



**STATEMENT ON THE
ESTIMATES OF REVENUE & EXPENDITURE 2024/25**

BY

HONOURABLE PHILIP J. PIERRE

**PRIME MINISTER AND MINISTER FOR FINANCE, ECONOMIC
DEVELOPMENT AND YOUTH ECONOMY AND MINISTER FOR
JUSTICE AND NATIONAL SECURITY**

26 March, 2024

Mr. Speaker, having now successfully stabilised the Government of Saint Lucia's fiscal position, I am very pleased to deliver the 2024-2025 Budget Statement for Estimates of Revenue and Expenditure. The 2024-2025 Estimates will lay the foundation for sustainable growth in the economy, and will provide real hope for our people, hope that will provide investment and employment opportunities across all major sectors of the economy. We were able to achieve this feat, despite the precarious position of the economy in 2021 and worsened by the COVID-19 pandemic. We will continue to provide tangible expressions of our commitment to Putting People First.

Mr. Speaker, in presenting the 2024-2025 Estimates, it is important to reflect on the government's performance in 2023-24. In addition to showing we are an accountable government, this process of reflection will show that this government is credible, delivering on the promises it makes. This is a government that has earned its trust, the dividends of which are showing with increasing investor confidence and respect, and fruitful cooperation with friendly governments and regional and international institutions.

In preparation for today's Sitting, these Estimates of Revenue and Expenditure were distributed to members last Tuesday evening after the meeting of the House of Assembly, providing eight clear days for members to adequately review the figures for an informed debate.

The global economic environment for the 2024-25 is no less challenging than that of the previous fiscal year. Global economic growth remains sluggish, interest rates remain high as major industrialised countries try to keep inflation under control. Supply-chain issues remain a problem, and the security of the world continues to be undermined by the wars in Ukraine and Gaza. And, right at our doorsteps, the political instability and violence in Haiti.

The uncertainty of the possible negative effects of climate change are ongoing threats to our survival as a small island developing state.

It is imperative that provisions be made to build resilience for adaptation to climate events in all our infrastructure and agricultural programmes.

Notwithstanding the economic global challenges during 2023-2024, this government, as the economic data will show, has done well in managing the economy. Our financial ratios illustrate fiscal prudence and responsibility.

Mr. Speaker, as is customary, and in keeping with our Public Financial Management (PFM) legislation, today we are presenting the first part of the process which is the presentation of the Estimates of Revenue and Expenditure for the fiscal year 2024/2025. The Appropriation Bill will be presented later in April 2024 when the policies that underpin this Bill will be articulated and discussed.

Mr. Speaker, as I have indicated earlier, the foundational theme underlying this government's strategic initiatives has become an article of faith - Putting People First - among members of my government.

Mr. Speaker, permit me now to account for my government's stewardship of the economy for 2023-24 before the presentation of the Estimates for 2024-2025.

Mr. Speaker, my presentation for the most part will focus on the Budget Summary while the Ministers will provide further details as they present on their respective ministries.

SUMMARY OF 2023/24 BUDGET PERFORMANCE

Mr. Speaker, I am pleased to report that the Government's performance improved over the fiscal year 2023/2024 despite the challenges that I spoke of earlier.

With consumer and investor confidence on the up, total revenue of \$1.68 billion was raised to finance government operations and capital projects. The elements of which are as follows:

- | | | |
|----------------------|---|----------------|
| 1. Domestic revenues | - | \$1.38 billion |
| 2. Loans | - | \$140 million |
| 3. Grants | - | \$73.0 million |
| 4. Bonds and T-bills | - | \$82.6 million |

2023-2024 Expenditure Performance

Mr. Speaker, on the Expenditure side, the government, through prudent management, will have kept well within the 2023-2024 Budget ceiling of \$1.856 billion. Preliminary data up to February 2024, points to the Government spending approximately \$1.68 billion for the fiscal year 2023-2024, an estimated 9.3 percent below the approved estimates of \$1.856 billion.

In 2023/24 Expenditure on Government Operations fell by 9.0 percent moving from \$1.44 billion to \$1.31 billion due to a reduction in project operation costs. Additionally, there was lower expenditure on capital projects of \$259.6 million as compared to the project expenditure of \$302 million. Delays experienced in procurement and administrative processes were the main reasons for the shortfall. Capital expenditure increased over last year by \$68 million or 4%.

Analysis of Ratios

Mr. Speaker, this year there was a primary surplus of \$104 million, \$42 million more than last year, and \$62 million more than the approved estimates.

Current account surpluses of \$156 million or \$47 million over 2023 and Recurrent Account Surplus of \$46 million or \$39 million over 2023.

Overall Mr. Speaker the Primary Balance is 1.5% of GDP as compared to 1% last year.

The analysis shows that the results of this fiscal year were better than last year illustrating an improvement in the performance of the Saint Lucian economy.

These surpluses are not to be interpreted as the government having extra cash. Instead, it is the result of the prudent fiscal management of the country's finances, which allowed it to more than meet its recurrent expenditure, leaving excess revenue to cover in part, the country's debt obligations in interest payments and principal payments.

Mr. Speaker, had we not been able to do so, the government would have had to borrow to meet some of its recurrent expenditures: salaries and wages, rent, utilities, and the like. We have responsibly avoided this scenario and will continue to avoid it through prudent fiscal management of the government's finances.

Moreover, Mr. Speaker the Primary Surplus Balance indicates that the country is developing the capacity to reduce its level of debt over time.

A deficit on the primary account would have indicated that revenue and grants would be inadequate to pay the interest on debt. As a result, no contribution would have been made towards any reduction in the debt expenses.

Mr. Speaker, I hope this explanation has debunked the idea, by some who may wish to mislead the public, that the government has generated more cash than it needs.

Mr. Speaker, notwithstanding those current account surpluses the government will experience an overall deficit in 2023-2024 of \$111 million or \$65 million less than last year indicating a lowering of the deficit gap.

Mr. Speaker, I look forward to the day when our Revenue and Grants will be sufficient to cover both Current and Capital expenditure, leaving us with an overall surplus. If this country is kept in the hands of responsible men and women to administer, as is the case now, it may one day get there.

Wages and Salaries

Mr. Speaker, wages and salaries for the fiscal year 2024 of \$517 million are anticipated to fall below the approved Estimates of \$531 million by approximately 2.6% or \$14 million. This reduction primarily stems from lower-than-expected project management expenses emanating from delays in project implementation. Wages and Salaries for 2023 were \$535 million or \$18 million more than this year due partly to the payment of retroactive payments to public servants last year.

Debt Service Payments

Mr. Speaker, the debt payments are the first call on the consolidated fund and every effort continues to be made to honour those obligations in a timely manner.

Mr. Speaker, for the year-end outlook, we anticipate \$326.2 million will be paid toward our debts, \$215.1 million in interest payments, and \$111.1 million in principal payments.

Last year, we spoke about the increases in interest payments due to the significant upward trend in the SOFR rates because of the steady increases in the Federal Funds Rates during 2023. Although the rates remained high, the estimated amount projected fell below the approved estimate for 2023-2024.

Transfers

Mr. Speaker, for the year-end outlook, this government would have paid \$231.5 million in transfer payments, 3.2 percent lower than the approved figure of \$239.1 million, but 10.5 percent above the payments made in 2022-2023. These payments went to subsidise the operations of state-owned entities, increases to organisations supporting the poor and marginalised, public assistance to the most needy in our society, and the payment of school facilities fees.

Goods & Services

Mr. Speaker, expenditure in goods and services will amount to \$309.9 million for 2023-2024, approximately \$95.9 million below the amount approved for the same fiscal year.

Mr. Speaker, in this category of expenditure, are rentals of government premises, utilities, training, consultancy services, operation and maintenance, and purchase of supplies and materials.

The lower expenditure, than what was approved, is mainly due to reduced payments for consultancy services related to capital projects and other Government initiatives.

Development/Capital Expenditure

Mr. Speaker, in the 2023-2024 Budget year, we approved \$302 million in capital expenditure with \$19.2 million being non-project capital and \$282.9 million for capital projects.

Non-Project capital items refer to the purchase of government assets such as vehicles, furniture and other equipment not associated with projects. While Project Capital refers to the buildings, infrastructure, and equipment associated with specific projects.

Mr. Speaker, we are projecting an overall spend of \$259.6 million in capital expenditure for the year 2023-2024, a 14.1 percent decrease from what was approved in the Estimates.

Mr. Speaker, a significant portion of funds allocated for capital expenditure comprised of Design Finance Construct (DFCs) commitments. For the year 2023/2024, the Government was obligated to pay \$106 million to settle DFC

commitments, limiting the government's investment in new infrastructure to only \$153.6 million for that year. The government's priority now is to significantly reduce these DFCs to provide the fiscal space for the implementation of key infrastructural projects.

Mr. Speaker, the enactment of the Procurement Bill is proving to be unnecessarily onerous and has resulted in an impediment to the government's level of project implementation, as it relates to the procurement of goods and services. There is, therefore, a need to revisit the Act with a view to finding an optimum balance among the essential elements of Good Governance.

Mr. Speaker, there is an urgent need to remove some of the administrative bottlenecks that continuously undermine the level of implementation of government projects. We shall be addressing those bottleneck issues in the 2024-2025 fiscal year so that we can deliver the much-needed services to the people of Saint Lucia.

Mr. Speaker, despite the challenges, this Government will continue to deliver on its capital portfolio. I shall provide more details on these projects during my Policy Address.

Public Sector Projects this year 2023-2024 include

1. Renewable Energy Sector Development Project
2. OECS Tourism Competitiveness Project

3. Community Tourism Project
4. Disaster Vulnerability and Reduction Project
5. St Jude's Reconstruction Project
6. Construction of Northern Police Headquarters
7. Custody Suites

2023-2024 Revenue performance

Mr. Speaker, allow me to discuss Government revenue performance for the fiscal year 2023-24.

Mr. Speaker, there has been much misinformation and exaggeration, from the Opposition, of the impact on the local economy, regarding the implementation of the Health and Security Levy. For the purpose of clarity, the Health and Security Levy provided a relatively small but important collective contribution to the huge demands that health and safety places on the resources of the country. Mr. Speaker, the projected collection from the Health and Security Levy was approximately \$35.0 million, designed to finance in part rising healthcare costs and the security needs of our country. However, given the delayed implementation of the levy, we are

estimating a collection of \$18.0 million by the end of the fiscal year- 48% less than projected.

This means Mr. Speaker that from the increase in revenue of \$118M over last year only \$18M can be attributed to the Health and Security Levy.

Mr. Speaker, an analysis of the country's health and security obligations should place into context the need for the levy and the need to be proactive in taking measures that would help the government keep pace with rising costs, especially in health. Let us take a closer look at what the government spent in this fiscal year 2023-2024.

1. Direct Cost of Health Care:

- a. Provision of health care services \$160.0 million

2. Capital Expenses:

- a. St Jude Hospital reconstruction project: \$17 million
- b. Health System Strengthening Project: \$ 5.3 million
- c. OECS Regional Health Project: \$ 2.3 million
- d. Universal Health Coverage: \$ 0.7 million
- e. Other projects under Health: \$ 3.4 million

Total Capital Expenses \$ 28.7million

Total Expenses \$188.7million

3. Other expenses – The government is indebted to several private local and foreign healthcare facilities that provide medical care to citizens.

4. National Security:

a. Provision of national security services: \$84.7 million

b. Capital projects: \$ 1.5 million

Total Expenses \$86.2million

5. Other expenses relating to the purchase of vehicles and equipment will be outlined in the Policy Statement.

Mr. Speaker, note that expenses for Bordelais have not been included.

Mr. Speaker, Direct Government expenses on Health and Security \$275 million for the fiscal year 2023/2024. However, only \$18 million was collected from the health and security levy to fund the needs of the country.

Mr. Speaker, although we will fall short of our Projected Total Revenue target for 2023-24, revenue collection continues to indicate an upward trend because of increasing economic activity, resulting in improved performance in several revenue areas, notably, personal income tax, taxes on goods and services, and excise tax on petroleum products.

Mr. Speaker, grant receipts are normally tied to the implementation of projects. With the less-than-desirable level of project implementation, only \$73.0 million has been anticipated, a 50.3 percent decline in the amount approved for 2023-2024.

In addition, Mr. Speaker, non-tax revenue is projected to perform below the approved amount by approximately \$29.9 million due to lower receipts of voluntary transfers. Based on the foregoing, Mr. Speaker, total revenue and grants fell short of the targeted receipts by \$121.0 million or 7.8 percent.

Mr. Speaker, when compared to last year's, recurrent revenue increased by \$124 million and total revenue increased by \$118 million.

Financing

As previously indicated, the Government anticipates an enhancement in its fiscal operations, leading to a narrowing of the fiscal deficit from the approved estimate of \$176.4 million or 1.8 percent of GDP to an estimated \$111 million or 1.6 percent of GDP by year-end. Additionally, the primary surplus is forecasted to exceed the approved amount of \$42.4 million, reaching a total of \$104 million.

The projected outturn entails disbursements toward the following items of expenditure:

- Loans: \$139 million, reflecting a strategic utilisation of borrowing to meet critical funding requirements for development projects and infrastructure enhancements.

- Treasury bills and Bonds: \$82.6 million, demonstrating an approach in utilising debt instruments to manage liquidity and meet short-to-medium term financing needs. This includes the issuance of treasury bills and bonds to efficiently raise capital while maintaining financial stability and market confidence.

The government's ability to raise capital relates to high investor confidence in Saint Lucia since this government took over the management of this country. This was evidenced by the Debt Unit recording over 92.0 percent rollover of Treasury Bill Instruments.

Mr. Speaker, this Government remains committed to prudent financial management, leveraging a diversified financing strategy that encompasses bond raising, loan disbursements, and treasury bills to ensure sustainable fiscal health and economic growth. 2023-2024 was a fiscally well-managed year, setting the platform for an even better year in 2024-2025.

2024-2025 BUDGET PROPOSAL

Mr. Speaker, I come now to the 2024-2025 Estimates.

This Government, having delivered successfully on the promises made to the people of Saint Lucia in its last Budget, confidently seeks to deliver even more to the people of Saint Lucia in its Estimates of Revenue and Expenditure for 2024-25.

Mr. Speaker, we are steadfast in our commitment to meeting the hopes and aspirations of the people of Saint Lucia. Fiscal responsibility, truth, and respect for the people of Saint Lucia will continue to guide what we have promised in our 2021 Manifesto. Mr. Speaker, as we go through the Budget process today and next month, our intentions will be fully articulated.

Mr. Speaker, the theme for the 2024-2025 Estimates has been titled – the “Year of Infrastructure”. Our aim and objective are to transform the economy of Saint Lucia through infrastructural development: physical, social, and digital. In the upcoming financial year, we plan to focus on the following:

1. Road expansion and repair programmes,
2. School plant rehabilitation,
3. Government plant refurbishment
4. Construction works at the St Jude Hospital.
5. The commencement of works on the Soufriere Hospital.

6. The establishment of the Castries Urban Polyclinic.
7. The completion of works on the La Ressource Wellness Center.
8. Rehabilitation of sporting facilities including Daren Sammy Cricket Ground for readiness to host the ICC Cricket World Cup and the refurbishment of the Vieux Fort Stadium, Mindoo Phillip Park and Marchand Grounds, Bellevue Playing Field, Gros- Islet Playing Fields
9. National Aquatic Center
10. Housing development in Roseau, Cas-en-Bas and Choc
11. Expansion of energy projects - to seek alternatives that will diversify our energy needs and reduce our carbon footprint.
12. Laborie Market
13. Rehabilitation of Rudy John Beach Park
14. Grand Riviere Community Centre
15. Northern Police Headquarters
16. Northern Police Auditorium
17. Completion of Custody Suites
18. Cul De Sac Community Center
19. Community Centre for Castries North and Castries East
20. Completion of Control Tower at HIA
21. Commencement of terminal Building at HIA

22. Private Public Sector construction by GPH at Port Castries and Soufriere
23. Canaries Market
24. Micoud Jetty
25. Community Tourism Projects
26. Repairs to Fishing Complexes
27. Vieux Fort Entertainment Centre
28. Halls of Justice
29. Digital Infrastructural Enhancement
30. Investments in upgrading government services to online platforms

Additionally, Mr. Speaker, we shall seek to strengthen the resilience of our Fire Service, expand food security programs, continue to support our youth and small- and -medium-sized enterprises, and leveraging the opportunities the Blue Economy presents.

Mr. Speaker, there will be something for everyone in this Budget. As we improve our infrastructure, citizens can look forward to better roads, safer school plants, housing opportunities, and increased support for the poor and vulnerable members of our society.

Mr. Speaker, we intend to continue to expand our digital infrastructure by completing key projects that will improve the delivery of government services to the public and reduce the cost of doing business.

Mr. Speaker during this fiscal year investment from the private sector is expected to be robust particularly in the tourism industry.

Mr. Speaker, I will have more on these and other initiatives during my policy statement next month.

Summary of the 2024-2025 Estimates of Revenue and Expenditure

Expenditure

Recurrent Expenditure	-	\$1.502	B
Capital Expenditure	-	\$298.9	M
Interest Payments	-	\$232.5	M
Principal Payments	-	<u>\$92.9</u>	<u>M</u>
Total amount	-	\$1.89	B

Revenue

Tax Revenue	-	\$1.330	B
Non-Tax Revenue	-	\$146.80	M
Capital Revenue	-	\$2.8	M

Grants	-	<u>\$108.0</u>	M
Total amount		\$1576	Billion

We project an overall deficit of \$214.9 million after deductions of principal payments and refunds. We forecast a 5.8% nominal increase in GDP for 2024-2025 \$7.3 billion from \$6.9 billion over 2023-2024.

Mr. Speaker as the fiscal position of our country improves, we expect that the administrative/procedural bottlenecks and difficulties in accessing government services will be removed. This fiscal year Government will continue on the path of fiscal consolidation and economic growth. However, enhancing the quality of life of the people and creating opportunities for wealth creation will remain the main objective of government policy.

Recurrent Expenditure

Mr. Speaker, for the 2024-2025 financial year, the government is proposing to spend \$1.5 billion in recurrent expenditure, representing 4.2 percent or \$60.0 million over the amount approved in 2023-2024. This level of increase in recurrent expenditure over the last year indicates the government's commitment to improving the quality of life of the people. The government's efforts coupled with a rise in investor

confidence and growth in the private sector provide encouraging signs that real economic growth in 2024-2025 is expected, barring some natural disaster or negative global economic event.

Recurrent Expenditure represents 79.3 percent of total expenditure compared to 77.7 percent approved in the 2023-2024 fiscal year. This increase in expenditure is reflected in all categories due to increased government services, and higher rental payments.

Wages & Salaries

Mr. Speaker, the component Wages and Salaries, represent the lion's share of recurrent expenditure amounting to \$577 million, comprising \$460 million in salaries and \$117 million in retirement benefits and is approximately 30.0 percent of the upcoming Budget. This amount is approximately 1.2 percent over the amount approved in 2023-2024 and 5.8 percent over the outturn for this fiscal year of which \$38.5M are salaries for staff working on the various capital projects.

Debt Service

Mr. Speaker, for the fiscal year 2024-2025, \$325.4 million has been allocated, for debt servicing, a decline of \$5.8 million or 1.7 percent on the approved amount for 2023-2024.

This decline is due to a reduction in principal repayments from \$112.3 million approved in 2023-2024 to \$92.9 for 2024-2025. Interest Payments on the other hand are expected to remain high due to the increasing trend in variable interest rates. For the fiscal year 2024-2025, total interest payments allocated are \$232.5 million representing an increase of 6.2 percent over the approved amount for the previous fiscal year.

\$153.4 million of debt servicing represents domestic debts while \$171.5 million represents foreign debt.

Mr. Speaker, I am pleased to inform the House that Saint Lucia continues to meet its debt obligations in a timely manner and on the terms negotiated.

Transfers

Mr. Speaker, I earlier indicated that this Budget would have something for everyone, in particular vulnerable and marginal groups in our society. As in the previous two Budgets, we will continue to provide the much-needed support to the not-for-profit organisations supporting various humanitarian causes such as the homes for the elderly, persons with disabilities, and other similar groups.

Mr. Speaker, we will also continue to provide for our state-owned entities and regional and international organisations of which we are a part so that the mandates of those organizations can be fulfilled. Among those organisations are the OECS,

CARICOM, and the University of the West Indies. As it relates to the University of the West Indies, I want to reaffirm my government's commitment to meeting its obligations to this educational institution, having trained me and so many of our sons and daughters who in many cases have gone on to make Saint Lucia and the wider Caribbean region proud. We can do no less if only out of gratitude and respect for this high-quality educational institution.

Mr. Speaker, Transfer Payments will increase by 2.0 percent over the approved 2023-2024 to \$243.4 million or an increase of 3.2 percent over the outturn for 2023-2024.

Goods & Services

Mr. Speaker, this category - Goods and Services - is the 2nd largest expenditure component of the Budget, which represents 23.0 percent of government expenditure. For the upcoming financial year, \$441.3 million has been allocated for this category, representing an 8.8 percent increase over the amount approved in 2023-2024.

The main items of expenditure that account for the increase are goods and services associated with ongoing capital projects like the Millennium Highway Road construction and St Jude Hospital; in both cases, the increases stem from higher global prices in sourcing supplies and materials.

Other increases in goods and services are:

1. Increase in rental payments at Orange Grove Plaza,
2. New requests for accommodation for government offices,
3. Proposed implementation of Tax Administrative Software,
4. Upgrade of Government Budget Module and
5. The replacement of the Smart Stream financial system, for which technical and software support is no longer provided.

In addition, allowances have been made for the establishment of a Ministry of National Security and a High Commission in Ottawa, Canada.

Development /Capital Expenditure Budget

Mr. Speaker, this fiscal year will be the Year for Infrastructure, in all its forms, the details of which will be articulated in my Policy Statement next month.

Mr. Speaker, as I mentioned before, a concerted effort will be made to remove the administrative bottlenecks in the public service that continue to undermine the efficiency of government services.

Mr. Speaker, as it relates to capital expenditure for the 2024-2025 Budget, the government has allocated **\$298.9** million, a 2.1 percent decrease over the amount approved for the 2023-2024 Budget and 15.1 percent over the outturn in 2023-2024.

It is important to note that capital expenditure constitutes 61.6 percent of the total Investment Portfolio of the Government, which is approximately **\$484.9** million. The Investment Portfolio is a combination of total project expenditure (comprising project capital and project operating) and non-project capital.

Of the total allocation of **\$484.9** million for development projects, an amount of **\$130.0 million, or 26.8** percent of the total is proposed for the Department of Economic Development and Youth Economy. This amount will cater to payments

1. St Jude's Hospital Reconstruction Project **\$67.2 million,**
2. Constituency Development Programme **\$22.7 million,**
3. Disaster Vulnerability Reduction Project **\$10.0 million,**
4. Economic Recovery and Youth Empowerment Project **\$6.2 million**
5. Implementation of the Street Lighting Replacement Project **\$6.1 million.**

Mr. Speaker, the Department of Infrastructure, Ports and Transport has been allocated **\$85.1** million, accounting for 17.6 percent of the resource envelope for the fiscal year for the following major projects:

1. Millennium Highway/West Coast Road Development Project **\$41.7 million,**
2. Road Improvement and Maintenance Programme **\$10.0 million,**
3. Renewable Energy Sector Project **\$9.8 million,** and the

4. Sir Julian R Hunte Highway and Secondary Roads Improvement **\$8.3 million.**

Mr. Speaker, this year the allocation for the Department of Infrastructure will be used for new and current road repairs and construction. Payments for DFC contracts are excluded. During the fiscal year 2024/2025, payment to contractors for DFC projects will be deferred because they would have been paid during this financial year. This means that the \$60 million due to contractors will be used this year 2024/2025 for new road infrastructural projects. This has been possible through the proper cash management by this administration, paying debts earlier.

Mr. Speaker in my policy statement, I will outline other plans for the road construction and repair programme islandwide.

Mr. Speaker a sum of **\$47.3** or 9.8 percent of the development budget is also being proposed for the Department of Education for the upcoming year for the following projects:

1. Saint Lucia Human Capital Resilience Project **\$16.4 million,**
2. Major Repairs/Rehabilitation of School Plant **\$14.2 million**
3. OECS Skills and Innovation Project **\$4.8 million.**

Mr. Speaker, the Department of Finance has also been allocated a sum of \$33.4 million or 6.9 percent of the development budget to facilitate the implementation of

1. Unleashing of the Blue Economy Project **\$11.2 million**,
2. Budget Module Upgrade and Implementation **\$7.0 million**.

Mr. Speaker my government is also proposing to allocate **\$29.8 million** or 6.2 percent of the development budget to the Department of Health to support:

1. Health System Strengthening Project **\$6.7 million**,
2. OECS Regional Health Project **\$3.6 million**,
3. Projects supporting post-COVID-19 response **\$11.4 million**. Projects including the initiatives leading to Universal Health Coverage.

Mr. Speaker, consistent with the caring nature of this government, the Department of Equity has been allocated a sum of **\$25.4 million** or 5.2 percent of the development budget to facilitate the implementation of

1. Home Care Programme **\$9.0 million**,
2. Saint Lucia Human Capital Resilience - Public Assistance component **\$5.3 million**,
3. BNTF 10 Programme **\$4.3 million**
4. Other social programmes **\$6.8 million**

Mr. Speaker, the Minister of Youth Development and Sports will outline the exciting projects in Sports Development including the Semi Professional Football League, plans for the renovation of playing facilities islandwide and preparation for World Cup Cricket matches to be played in Saint Lucia later this year.

Mr. Speaker, please note that these are some of the significant projects. However, Ministers will outline the other capital projects in their portfolio during their presentations.

2024-2025 REVENUE

Mr. Speaker, I now turn my attention to the Revenue to be collected to finance the government's expenditure as outlined in the 2024-2025 Estimates. I am pleased to report that Revenue collection is now back at pre-COVID levels. We believe that revenue collection can be improved with a reduction in the administrative and procedural bottlenecks that currently exist.

For the upcoming year, we are forecasting a collection of total revenue and grants of \$1.576 billion, an increase of 1.2 percent or \$18.1 million over the approved amount in 2023-2024 and 8.4 percent over the amount collected for the end of this fiscal year. The breakdown of revenue and grants are as follows:

- Recurrent revenue - \$1.48 billion
- Capital Revenue - \$ 2.9 million

- Grants receipts - \$ 108.0 million

Recurrent Revenue

Mr. Speaker, Recurrent Revenue inflows are projected to increase by \$61.9 million relative to the approved estimates for 2023-2024, reaching a total of \$1.48 billion for the fiscal year 2024-2025. When compared to the revised estimates or outturn for the preceding year, Recurrent Revenue would have increased by \$99.6 million or 7.2 percent. The increase is expected in part to be due to expansion in construction activities in both the public and private sectors and the multiplier effect of continued growth in tourism.

The total amount projected for recurrent revenue will be in the form of Tax Revenue of \$1.33 billion (90 percent of Total revenue) and \$146.8 million in Non-Tax Revenue. Tax Revenue is forecasted to increase by 6.1 percent in comparison to the outturn for the 2023-2024, while non-tax revenue is expected to increase by 19.2 percent compared to the outturn for 2023-2024.

Mr. Speaker, the increase in Tax Revenue will be influenced by the continued recovery in economic activity, increased tax compliance, removal of bottlenecks in key areas, and expansion in private sector enterprises. The increase in non-tax revenue is projected to be influenced by transfers from CIP inflows.

Mr. Speaker, an analysis of the Tax Revenue Category is as follows:

Tax Revenue

Taxes on Income and Profits

Taxes on Income and Profits are projected at \$325.2 million, \$7.9 million above the revised estimates for 2023-2024. We expect this category to continue to perform well as economic activity expands. The projection for the main items under this category is as follows:

Income Tax – Corporations

The revenue from Income Tax – Corporations is expected to generate \$119.4 million for the financial year 2024-2025 representing a 4.8 percent increase above the year outlook for 2023/2024. This performance is indicative of the continued recovery that is taking place in the private sector.

Income Tax – Individuals

Revenue from Individual Income Tax is estimated at \$128.7 million. This represents a 2.0 percent increase from the 2023-2024 revised estimates. The increase is attributed to higher employment levels.

Income Tax – Arrears

Income tax arrears is projected at \$27.0 million. The projected increase is expected to be driven by increased economic activity.

Taxes on International Trade Transactions:

Mr. Speaker, Taxes on International Trade (custom duties) are projected to increase by 3.4 percent to reach \$283.8 million in 2024-2025, up from the revised estimates of \$274.5 million in 2023-2024. Of the total amount to be collected \$157.6 million is expected to come from Import Duty, \$119.1 million from Excise Tax, \$1.7 million from Through-put Charges, and \$5.4 million from Passenger Facility Fee. The improvement in inflows from this revenue category is driven by the general increases in the cost of imported goods and increases in the volume of imported goods, associated with growth in the economy for 2024-2025.

Taxes on Domestic Goods and Services

Taxes on domestic goods and services are expected to generate \$711.3 million, which is 9.2 percent above the outturn figure for 2023-2024. This category includes Value Added Tax (VAT) on domestic activity (collected by the Inland Revenue Department), and excise tax. Receipts from VAT collected by the Inland Revenue Department account for 51.0 percent of revenue from this category and are projected at \$216.0 million, which represents a 3.9 percent increase relative to the 2023-2024 outturn.

VAT from international trade transactions - collected by the Customs and Excise Department is projected to yield \$210.3 million in 2024-2025, which is 7.1 percent

above the outturn of \$196.3 million in 2023-2024. This is expected as the country experiences growth in key sectors such as construction, tourism, wholesale, and retail trade.

Health and Security Levy

Mr. Speaker, the Health and Security Levy is projected to record an increase of \$17.3 million above the 2023-2024 outturn to reach \$35.4 million for the new fiscal year which is 10% of Health and Security expenses.

Health and Security Expenses for this fiscal year are as follows:

For Health

Provision of Health Care - \$160.9M

Capital projects:

St Jude Hospital Reconstruction Project - \$67.2M

Soufriere Hospital Project - \$ 2.1M

Health System Strengthening Project - \$ 6.8M

OCES Regional Health project - \$ 3.6M

Universal Health Coverage - \$ 2.6M

Other projects under Health	-	\$ 16.8M
Total provision		\$260.0M
<u>National Security</u>		
Provision of national security services		\$ 86.3M
Capital Projects	-	\$ 3.7M
Total provision		\$90.0M
Total Health and Security	-	\$350M

Mr. Speaker **Airport Tax** is projected to record an increase of 8.2 percent above the 2023-2024 outturn to reach \$39.9 million for the new fiscal year. This category will be positively impacted by an anticipated increase in stayover arrivals for the period 2024-25, which is estimated to be over 6 percent this year.

Service Charge on Imports is projected to increase by \$8.2 million or 7.5 percent above the outturn for 2023/24 to reach \$118.1 million for the new fiscal year. This projection will be influenced by higher prices and increased volume of imported items stemming from economic growth in 2024-2025.

Mr. Speaker, Revenue collections from Taxes on Domestic Goods and Services account for 48.2 percent of total recurrent revenue.

Non-Tax Revenue

The 2024-2025 projection for non-tax revenues amounts to \$146.8 million, or a 19.2 percent increase over the 2023-2024 outturn. The following are the major components of non-tax revenues for 2024-2025:

Transfers- Other Than Grants

Citizenship Investment Programme

In the projected outturn for this year (2023/2024) the CIP contributed to revenue of \$45M as compared to the approved estimates of \$90M (2023/2024)

Mr. Speaker the reason for the difference between the approved estimates and projected outturn 2023/2024 is due to an increase in demand for the real estate option rather than donations that go directly into the National Economic Fund or government bond options.

Mr. Speaker \$64.1 million was received by the National Economic Fund. From that amount, \$45 million was transferred directly into revenue. The balance is available for use according to the objectives of the Fund.

In addition, \$39.5 million was received from Bonds but is included in Bond financing this year.

This year, a further \$17.4 million was used to fund security, healthcare, social development, and infrastructure development.

In reality, Mr. Speaker CIP contributed to the economy of Saint Lucia - \$121 million in 2023/2024.

Mr. Speaker, for this year 2024/2025 it is projected that the CIP will contribute directly to revenue \$75 million.

Audited financial statements will be made available to the House as stipulated by law.

During the Policy Statement, I will provide a comprehensive explanation of the future of the Citizenship by Investment Programme.

Income from Commercial Property Tax

Revenue collections from this category \$5.1 million for the new fiscal year.

Mr. Speaker, there are some areas in which we anticipate a decline in non-tax revenue for 2024-2025.

- **Intransit Fees** - this revenue line is expected to decline in the short term as these fees will be invested in a PPP arrangement to fund the development of the Cruise Ports in Castries and Soufriere, an arrangement expected to start at the commencement of 2024-2025 fiscal year.

- **Sale of Goods and Services**

Revenue collections from the Sale of Goods and Services are projected to record a sum of \$55.4 million, reflecting a decrease of \$8.4 million or 13.2 percent below the outturn for 2023-2024.

Grant Revenue

Grant receipts are estimated at \$108.0 million reflecting a \$15.8 million increase over the outturn for the 2023-2024 fiscal year. The major contributions to the Grant inflows are

Republic of China on Taiwan	-	\$43.9M
UK Caribbean Infrastructural Partnership Fund	-	\$27.0M
Caribbean Development Bank	-	\$5.6M
Government of Saudi Arabia	-	\$5.0M
Foreign Commonwealth Development Office	-	\$2.0M
United Nations Environmental Programme	-	\$7.6M
European Development Fund	-	\$5.0M
United Nations International Children's	-	\$2.1M

Education Fund

Pan American Development Organization - \$1.0M

Financing

Mr. Speaker, the projected level for revenue and grants, and expenditure, for the 2024-2025 budget will result in an overall deficit of approximately \$215.0 million.

The deficit is due to the large infrastructural projects to be implemented this year.

As economic activity expands, we expect a reduction in the fiscal deficits over the upcoming years.

The financing gap estimated for the upcoming fiscal year will be covered by a combination of foreign and domestic borrowings. The Government Debt Strategy is to secure external borrowing on concessionary terms, with \$243.8 million to be sourced from Development Partners and the remainder, \$64.1 million, sourced from bonds, treasury bills, and notes.

Some of the external borrowing already identified and sourced include:

- Caribbean Development Bank - \$42.6 million
- International Development Association (IDA) – \$ 141.5 million
- Republic of China on Taiwan EXIM Bank – \$2.1 million
- CARICOM Development Fund (CDF) – \$3.3 million
- Kuwait Fund for Arab Economic Development - \$4.0 million

- Government of Saudi Arabia - \$30.4 million
- Canadian Clean Energy & Forest Climate Facility Fund - \$2.9 million.

Mr. Speaker, the total budget will be financed as follows:

Revenue and Grants	-	\$1.576 Billion
Loans	-	\$ 244 Million
Short Term Borrowing	-	<u>\$ 64 Million</u>
		\$1.884
Refunds	-	<u>\$ 10 Million</u>
Total Financing	-	\$1.894 Billion

Mr. Speaker, let me remind Honourable members that the policy framework from which those 2024-2025 estimates have emerged will be articulated in the presentation of the Appropriation Bill, which I will place before the House of Assembly for debate next month, April.

Conclusion

Mr. Speaker, the process leading to the presentation of these estimates has required months of consultation and discussion and long working hours. I, therefore, want to thank the staff of the various ministries and agencies who have been involved in this

process, particularly the staff of the Office of the Prime Minister and Ministry of Finance, Economic Development, and Youth Economy. A special thank you to the Budget Office who spearheaded the process and compiled the Estimates of Revenue and Expenditure for 2024-2025.

Mr. Speaker, special thanks to you and your staff and staff of the GIS for ensuring all the necessary arrangements have been in place for the conduct of today's proceedings.

Mr. Speaker, I want to express my appreciation for the work being done by the staff of the National Printing Corporation (NPC) who have been relocated to new premises after years of neglect and indecision by the last administration. A special thanks to the Permanent Secretary in the Office of the Prime Minister for her hard work, particularly during this period. I want to assure the NPC staff that their printing equipment will be upgraded in the 2024-2025 fiscal year. The Immigration Department has also been relocated, under the watchful eye of the Minister for Home Affairs, another problem inherited from the last administration.

Mr. Speaker, as I conclude, I wish to express my sincerest gratitude to the people of this country Saint Lucia, particularly the constituents of Castries East, for allowing me to serve as a Member of Parliament and Prime Minister of Saint Lucia. This government remains undeterred and focused on the development and

implementation of policies and programmes that will best meet the needs and aspirations of the Saint Lucian people.

Mr. Speaker, the results of the 2023-2024 Estimates have shown the positive impact of the government's policies and programmes over the last year. The Estimates for 2024-2025, will, in a similar way, continue to be positively impactful on the lives of Saint Lucians. I, therefore, want to thank you for the opportunity to present these Estimates for 2024-2025 to this Honourable House and look forward to the sitting on April 23 when the government's policy statement will be presented.

I THANK YOU!!!