of Revenue and Expenditure

VII. We will restrict the use of contingency warrants used to authorize unbudgeted spending, and the include in the budget, a contingency reserve for unforeseen or emergency spending

VIII. We will improve the capital budgeting process with the introduction of performance budgeting across government by linking budget allocations to economic and social priorities, and enacting results-based budgeting

IX. We will promote trust among citizens that government, is listening to and acting on their concerns, has a plan for achieving worthwhile objectives, and will use the available resources effectively, efficiently and in a sustainable manner.

Under the watch of the UWP Government, once parliament approves the budget, allocations will be effectively implemented by the ministries and agencies of government to secure the intended development benefits. Revenue collection and spending as authorized in the budget will be subjected to proper oversight throughout the year by a properly empowered Public Accounts Committee, the Audit Department, the Budget Office and line ministries as appropriate.

We will amend the relevant Standing Orders of this House to ensure that the work of the Public Accounts Committee is released from exclusively dependence on reports from the Director of Audit and will not be frustrated by the obstructionist behavior of senior public officers waving off routine information requests with politically motivated legal opinions. The PAC will no longer be condemned to oversight of history while live revenue and expenditure performance goes unchecked.

A UWP government will discontinue the practice of silence on the implementation of budget allocations after approval by Parliament. Under our watch, there will be periodic budget performance reviews that allow parliament to note the trend of overall collection and spending and prepares Cabinet to reassess budget alignment with fiscal objectives and



development priorities. We will have budget execution reports, including in-year and audited year-end reports designed to yield useful improvement messages on performance and value-for-money.

The parliamentary budget oversight focus will be on “Budgetary governance” - the processes, laws, structures and institutions to ensure that the budgeting system effectively meets these requirements. We will give Dominica what this administration has been unable to deliver for more than 18 years - integrated budget formulation systems and monitoring procedures that are coherent and consistent across all levels of governance in the public interest.

That said, we question the trustworthiness of the 2018/2019 estimates that inform the budget statement. Some important numbers are missing, some don't add up and some simply don't make sense.

1. The Overall Summary of Revenue and Expenditure with three year forward estimates announced at page 1 in the table of contents is missing from the 429 page document. It appears that none of the 18 ministers of government were able to read the draft well enough to detect this major omission before circulation.
2. In the Medium Term Public Sector Investment Program 2018 – 2021, under project ID 1948 on page 14, we find the World Bank funded Dominica Housing Recovery Project. Two Loan amounts each of \$13,584,500 will be spent in 2019/2020 and 2020/2021 for a total of \$27,169,000. Then there is grant funding of \$13,770,000 in 2018/2019; \$20,165,500 in 2019/2020; and \$17,465,500 in 2021/2020 for a total of \$51,401,000.

When we add the loan and grant portions of the package we arrive at a total of \$78,570,000.

This is the same Housing Recovery Project funded by the World Bank that we dealt with in this honorable house on June 25<sup>th</sup>, 2018 in a resolution seeking authorization to borrow the 27-million-dollar loan portion of the financing package. That resolution erroneously

stated the total financing package as \$80,228,571 instead of \$108,000,000. None of the 18 members of Cabinet were able to point out the 27.8-million-dollar error on their own one-page document printed on both sides which they presumably read and understood.

So, one month has gone by... and here we are understating again, this time in the 2018/2019 estimates the total amount for the Housing Recovery Project. Let me therefore advise the members on the government side of the House, who just can't seem to get it, (so I am going to say it really slowly this time) the total amount to be provided by the World Bank in loans and grants for Dominica's Housing Recovery Project is \$108,000,000 and not \$78,570,000.

With thousands still waiting for assistance to repair or replace their Maria damaged homes, \$29.4 million dollars is a lot of money. It seemed like it was lost a month ago, the parliamentary opposition found it. Today, hopefully for the final time, we have found it again.

3. In May of this year, I drew parliament's attention to what appeared to be a discrepancy of \$156.4 million dollars in the balance of the Citizenship By Investment account reported by the Finance Minister as at June 30<sup>th</sup>, 2017.

According to the Finance Minister the balance was \$177.7 million. I believe the balance should have been \$334.1 million based on the following calculation:

Balance at June 30 <sup>th</sup> , 2016	\$162.2
Receipts 2016/2017	\$506.9
<b>Sub Total</b>	<b>\$669.1</b>
Less 2016/2017 Spend	\$335.0
<b>TOTAL</b>	<b>\$334.1</b>

The 2018/2019 estimates have revised the 2016/2017 CBI revenue down from 506.9 million to 491.2 - a difference of \$15.7

million. Accordingly, the June 30<sup>th</sup>, 2017 balance is adjusted to \$318.4 million which means the apparent discrepancy with the Finance Minister's June 30<sup>th</sup>, 2017 balance of \$177.7 million is \$140.7 million.

The explanation given for the discrepancy is that \$13.5 million is being transferred monthly from the CBI account to an airport development account. But the \$149 million said to be in the account as at May 31<sup>st</sup>, 2018, means, without more, that the airport account transfers took place in the financial year commencing July 1<sup>st</sup>, 2017 and therefore have nothing to do with the balance on the CBI account at the end of the previous year June 30<sup>th</sup>, 2017. We need a proper explanation. What happened to the \$140.7 million?

4. The loud, inexplicable silence on the Venezuela Petro Caribe debt controversy is another reason we do not trust the 2018/2019 estimates.

Just imagine, the Prime Minister who has the world to help Dominica become the first climate resilient nation in the world is the same man who publicly denied for years a Dominica debt of over 100 million US dollars owed to Venezuela and then turned around and accepted forgiveness for the same debt he insisted Dominica did not owe.

And no, it is not insignificant that the Prime Minister was forced to accept the debt he previously denied in the presence of aid donors, development cooperation partners and governments from around world assembled at a high-level pledging conference for Dominica and other Hurricane affected islands in the region.

If his government did not receive the loan, did not use the funds and has therefore not been accounting for the debt, on what basis has he accepted responsibility for it? Where is the capital gain conferred by the act of debt forgiveness? Why is it not captured anywhere in the capital revenues listed in the 2018/2019 estimates?

We asked at the time of the debt cancellation and subsequently in this Parliament in May 2018, for a full accounting of the more than 100 million US dollars the Prime Minister now accepts Dominica owes Venezuela after telling this Parliament the country had no such debt. We asked who received the Venezuela loan of more than 100 million US dollars and how and when and into what account was it received. We asked what was the loan money used for and on behalf of Dominica to date? What is the balance available from the loan funds as at the date of forgiveness? And How soon will the entity holding the loan from Venezuela to Dominica present a cheque to government for the 100 million US dollars less any amounts legitimately spent for and on behalf of Dominica? We are still waiting for satisfactory answers

The PETROCARIBE (Energy Co-Operation Agreement) with the Government of Venezuela was signed on June 29<sup>th</sup>, 2005 in Puerto La Cruz, Venezuela by 14 Caribbean leaders (including the Prime Minister of Dominica)

Under this agreement Venezuela commits to providing credit facilities to Caribbean countries from their purchases of Venezuelan petroleum products.

Section 4(2) of the agreement provides for a credit facility will come from retaining 40% of the invoiced price of petroleum products supplied to Dominica. It will be repaid over 25 years with a 2 year grace period at an interest rate of 1%.

According to the Report of the Director of Audit on the Public Accounts for the fiscal year ended June 30, 2008:

“The Government of Dominica is responsible for all fuel invoiced to the Dominica National Petroleum Company Limited – a wholly owned company of the Government of Dominica.

“...while consignments of fuel shipped from Venezuela under the

PETROCARIBE Agreement are invoiced to the Government of Dominica through the wholly owned company, such fuel is received by and is in the custody of PDV CARIBE (DOMINICA) LTD. This company is a joint venture between PDVSA of Venezuela and the Dominica National Petroleum Company Limited.

“PDV CARIBE (DOMINICA) LTD has a fuel supply agreement with Dominica Electricity Services Ltd their main customer, and also sells fuel to other local customers. The joint venture after receiving monies for the sale of fuel transmits to the Government of Dominica through their wholly owned company the full invoiced amount of the fuel sold while all markups are retained by the joint venture to cover expenses and under-take local social programs.

“The audit can reveal that transactions of the Dominica National Petroleum Company Limited are being conducted through NBD deposit account #615000086. A thorough review of the statements and confirmation from the Bank revealed that at May 31st 2009 there was a confirmed balance of EC\$22,658,063.87...

“Based on the audit conducted and information obtained from the Ministry of Finance, the Office of Director of Audit can confirm that no amounts have been utilized from this fund by Central Government. Furthermore, the Director of Audit was advised by officials in the Ministry of Finance that discussions are ongoing to finalize the terms and conditions for the utilization of the funds. These terms and conditions include obtaining the Authority of Parliament when necessary.

“The Government of Dominica has the responsibility for repaying all amounts for fuel invoiced to the Dominica National Petroleum Company Limited under the business arrangement...”

In the context of the Parliamentary oversight responsibility for the public finances of the Commonwealth of Dominica, in 2015, we posed questions to the Hon. Prime Minister and Minister of Finance about our country's indebtedness to Venezuela under the Petro

Caribe arrangement.

The questions and responses from the Prime Minister are as follows:

- a) What is the total debt accumulated from the commencement of the arrangement to March 31, 2015 and how much of that debt is due and payable?

**Response:**

*Dominica has no indebtedness to Venezuela under the Petro Caribe arrangement. The PDV Dominica Limited is a joint venture company. The partners of the company are the Dominica National Petroleum Company (DNPC) a corporation under the laws of the Commonwealth of Dominica and PDV Caribe, .A, (PDVSA) a corporation organized under the laws of the Bolivarian Republic of Venezuela. Petro Caribe handles petroleum products on behalf of Dominica National Petroleum Company.*

- b) How much of the debt has been paid as at March 31, 2015:

**Response:**

*In light of the response to (a) above, there can be no agreement to pay*

- c) What is the total value of the 60% of fuel purchased by Dominica from Venezuela under Petro Caribe from the commencement of the arrangement to March 31, 2015?

**Response:**

*In light of the response to (a) above, the question does not apply.*

We sought the position of the Government of Venezuela on the statement from the Government of Dominica that the accumulation and payment of debts under the Petro Caribe arrangement are no

longer government-to-government matters but the business of private corporations for which the respective countries and their governments have no responsibility. There was no response.

Nonetheless, the IMF Article 4 Report of 2016 advised that:

“The public debt for FY 2015/16 now incorporates the Petro Caribe debt estimated at 9 percent of GDP. The estimation is based on the Petro Caribe loan agreement...”

In its April 2017 Article 4 Report, the IMF disclosed that:

“The Dominica authorities also questioned the inclusion of Petro Caribe obligations in the stock of public debt, explaining that only the portion that has thus far been converted to grant was utilized...” There was no question that the amount owing to Venezuela was approximately 9% of GDP.

Then, the Venezuelan Foreign Minister, Jorge Arreaza, made this major announcement on Nov 21, 2017:

"Due to the difficult conditions facing our brethren in Dominica after the passage of Hurricane Maria, Venezuela is announcing the start of a process of debt forgiveness in the short- and long-term term for supplies of Petro Caribe from its creation until September 10, 2017...

"This means the cancellation of a sovereign debt that exceeds US\$100 million dollars in order to allow the government of Prime Minister Roosevelt Skerri funds for the reconstruction of his country, as well as the creation of a fiscal space that allows access to new credits."

The Minister of Finance told us in Parliament on May 1<sup>st</sup>, 2018: “The cancellation of the debt... the \$100M which the Venezuelans have indicated, it is based on their fuel supply of petroleum products over the life of the Petro Caribe Agreement. That is the 40%.

“So, what is being done now is, once he made the announcement, there is a reconciliation of invoices, bills and receipts because in this

agreement you have three different players. You have PDVSA which is the National Petroleum Company of Venezuela who is the supplier of the petroleum products. You have the joint venture of this with Venezuela and Dominica and you have the wholly owned state company, Dominica National Petroleum Company who holds a 40% deferred amount in trust...

“Once this reconciliation is done, those funds will be sent from the joint venture to DNPC and DNPC will now transfer these funds to the Treasury of Dominica to the Consolidated Fund to be used for national development projects to respond to the disaster and other aspects in Dominica”.

The money from the debt has been held by the DNPC, a wholly owned subsidiary of the Government of Dominica. So what other money from the debt does the joint venture company have to transfer to the treasury? It is the DNPC, the government's company that must transfer the funds to the government's treasury.

Now, the IMF says the petro Caribe obligation is 9% of GDP which is about 135.5 million EC or 50 million US. But of course, the debt is owed to Venezuela by Dominica and both sides have agreed that the debt is in excess of \$100 million US or \$270 million EC. The struggling people of Venezuela and the hurricane affected people of Dominica whom the Venezuelans have made a huge sacrifice to help simply want to know where is the money?

## **BACKGROUND**

1. This government continues to preside over a failed economy that has grown by less than one percent over the past ten years and is now projected to decline dramatically by more than 16 percent this year. An economic situation that continues to worsen despite the fact that the DLP Regime has had at its disposal the greatest amount of revenue available



to a government in the history of Dominica. However, along with the continued proposals of half measures in the budget and a misunderstanding of how to generate growth the economy continues to suffer. The end result is a country unable to provide jobs for its people, increased poverty, larger numbers of people seeking government handouts, and a pervading sense of despair across our beautiful island. In order for this economy to begin to address the needs of its populace there must be economic growth of at least 5 percent, something not seen over 18 years of DLP rule, and which we will not see anytime soon.

2. Interestingly, government's response to the deteriorating economic situation in Dominica and growing despair among the young people features a Roadside Cleaning Program (RCP) designed and operated to create the impression that ad hoc engagement in temporary low-wage jobs is a sustainable solution to increasing unemployment and declining disposable income. A community maintenance function successfully carried out by the Public Works Department under previous administrations has become the flagship of government's employment creation interventions. At the same time of greatest need for attention to the public infrastructure, government has dismantled the Public Works Department and destroyed the hundreds of sustainable jobs it could be supporting in road construction, repair and maintenance; bridge construction, repair and maintenance; building construction, repair and maintenance; civil, mechanical and electrical engineering; and renewable energy system development. The RCP provides temporary financial relief to some beneficiaries. There is no economic benefit to be derived from creating the illusion that temporary financial relief is sustainable employment.

3. Sadly, prospects within the agriculture, manufacturing, services and other sectors of the economy have all dried up due to government neglect, incompetence and its obsession with nurturing poverty and dependency as fruitful sources of votes to win elections. This cannot do government is unrelenting in its effort to convince the people of Dominica that this is the best that we are ever going to get. They are hell bent on persuading citizens that the way to go is to settle for government handouts and accept remarkably insignificant GDP growth. The reality is we are being left way behind our Regional partners without any chance

of catching up as long as this regime continues to present budgets like the one we have before us today.

Total revenues are estimated at \$947.3 million, consisting of:

- recurrent revenue totalling \$788.8 million;
- local capital revenue in the amount of \$5.0 million;
- loan funds in the amount of \$23.4 million;
- current grants in the sum of \$4.1 million and
- capital grant resources in the sum of \$126.0 million.

Total expenditure is \$1.1 billion comprising recurrent expenditure (inclusive of interest payment and debt amortisation) amounting to \$598.6 million and capital expenditure of \$454.3 million.

A current account balance is projected: \$238.7 million. The Primary Balance (after Grants) is a deficit of \$54.8 million. This budget forecasts an overall deficit of \$105.6 million, equivalent to minus 4.0 percent of GDP.

Recurrent Revenue

Item	Estimates 2018/2019	%	Estimates 2017/2018	%	Projections 2017/2018	%
<b>Tax Revenue</b>	<b>359.9</b>	<b>46%</b>	<b>365.4</b>	<b>46%</b>	<b>335.6</b>	<b>51%</b>
Personal Income Tax	36.8	4.7%	34.0	4.3%	35.2	5.4%
Corporate Income Tax	21.0	2.7%	39.8	5.1%	19.6	3.0%
Taxes on Property	7.8	1.0%	9.0	1.1%	6.0	0.9%
Tax on Domestic Goods & Services	212.2	26.9%	203.0	25.8%	202.9	31.0%
Int'l trade taxes	82.1	10.4%	79.6	10.1%	71.9	11.0%
Non-tax Revenue	428.8	54.4%	421.0	53.5%	318.3	48.7%
<b>Total Revenue</b>	<b>788.7</b>	<b>100%</b>	<b>786.4</b>	<b>100%</b>	<b>653.9</b>	<b>100%</b>

4. This is a budget in a cycle of stagnating tax revenues and uncertain non-tax revenues. It's also one of escalating expenditure but not in investment spending, which can directly impact growth prospects. In addition, it highlights the mistake of continuing to rely almost exclusively on CBI revenues - a situation made worse by the fact that these temporary flows are not being channeled into more sustainable income streams. Not only is VAT stagnant... grant revenue, continues to fall short of annual targets. In fiscal 2016/2017 the plan was to secure grants in the amount of 101.4 million. We only picked up 33.4 million. For 2017/2018, the budget was revised down to 77.2 million. This was the Maria fiscal year... the year in which Dominica had the attention of a

global community moved to assist us with post disaster reconstruction. Even so, we received 71.8 million in grants against the target of 77.2 million.

It appears that the international community is at least hesitant to give direct budget support to this regime, quite likely on account of reckless extra budgetary spending and a failure to put in place common sense economic policies to safeguard domestic revenue generation.

### **Creating Sustainable Economic Growth**

5. The IMF projects that the Dominican economy will contract by over 16 percent in 2018. This is remarkable considering that the economy was devastated by Hurricane Maria in 2017. The expectation is after a major shock to the economy there will be some recovery from the extremely low level of growth the year before. Sadly the continued mismanagement by the Skerit regime, which has seen average growth rates of under one percent in the last ten years continue to plague this economy. It's important to contrast the country's fortunes in 2018 with what happened in 1980 following another powerful Hurricane David. In that year the economy grew in excess of 13 percent. The fact that the Dominican economy is destined to crash so dramatically this year speaks to the failure of leadership of this administration.

6. When presented with an opportunity to put the agriculture sector back on its feet following Hurricane Maria the government simply handed out checks in a highly politicized catch-a-vote program with the deceptive propaganda that this would regenerate the sector. Now ten months after Maria the agriculture sector shows no signs that it is emerging as a leading contributor to growth. This colossal failure rests on the shoulders of this government for either being unable to understand or appreciate the role that agriculture can and should play in reviving this economy.

7. In last year's presentation to Parliament I pointed out that the continuing and significant decline in economic growth within the Dominican economy is due largely as a result of: (i) this government's neglect of the

agriculture sector; (ii) failure to support the tourism sector with the necessary infrastructure; (iii) lack of focus on private sector led growth; (iv) the absence of structural reforms; (v) persistent underperformance in attracting foreign direct investment (FDI) inflows; and (vi) cannot do record of the incompetent DLP administration. Sadly this continues to be the case though now aggravated by the passage of Hurricane Maria.

8. Given that the root causes contributing to this dismal economic performance continues to persist, there are a number of things that need to happen in this budget year if there is to be any hope of reversing the trend:

- Increase the level of investment in the agriculture sector with a tight focus on high value cash crops; rehabilitate the country's feeder roads; add value through agro processing; improve shipping arrangements and provide bona fide farmers with direct support.
- Improve air and sea access to Dominica including the immediate construction of an international airport; development of duty free shopping facilities aimed at cruise visitors, and direct post Maria assistance to hoteliers to improve and increase the hotel stock.
- Provide a conducive growth environment for the private sector. This must include revisiting tax and other incentives to encourage small, and medium sized enterprises.
- Implement bold structural reforms that can contribute to higher tax and non-tax revenues while widening the productive base.
- Focus on job creation in sustainable areas of the economy. That calls for a rethinking of the state funded employment program to employ persons in areas where they can grow their job skills while at the same time work within enterprises that can be sustained such as small-scale manufacturing including agro processing.
- Develop an energy policy which harnesses solar, wind, air and geothermal energy to substantially reduce operating costs and drive

investments by the private sector within the agriculture, tourism and other business sectors; and

- Reengage international partners, the Dominica Diaspora and the international business community in an effort to increase the level of Foreign Direct Investment and in pursuit of increased grant revenues.

9. In the all-important agriculture sector, a larger share of the capital budget must go to spending on irrigation systems, green houses, making more land available to farmers, and a comprehensive feeder road network. Targeted investments in the agriculture sector today and in the areas outlined will go a long way in generating economic activity in Dominica.

10. In addition, tax and fiscal incentives extended to the private sector through the AID Bank to invest specifically in agro processing plants, fish canning and other agriculture based projects should be given urgent consideration. The agriculture sector must be expanded to include replanting of tree crops, rehabilitation of the essential oils industry, and added focus on the livestock, dairy, and poultry industries. The fishing sector will also play a major role in improving livelihoods and creating employment by assisting fisher folk to access better equipment, and adding value through canning and drying operations.

11. The biggest setback to growth within the tourism sector is the lack of proper air access manifested through the government's failure, after 18 years in office and more public money per year than any previous administration had ever seen, to embark on the building of an international airport. The empty election season promises of an international airport is an old movie with a regrettably familiar ending. In fiscal 2016/2017 the Ministry of Finance spent 1.6 million dollars on "consultancy for the international airport" and an additional unbudgeted amount of 2 million dollars "to meet expenses relating to preliminary investigations for the construction of an international airport" – a total of 3.6 million dollars. Yet, notwithstanding this expenditure of public money more than a year ago, we still do not know where the international airport will be located, how much it will cost... nor is there as much as a

clue about likely commencement and completion dates. According to the Finance Minister monthly amounts of \$13.5 million have been transferred from the CBI account to an Airport Development Account in fiscal 2017/2018. But according to the 2018/2019 estimates there is no plan to spend any money on an international airport in the three fiscal years commencing July 1st, 2018. All we have is loose-lipped, election campaign babble about contracts coming soon and an airport terminal from empty cargo containers. Enough kicking of the airport election campaign football already. We will build an international airport as a matter of top national development priority. We started the process with a feasibility study, an environmental impact assessment, agreement on a comprehensive financing package and the purchase of land in the most suitable location for an international airport in Dominica. Under this cannot do DLP government the country is now much further away from having this critical tool for economic growth than it was 18 years ago.

12. The situation in tourism is made worse by high accommodation and related costs in stay over business; and continuous failures in attempts to grow the cruise sector, resulting in an inability to favorably compete with regional destinations. Regrettably, what this budget confirms is that this DLP administration is proud of its tourism management performance that has kept Dominica 15 to 20 years behind regional destinations in terms of utilizing the critical tools to drive growth in the sector. The DLP government now speaks of an international airport and a cruise village, must-have facilities that our neighbors put in place decades ago. In 2006, Dominica had 400,000 cruise passenger arrivals compared to 200,000 in St Kitts. By 2016, thanks to the Port Zante cruise terminal and other product development initiatives, St Kitts cruise product climbed to over 1 million passengers while Dominica struggled below 400,000 passengers. In 10 years while a sister country grew its product five-fold, the DLP condemned Dominica's cruise business to woeful stagnation. Cruise spending in St Kitts is almost six times more than Dominica and St Kitts has almost 1,000 more cruise sector jobs than Dominica. And somewhere I heard, with 18 ministers of government, that's the best we can do.

We will facilitate full rehabilitation of the pre-Maria room hotel stock

and secure an increase of at least 25% within three years. We will drive occupancy levels up to an average of more than 75% by proper destination marketing in high growth areas; and removing the binding constraints of lack of access to financing and high operating costs. We will increase cruise traffic to over one million passengers within three years by ensuring world class reception facilities on arrival, modern duty-free shopping, passenger friendly site development and superior service as a defining characteristic of the Nature Island experience. We will undertake strategic reviews of our music and special event festivals with a view to broadening their appeal and making them bigger revenue earners thus strengthening the tourism sector.

13. We in the United Workers Party are of the firm view that the private sector should be strengthened in order to lead the way in job creation. We must break the cycle of joblessness and poverty, which continues to plague our beautiful country. For this, government has a role to play. We have increasingly implored this regime to make it easier for businesses to grow and expand in Dominica. Stifling small businesses with onerous taxes while they try to grow is not the way to go.

14. Short-term growth, especially in sectors such as retail trade and professional services with the potential to quickly create jobs, can be increased. This is possible with a tax policy that does not seek to punish entrepreneurs but rather encourage innovation and investment. We will review the tax regime to include removing tax expenditures and shifting the tax burden towards tax bases that are less harmful to employment and growth, such as property and consumption. In line with maintaining our image as the Nature Isle job creation within the green economy and climate change issues will be given priority.

### **Fiscal Policy and Sustainability**

15. Fiscal policy must immediately focus on generating new and sustainable domestic revenue flows. A sustainable tax revenue base is one in excess of 50 percent of GDP. Last fiscal year it was just over 30 percent. Dominica's current economic condition therefore calls for bold steps in promoting fiscal policies that can help to generate higher tax



and nontax revenue. It is also an opportune time to undertake a substantive and strategic review of the country's tax regime with a view to improving its efficiency and reducing the burden on the employed, consumers and business people. Further, key sectors of the economy where there can be ready gains such as in retail, hotel and manufacturing must have reviews of the tax regime. Rates could be streamlined to make more disposable income available to consumers and to encourage increased investments in those critical sectors of the economy.

16. In recent years government's main revenue option has been the CBI program, which as the IMF continue to warn, is uncertain and will not last forever. CBI revenues reached \$280 million in 2015/2016 – up from \$23 million in the previous year; 2016/2017 saw a record high of \$491 million followed by a fall off of \$191 million to \$300 million in 2017/2018. This 40% decline year on year, underlines the uncertainty of the CBI revenue stream especially considering that the exclusive marketer of Dominica's CBI passports made over 50 million dollars in commissions in 2016/2017 and would no doubt have loved to increase that payout in 2017/2018.

The country's revenue base will be substantially increased by growing the economy while at the same time streamlining import and other custom duties. In view of the construction boom following Hurricane Maria, duty free concessions on building materials must be extended to enable a quicker and more resilient rebuilding of the country's housing stock. Duties forgone on the building materials will be recouped in higher VAT and other tax revenue as a direct spin-off of the boom in construction.

17. Dominica is at the epi center of the ongoing debate regarding climate change issues. This therefore provides a unique opportunity to develop fundable projects, which can then benefit from funding from the international community. Such projects would include building resilient housing, preservation of the marine and coastal boundaries, mitigating natural disaster risks, reducing the impact of climate change, development of alternative renewable energy sources and poverty alleviation. Tied to this will be the creation of hundreds of sustainable

jobs targeted at particularly the young people of this country who continue to suffer the brunt of a jobless economy.

18. Year after year we continue to witness government's inability to carry out its Public Sector Investment Program (PSIP), which has resulted in the country being deprived of much needed investments in key sectors of the economy.

According to the 2018 budget statement: "The Public Sector Investment Programme (PSIP) seeks to execute the Government's national development objectives, through viable capital projects geared toward achieving desired socio-economic outcomes. It outlines a three-year investment portfolio of capital projects aligned to the Medium-Term Policy Framework (MTPF)".

For the avoidance of doubt, and contrary to impressions conveyed at pages 48 and 49 of the printed text, the estimates of expenditure which this honorable house is being asked to approve contains absolutely no spending provision for an international airport, a cruise village or a container port during the three fiscal years ending June 30<sup>th</sup>, 2021.

No economy can thrive without an adequate build-up of capital. Immediate steps therefore need to be taken to speed up the pace of implementation and to provide the vital building blocks for this economy. To begin, there needs to be strict monitoring of all projects. Accordingly, we need a Special Projects Team that will be charged with overseeing project tendering, implementation, and evaluation. There must be strict adherence to the Procurement Act to ensure transparency and accountability that safeguards the public interest.

19. Priority must be given to fully implementing projects that support growth, can generate revenue, and are sustainable. In the Dominica context focus must be placed on the agriculture, tourism and renewal energy sectors. With regards to Agriculture priority must go to the building and maintenance of feeder roads, irrigation schemes, and investment in developing new agricultural land. Development of the tourism infrastructure should involve the building of the international

airport, upgrading cruise facilities, and improved trails and tourist sites on island. Investments in renewable energy particular that of wind, solar and geothermal sources should be vigorously pursued in order to reduce energy costs, which is one of the major impediments to the growth of buoyant manufacturing and tourism sectors.

### **The external sector and structural reforms**

20. Under this administration exports out of Dominica have declined to an extent where they are barely noticeable. All signs of progress in that area have been stalled or reversed. Before Maria the country exported less than \$5 million, resulting in a staggering balance of trade deficit. This government has presided over the demise of agriculture, the shutdown of Dominica Coconut Products and Bello, and other small manufacturers. We must invest in Dominica's export sector and secure its profitable growth in order to provide much needed jobs and earn foreign exchange. We will provide specially tailored incentives to serious entrepreneurs willing to succeed in the business of exporting primary goods and manufactured products.

21. To restore the prominence of our exports there must be measures put in place to make the country more competitive and drive private sector investment from its current low levels. Key to accomplishing this is the setting up of an enabling environment for business growth, easing access to financing, infrastructure development, and comprehensive land and property reform. Reducing the cost of doing business will help raise the country's profile and attract new investment. This combined with a relatively good human resource, great communication infrastructure and investments in renewable energy bringing down production costs, can fuel an unprecedented growth in exports.

Like the 18 that have gone before it, this budget will facilitate stagnation and further decline in the growth engines of agriculture, tourism, light manufacturing, renewable energy and the cultural industries. It will allow the oversized (gonflay) Cabinet to preside over widening and deepening poverty and increased joblessness

Something is wrong... its been horribly wrong for a long time and we seem powerless to fix it.

## **CLIMATE RESILIENCE**

Much is made of the boast that we are to become the first climate resilient country in the world. The climate resilient challenge is not new to us. We have been pursuing a low carbon climate resilient development strategy since 2012 with support from climate finance donors and development cooperation partners. About five years ago we embarked on a “Pilot Project Climate Resilience – Disaster Vulnerability”. It carried a funding ticket of 89.7 million. In the first year nothing happened. 1.9 million was spent in the second year; 4.6 million in the third, 5.6 million in the fourth and 5.2 million in the fifth year – a total spend of 17.2 million. Five years to spend less than 20% of the money needed for a climate resilient pilot project on disaster vulnerability. I mean, really?

The 2012 low carbon climate resilience strategy envisioned specific resilience enhancing deliverables in:

- Renewable Energy
- Protection of Carbon sinks
- Land Use planning
- Natural ecosystems,
- Forestry
- Slope stabilization
- Sea and river defenses
- Water resources,
- agriculture, fisheries,
- Tourism,
- Coastal zones,
- Infrastructure and human settlements

Over 100 million dollars of climate change donor money was available. What exactly did we achieve? In 2015 Tropical Storm Erika flooded away damages estimated at 100% of GDP... and in 2017 226% of GDP went south in devastating winds and flood waters of Hurricane

Maria. How much of the damage visited on Dominica in those two disasters was the result of things that had to be done that were not done?

The resilience we expected never materialized because the climate resilience initiative had no philosophical or cultural moorings, no people consensus, no youth buy-in and through it all, the foundation principles of democratic governance were excluded from the leadership and management of national affairs.

Infact, the vast majority of climate resilient measures proposed in the low carbon climate resilient strategy have not been implemented and are not catered for in this budget. This budget gives a vague definition of resiliency with no mention of its cultural and traditional aspects. All we have after all these years of failed policies is a repetition of phrases and an attachment of words in what the finance minister calls “the flowery rhetoric of resilience building”.

Resilience to climate cannot be isolated from the overall resilience of the country to social and economic difficulties, manipulation of democracy, disharmony with the environment, disrespect for divine law and governance failures

A resilient country means resilient people, united in purpose, working together – all for each and each for all – under resilient systems of democratic governance

Resilient people means people with resilient sources of food, clothing; resilient shelter; resilient means of livelihood. Resilient people are God fearing, independent and empowered people who take individual responsibility for their well-being and progress and commit to collective responsibility for national development and the advancement of global civilization

Only climate resilient Dominicans will create a climate resilient Dominica. Green trees; green forest. Climate resilient Dominicans; Climate resilient Dominica.

A United Workers Party government will focus on the skills, competencies and capacities that characterize a climate resilient Dominican - the tools that he/she must be armed with to withstand and/or bounce back when the misfortunes of climate strike

The defensive skills and competencies should he/she have to deal with natural disasters

The capabilities he/she will need:

To avert indeed help to prevent the looting on steroids observed post Maria

To stand up against the politicization of relief supplies and look out for neighbors instead of rejoicing that the anti-resilience conduct of politicians in power resulted in personal benefit?

To be proactive, innovative and resourceful in recovering personal and community property and building back better

We will increase the resilience of public infrastructure to natural disasters in order to boost investment by protecting private capital and the ability to produce, transport and export after a natural disaster.

We will bolster construction codes and revise zoning procedures to enhance the resilience of public and private infrastructure as a matter of top priority

The United Workers Party will make Dominica resilient in every respect and every aspect; and we will shift our people from personal ambition to the resiliency of a larger Nature Island vision in the course of becoming the best place to live, work and enjoy life.

## **BEFORE MARIA**

Just in case there is any post disaster illusion, before Maria, we were!  
Before Maria:

We stood powerless as galloping unemployment, grinding poverty, disappearance of the middle class, rising crime and degradation of social services slapped us in the face each and every day

We were the smallest and weakest economy in the independent states of the English-speaking Caribbean. Before Maria, St Kitts and Nevis employed 24,500 people at a minimum wage of \$1,200 per month its population of 54 thousand people compared to 22,000 employed at a minimum wage of less than \$700 per month in Dominica with a population of 72,000

We were the 3rd most cancerous nation in the world

We had a spiraling Non-Communicable Disease Epidemic

We had lost over half of our agricultural output in the last two decades

We were burdened with biggest brain drain per capita in the Caribbean

Government could not facilitate the private sector as the main engine of economic growth. It could not enhance the climate for doing business and creating jobs

We deposited a lot of money in the banks but could not convince the bank to lend enough money from those deposits for productive purposes

Government could not diversify from traditional agriculture into non-traditional crops, promotion of exports, and increase in value added

Government could not enhance the tourism product and increase its income earning capacity

Government could not facilitate a reduction of energy costs so as to achieve a reduction of electricity tariffs and thereby secure an increase in the competitiveness and viability of businesses operations.

There was no international airport and no cruise ship village for Maria to destroy. We had neither.

## AFTER MARIA

On September 18, 2017, Hurricane Maria tore into Dominica with devastating effect. Category five winds churned across the country for more than 3 hours as intense rainfall triggered flashfloods and landslides. The economy and lives of citizens took a severe beating. As of November 8, 2017, 30 persons had lost their (26 identified and 4 unidentified). 34 were declared missing. 5,000 homes were destroyed and over 20 thousand suffered damages. Thousands left to seek refuge overseas. A significant proportion of the labor force was left unemployed as an immediate consequence of Maria, with estimates that the decline in the production of goods and services may continue for years.

The Post-Disaster Needs Assessment concluded that “Hurricane Maria resulted in total damages of EC\$2.51 billion (US\$931 million) and losses of EC\$1.03 billion (US\$382 million), which amounts to 226 percent of 2016 gross domestic product (GDP). The identified recovery needs for reconstruction and resilience interventions, incorporating the principle of ‘building back better’ (BBB) where possible, amount to EC\$3.69 billion (US\$1.37 billion)”.

Without a doubt the climb to climate resilient Dominica would be steep, long and painful.

We had lives to mend; people to shelter; bodies to feed; a broken society to heal; farms to replant; an economy to fix; roadways and bridges to rebuild; health, education and utility services to restore and so much, so much more.

How did we respond?

Our brothers and sisters at home and abroad, the international aid agencies and disaster relief organizations, the development cooperation partners and the entire global family of countries, people and governments represented by the United Nations rallied with empathy, purpose and commitment to assist us in this time of severe humanitarian crisis.



We were blessed with courageous, dedicated efforts above and beyond the call of duty from patriots at home and abroad as well individuals and organizations from neighboring and distant lands to secure a new improved Dominica. We thank them all. Much has been accomplished, but much more remains to be done and we would have been further along the recovery road if, instead of paying lip service to the truth that it cannot do it alone, government had, in the spirit of good democratic governance allowed all ideas to contend and all hands to be on deck.

Parliamentarians representing over 40 percent of the electorate in a parliamentary democracy were completely shut out of the state's relief, recovery and reconstruction program funded by the voluntary contributions and tax dollars from Dominica and the rest of the world. Parliament – the country's highest decision-making body – was completely side-lined to facilitate partisan vote-catching antics

No inclusiveness; no unity of purpose – instead we further divided what was not united; no elections with integrity; no fairness; no equity; no equal treatment of all of God's children; no respect for the constitutional rule of law; no parliamentary oversight for the operations of government; no acts of parliament to articulate and enforce climate resilient behaviors; no transparency; no accountability; no proper alignment of resources to strategic initiatives

As a result of the failure to provide sound democratic governance leadership for Dominica's post-disaster management responsibility to date, unity of purpose eluded us and things fell apart:

1) Food aid was not distributed fairly, equitably and transparently to all citizens based on need and according to the level of their need. In the past week, large quantities of relief supplies that expired either in containers at the port of entry or in the stores of the Office of Disaster Management (ODM) were dumped.

2) Relief supplies, livelihood restoration grants and housing recovery assistance paid for by tax payers at home and abroad were commandeered as the property of the Dominica Labour Party and

distributed in the names of Government MPs and prospective DLP election candidates

3) Thousands of tons of relief supplies were backed up at the main port of entry, while needy citizens struggled to find food.

4) Leadership and management performance fell well short of daily reports and promises painting a rosy picture

5) Thousands lost hope and left

Yet we hear the government did wonderfully well.

We even heard a quote from economist Alan Greenspan, the Former Chairman of the United States Federal Reserve, which can be found in his book, *The Age of Turbulence*. According to the Prime Minister, Mr. Greenspan warns us that a Government can take a country so far, so fast, that very soon the citizens forget how far they have come, in how short a time and start demanding more than the Government can reasonably or possibly deliver.

Mr. Greenspan's frame of reference was of course the United States of America. If he was addressing the situation in Dominica before the arrival of Maria on September 18, 2018, the former Fed Chairman would probably have said:

*A government can take a country so far back, so fast, that very soon, the citizens realize how far back they have come, in how short a time and start demanding more and more than the Government must go*

## **NATURE ISLAND OF THE WORLD**

Maria didn't change us... it exposed us for who we are and highlighted the wrongs that masquerade as right in our seemingly impossible struggle to get it right as time goes by

This is the watershed... a point on the journey when two different visions of our life and times compete for the imagination and agreement of the people of Dominica. Two different narratives about who we are, who we

should be and how we free ourselves from the entanglement of wrongs that keep us going nowhere fast.

Fortunately, there is nothing wrong about us that cannot be fixed by what is right about us

What is wrong about us? We are not who we are! And in the words of my son “we need to become who we are”

So who are we? We are citizens of Dominica, a country born to shine as the Nature Island of the World – the isle of beauty, the isle of splendor... with rivers, valleys hills and mountains... with healthy lands, pastures green and flowers of beauty. We are Nature Island people. Nature rejoices in the unity of diversity. That makes us united people. Nature thrives on equality and justice according to the rules of divine order. That makes us free people designed to live by the rule of natural law. Nature sustains itself in peace and harmony. That makes us self-sustaining, peaceful people living in harmony with the environment.

That is who we are. A nature island people – God fearing, strong, healthy and as resilient as the natural environment

But somehow, in the political, religious and other divisions we have created for ourselves, especially in the last 18 years, instead of becoming the free, united, peaceful, harmonious, self-sustaining people we are, we have disconnected from who we are. And as our identities became so many things other than Nature Island Dominican, our minds were enslaved into the service of those identities.

The budgets of the past 18 years have not worked because they have moved the narrative on economic advancement further and further away from the need for a national development philosophy that is in harmony with our true Nature Island character and identity.

This Nature island Development Philosophy gives meaning and purpose the agenda for change that will make Dominica the best place to live, the best place to work and the best place to enjoy life.

In accepting ourselves as Nature Island people, we accept that all human beings are considered divine and deserve to be treated equally. We accept that nothing in nature lives for itself and living for others is a rule of nature. We accept the responsibility to take care of ourselves as much as possible in the quest for lives peace, freedom and human dignity. We accept the challenge of living in harmony with the nature... protecting the natural environment, recycling, conserving, using renewable energy systems...

We accept the abundant blessings of Land, Water and Plants and their importance in feeding us, clothing us and sheltering us in life supporting ways and allowing us to help other nations to do the same. That's the first culture. Agriculture. Not ARGUCULTURE! Agriculture! How we FEED clothe and shelter ourselves and how we fund our participation in global affairs and our integration with the family of mankind by helping others to feed, clothe and shelter themselves.

On the Nature Island our plants on the land provide food and drink as well as materials for clothing and shelter. The myriad shades of green, the flowers of beauty model resilience and decorate our lives. We breathe clean air; we drink clean water; We eat natural food. On the nature island our food and drink should be our medicine and our medicine should be our nature island food and drink. Our herbs should heal the nation. Our herbs should heal the world. Therefore, no plant or herb should be illegal in the nature island of the World.

The Nature Island Development philosophy offers the lovers of nature around the world a brand in the advancement of civilization that can identify with and support to succeed especially in recognition of the face that the true Nature Island of the world will automatically become, the first climate resilient country in the world. This will be nature's safe haven of peace and tranquility in a troubled world that most human beings on planet earth would want to visit.

See Paris and die! No! Absolutely Not!

VISIT THE NATURE ISLE OF THE WORLD and LIVE!!!

*The Best Air Quality in the World*

*The Most Surface Water per head of population*

*The First Terrestrial World Heritage Site in Caribbean*

*Best Oceanographic Forest in the Caribbean*

*The Rarest + Largest of the Amazonia Parrots*

*The Only Year Long Island Habitat of Sperm Wales*

*Four Mountains over 4k High*

*The Largest Boiling Lake in the Western Hemisphere*

*Two Freshwater Lakes; 1 among the deepest in the World*

*Most centenarians per capita in the world*

It is a very serious offense against humanity for the isle of beauty, the isle of splendor; the nature island of the world; the nation with the most generous blessings of green per capita on God's earth to have so many of its precious children frustrated, sick, unemployed and condemned to hopeless dependency in lives of everlasting poverty.

In becoming who we are, we will ensure that our agriculture secures our health and wellness by making us self-sufficient in natural food and drink and providing plant based solutions for our medical needs. By sharing these blessings with a world in need, we will grow our economy and generate wealth like we have never seen before.

With 20,000 acres of our fertile land growing a well-planned, market driven mix of bananas, plantains, coconuts, root tubers, coffee, cocoa, cashews, ginger, vanilla, cannabis and nature island flowers we set the stage to earn hundreds of millions of dollars annually from the export of these commodities and the health and wellness products that can be manufactured from them. Thousands of new sustainable jobs will be created and equitable value-chain participation for all stake holders in

the industries developed around our gift of nature island plants will ensure fair shares of the benefits of wealth creation for all.

In this basket of high performers in the global trade of agricultural products, Cannabis, because of its versatility in providing medicinal, food, clothing and shelter solutions offers the greatest growth prospects for our Nature Island economy

There is therefore an urgent need for Dominica to consider and come to terms with the issues involved in humanizing, legalizing and industrializing cannabis in the interest of national health, wellness, and resilient economic development.

When we included medical marijuana in our 2014 Manifesto – our Social Contract with the people of Dominica - as part of the plan to modernize and grow Dominica's vital agricultural sector, we were guided by growing legalization of cannabis and the economic potential of cannabis extracts resolving unmet medical needs of patients worldwide.

We subsequently participated in education programs organized by the Oracle group which broadened and strengthened our understanding... It also caused us to question why is it that we were not moving with greater speed and purpose to maximize the varied benefits of cannabis – which have been discussed for many years at meetings of the CARICOM Heads of Government and are now featured in the report of the CARICOM Commission on Cannabis presented to the CARICOM Heads of Government meeting earlier this month.

Finally, after years of doing nothing to facilitate public discussion and stake-holder consultation, the Prime Minister says he wants to organize to talk:

*“In this financial year, this Government will engage stakeholders on issues relating to use of marijuana in Dominica for medical purposes and possible decriminalization. A task force will be appointed to advance or coordinate the public dialogue and the CARICOM Regional Commission report will serve as a basis for discussion”.*

The Prime Minister, continues to fall further and further behind regional leaders on another important socio-economic issue with massive nature island development implications

We continue our stake holder consultations and we are currently working on an inventory of cannabis varieties in Dominica to be tested for their medicinal contents. We recognize that in the Caribbean cannabis (Ganja) and Rastafari cannot be separated. That Rastafari has stood alone in the defense of a Plant and thereby, in defense of the natural systems that comprise our Environment. So, we too extend our respect for our Caribbean Rastafari brothers and sisters, who have so stridently, stoically and knowingly stood up for plants everywhere.

Dominica under the leadership of the United Workers Party Team Dominica will recognize the struggles of the Rastafari community in particular and those in general who suffered over the years of illegality for the embrace of the human development powers of cannabis... And we will take a wholistic approach to building a viable cannabis industry that will protect traditional stakeholders and ensure no interest group is left behind in sharing the health, wellness and economic development benefits.

In recent months I have had the privilege of discussing the growth potential of the market for cannabis-based medicinal and wellness products with leading industry players in the US... And as someone previously conditioned, like many others to believe that cannabis was the devil's weed, I have been humbled. The stone that the builder refused appears to be emerging as the head corner stone. News reports from around the world and especially from North America allow us to witness how an industry in two to three years is energizing an already robust economy, how jobs are being created (18,000 in the state of Colorado alone), people are excited about learning new things, creating new non-harmful products... and just like that agriculture is now cool again for young people with all the opportunities for new employment in the cannabis products industry.

We believe Dominica must get on board now to take advantage of the increasing opportunities for job creation, foreign exchange earnings and a wealthier nation.

In addition, the availability and affordability of cannabis-based medicinal and wellness products will significantly reduce the incidence of non-communicable diseases and thereby lead to a healthier nation.

A share of the global cannabis industry can deliver the lift we desperately need for the rural economy and strong livelihood restoration Post Maria. As such, our Agenda for Change will have the legalization of cannabis with strict regulations to protect our children as a pillar to revive the vital agricultural sector in Dominica and as a fundamental part of the overall strategy for economic resilience.

## **ENERGY**

Electricity rates in Dominica are very high - about twice the regional average. It's a serious burden on citizens and over 60 percent of the business community cite the high cost of electricity as a major constraint to doing business.

The believes geothermal project on which 15.6 million dollars will be spent in this budget from a total of 72.9 million ear marked for construction of a 7MW plant must be part of a renewable energy solution aimed at reducing the cost of electricity to less than 6 cents US per KWH. This price must include servicing and maintenance costs as well as the costs to service the loan for construction.

It is essential that the Power Purchase Agreement (PPA) to be concluded with DOMLEC includes a requirement that the consumer price for electricity be kept as close to this level as possible if Dominica is to attract investments into a more cost competitive business environment.

It is understood that the power company wants to pass on to the consumer costs for hurricane recovery and for diversifying into renewable energy.



This will in effect nullify any benefits from the geothermal development and should be avoided.

The renewable energy solution which, must also include hydro, wind and solar, will improve the reliability of the service, while lowering the dependency on fossil fuels. Hydro, wind and solar systems are less demanding in terms of distribution infrastructure and are eligible for grant financing from donor conservation funds. We need to introduce voluntary energy efficiency standards for lighting and upgrade the building codes for energy efficiency.

## **HOUSING**

Dominica's housing sector was plagued with many issues immediately prior to the passage of Hurricane Maria on 18/09/2017. Foremost among the issues were the following:

- ☐ Overcrowding particularly in the low-income housing sub-sector
- ☐ A large percentage or stock of low-income households
- ☐ Low to insignificant private sector participation in the provision of housing units sites and services
- ☐ Ad-hoc involvement of central government in home renovation and new small housing projects
- ☐ Inadequate monitoring of construction activities
- ☐ Poor construction techniques
- ☐ High incidence of squatting on state lands
- ☐ Low levels of skilled and semi-skilled workers
- ☐ Shortage of suitable serviced housing land in the larger settlements
- ☐ Low level of affordable financing
- ☐ High incidence of uninsured and under-insured properties in the national housing stock

Hurricane Maria caused catastrophic damage to the national housing stock. According to a Building Damage Assessment commissioned by the Government of Dominica following passage of Hurricane Maria, damage to the national housing stock (30,000 units) was reported as follows:

Housing Stock	Nature of Damage	Percent of Total
	Destroyed	18.44
	Major	25.50
	Minor	28.52
	Minimal	26.98

Hurricane Maria did not only cause extensive destruction, but it also exposed the any weakness in the sector.

2. Central Government Response Post Maria: To date the government's response to alleviating Dominica's housing crisis has been weak, selective, discriminatory, non-transparent and costly.

Key aspects of the current policy which are of concern are the following:

- ☐ Too short a period (six calendar months) of duty-free concession on imported building materials
- ☐ Politicization of the distribution of housing assistance, particularly building materials to those in need
- ☐ A hands-off approach to increasing construction cost
- ☐ Lack of government intervention to alleviate a critical shortage of skilled and semi-skilled construction workers
- ☐ Assignment of non-bid public sector contracts to foreign companies contrary to law
- ☐ Marginalization and non-involvement of local private sector participation in public contracts

- ☐ Lack of transparency and /or assistance to affected uninsured heads of households in rented properties
- ☐ Lack of a national housing sector development strategy
- ☐ Lack of stakeholder consultation in planning/implementation of new housing projects
- ☐ Inefficient/ineffective use of land use planning and building control human resource

Notwithstanding the many weaknesses in central government's response to the housing crisis post Maria, the interventions of humanitarian organizations in housing on island are well planned, managed and executed.

3. UWP's Way Forward for Housing: The UWP considers housing to be the most pressing need facing Dominicans at present. Alleviation of the current housing crisis in the immediate, medium and long-term is necessary for improving the confidence of resiliency and quality of life of our people. To this end the UWP will immediately assuming the office of government implement the following:

1. Commission a study to formulate a National Housing Strategy for Dominica: The terms of reference for this consultancy will include (i) identify existing housing areas in need of relocation, (ii) Identify suitable lands for their relocation, (iii) In consultation with stakeholders recommend solutions for new housing needs by settlement, (iv) Propose a package of incentives to encourage local private sector participation in the supply and financing of affordable housing to low and middle income households nationally and (v) Propose design solutions to providing renewable efficient homes.
2. Allow duty free importation of building material up to December 2019
3. Reduce Value Added Tax on Building Material from 15% to 10%

4. Subject selected building materials (lumber, plywood, galvanize steel, windows and doors) to price control for a specified period
5. Publicize government's policy for the equitable distribution of housing assistance to all deserving households as well as establish District Housing and Development Control Offices to manage the distribution of assistance and monitor the reconstruction in the construction sector generally
6. Specify minimum qualifying criteria to provide housing assistance from a minimum of \$5,000 to a maximum of \$75,000 to all deserving/qualified heads of households/homeowners over a period of six months
7. Develop and implement a special package of assistance to meet the housing needs of vulnerable groups - persons whose houses were completely destroyed by Hurricane Maria; home owners whose hurricane damaged properties were not insured, seniors, low-income single parents and the disabled.
8. In consultation with Dominica's Building/engineering/Architect Societies develop a program of intense training to increase the number of skilled and semi-skilled construction workers by at least 30 percent over a period of six calendar months.

It was promised that watchdog activities would be heightened to prevent price gouging on retail building materials to the public at this vulnerable time. While some businesses have kept the prices of goods and services on retail groceries in line with pre-Maria levels, the cost of rebuilding is proving to be quite high. Consequently, if duties remain unchanged or waived then the Bureau of Standards together with the VAT Unit must be engaged to ensure that prices are not prohibitive while respecting the free market movements of prices for goods and services. If businesses are making unconscionable profits they should very well be highlighted for further tax scrutiny to ensure that they pay their fair share.

Nonetheless, since the government has embarked on acquiring for itself building materials for distribution it would make more sense for the government to reserve its purchases for the reconstruction and refurbishment of Government buildings, schools, hospitals and police stations and effect a price control on basic building materials. This will ensure that the right grade is imported, and prices are kept at a respectable level to facilitate quicker restoration of the housing and building stock on the island. This would be a short-term measure and would expire at a designated time subject to regular assessments of the building environment. This will create a robust building effort in the short term and create skilled labor jobs for locals and our brothers and sisters in CARICOM for which existing registration and taxation of wages and salaries will be retained in the country.

### **Jobs and Private Sector Led Growth**

The Nature Island of the World philosophy opens the doors to significant new economic growth and job creation opportunities from the many export industries that will be created around our herbs, spices and flowers

We will set up a \$200 million fund to provide seed financing and guarantees for new and existing export manufacturing operations. The Nature Island Private Sector Transformation Fund will be financed by passport revenues and donor grants to facilitate the creation of at least 3,000 new jobs by 2021.

With the termination of the use of disposable plastic plates and cups we will provide appropriate incentives to local entrepreneurs to establish facilities for the production of disposable containers from the leaves and stems of bananas and other suitable plants. This will create new jobs and earn vital income from exports to regional markets.

We will allow a moratorium on outstanding corporate tax payments to December 31, 2018. This means forgoing up to 95% of accrued interest and penalties to ensure that companies undertaking the burden of rebuilding and in fact restarting are not stifled by the enforcement of

past tax burdens. These losses have been substantial and, in most cases, absolute. Businesses with assessed liabilities will make an arrangement for payment with the Comptroller of Inland Revenue, within the waiver period and will have interest and penalties waived on existing liabilities. Companies restarting their operations will therefore be able to match current tax liabilities with future cash flows from their rebuilding effort rather than having to raise debt to service taxes for which the business in all material cases no longer exists as a consequence of Hurricane Maria.

The fundamental underpinning to reforming and rebuilding the Private Sector remains the ability of companies to access capital from the formal financial system. Financial institutions, both bank and non-bank have shouldered significant losses as a result of the uninsured or underinsured risks associated with building and commercial credit. Of critical mention, is the Picard housing stock now left marooned by the temporary/permanent exit of Ross University. These external shocks will no doubt contract lending in the near term, making it difficult for companies to access available commercial credit to rebuild and restock. This inability will affect the employment stock and as a consequence, both the Personal Income Tax estimates and by extension the Taxes on Goods and Services from both the import end and the retail end.

We will engage the ECCB, to assess the credit quality and overall credit conditions within the country with an aim to work with financial institutions through their respective associations to create a pathway to unlocking commercial credit in Dominica, mindful of risk pricing. The AID Bank should be a key player as well as Dominica Youth Business Trust as instrumentalities to lead the way in fiscally responsible access to capital for qualifying small businesses.

## **Disposable Income**

We will improve the climate for profitable growth of all sectors of business so that no Dominican will have to work for less than 1,000 dollars per month.

No public service pension will be less than 500 dollars per month

## **CONCLUSION**

Somewhere I read that “rivers do not drink their own water; trees do not eat their own fruits; the sun does not shine for itself and flowers do not spread their fragrance for themselves. Living for others is a rule of nature. We were born to help each other”.

Embrace of the Nature Island Development philosophy will facilitate the nurturing of the talents and contributions of all citizens. It will move us away from the misfortunes of might-is-right politics... from what US President Barack Obama describes as the “politics of fear and resentment and retrenchment... and the rise of strong man politics... in which elections and some pretense of democracy are maintained... but those in power seek to undermine every institution or norm that gives democracy meaning”.

Our media is under intimidation... censorship and bullying of media practitioners away from doing their jobs is on the rise... and the social media we welcomed as a platform to knowledge, understanding and solidarity is turning out to be just as effective in spreading the hatred, prejudice and propaganda of this regime.

We are a better country than that

The Prime Minister says “we must succeed and establish ourselves as the new global order for resilience”. We agree. But it cannot be mere words, especially from those whose persistent anti freedom and democracy actions tell a completely different story.

I close again this year with the final stanza of our National Anthem:

*Come ye forward, sons and daughters*

*Of this gem beyond compare  
Strive for honour sons and daughters  
do the right be firm be fair  
toil with hearts and hands and voices  
we must prosper, sound the call  
in which everyone rejoices  
all for each and each for all*

May the ancestors be pleased.

Thank you Madame Speaker.