

GRENADA

2005 BUDGET SPEECH

PRESENTED BY

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Minister of Finance

To

The House of Representatives

April 11, 2005

“Rebuilding a Better Grenada for All”

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1.0 INTRODUCTION

Mr. Speaker, I beg to move the following Motion standing in my name:

“Whereas it is necessary to provide for the State of Grenada for the year 2005 by means of an Appropriation Act;

Be it resolved that the Estimates of Expenditure for the year 2005 be approved.”

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

Mr. Speaker, I am duty bound to commence the 2005 Budget Presentation by thanking Almighty God, for his mercies and help over the past year. Indeed, I am reminded of the Holy Scriptures in the Book of Lamentations 3:22-23 and I quote **“Because of the Lord’s great love we are not consumed, for his compassions never fail. They are new every morning; great is your faithfulness”** end of quote.

Mr. Speaker, the past year, and in particular, the last quarter was exceptionally difficult for our Nation.

On September 07, 2004, Hurricane Ivan, the most powerful hurricane in 14 years to hit the Caribbean, passed directly over Grenada, leaving a trail of death and destruction.

The scale of devastation of our Country shocked the international community.

The post-Ivan assessment painted a very gloomy picture:

- 29 persons lost their lives
- 89% of the housing stock was damaged or destroyed;
- 91% of our forest areas and watersheds were destroyed;
- 95% of our nutmeg trees were uprooted and 90% of cash crops wiped out;
- 70% of our hotel room stock was rendered inoperable;
- 85% of schools were damaged or destroyed
- Many of our churches and government buildings were also damaged or destroyed.

Translated into monetary terms, our economy suffered damages in excess of EC\$2.4 billion, twice our annual Gross Domestic Product. The sectoral breakdown include:

- o Housing - \$1.4 billion
- o Tourism - \$406 million
- o Education - \$196 million
- o Agriculture - \$100 million

Added to this, Mr. Speaker, was the senseless and malicious looting of many of our commercial houses, which resulted in losses in excess of \$20 million.

Yet, Mr. Speaker, probably the greatest damage to our Country by Hurricane Ivan, which cannot be assessed in monetary terms, is the effect on the Grenadian psyche.

The indirect effects such as psycho-traumatic stress and related ailments can be catastrophic, if not addressed immediately.

As we rebuild homes and lives, we must attend to damaged minds.

Mr. Speaker, Grenadians are renowned for their resilience and resourcefulness. In this regard, this Administration would like to place on record its profound appreciation of the various acts of patriotism displayed by many individuals and organisations during and after the passage of Hurricane Ivan. Many performed beyond the call of duty risking their lives to save others. In so doing they ensured our Country's return to normalcy in the shortest possible time. These persons, Mr. Speaker, are our real heroes.

While on this subject, I must make mention of yet another Grenadian hero, who recently received international acclaim. I refer to Private Johnson Gideon Beharry, of Diego Piece, St. Mark's, a soldier in the British Army who was recently awarded Britain's highest military honour - The Victoria Cross, for his acts of exceptional bravery during the war in Iraq. He is the first person to receive this highly prestigious military award since 1982 and the first living recipient since 1965.

Our entire Nation ought to be extremely proud of the achievements of this 25-year old young man. He is a shining example for the youth of our Nation, our Region and our World.

Mr. Speaker, notwithstanding the well-chronicled negatives of the times, there is still much good in the world. The overwhelming expressions of sympathy and support from friends of Grenada, near and far, bear testimony of this human goodness. Grenadians will always remember those who stood by us in our hour of greatest need. I, therefore, take this opportunity, on behalf of the Government and People of Grenada, to thank all the countries, organisations

and individuals who have stood with us and continue to stand with us in these turbulent times.

2.0 IMPACT OF HURRICANE IVAN ON DOMESTIC ECONOMIC PERFORMANCE

2.1 Economic Performance

As a result of the widespread destruction of various sectors of the economy by Hurricane Ivan, economic activity declined by 3.2 per cent in 2004, in contrast to the 4.7 percent growth projected in the middle of the year.

Prior to September 2004, the economy was on target to register yet another strong growth performance following on the 5.7 percent growth in 2003. This was supported by significant growth in Agriculture primarily because of higher output in nutmegs (an increase of 13.7%); Cocoa (an increase of 23.4%) and sustained expansion in the Construction, Mining and Quarrying sectors.

The only sectors which demonstrated some level of buoyancy in the post-Ivan period were Construction (7.6% growth); Mining and Quarrying (10.2% growth) and the Cruise tourism sub-sector which registered a whopping 54.5 % increase in passenger arrivals justifying the decision of our Administration to build the modern Cruise Ship Complex.

Unemployment, which registered 13 percent in the pre-Ivan period, increased sharply immediately after Ivan as many persons lost their jobs. Recent efforts to rebuild homes and revitalise the agricultural sector have helped many displaced persons find employment.

Mindful of the unemployment situation, Government initiated an Unemployment Benefit through the National Insurance Scheme. This benefit is only for persons

who lost their jobs as a result of Hurricane Ivan. The Scheme has set aside \$10 million for this purpose.

Government also sought and obtained waivers of tuition fees for Grenadian students at several universities and colleges. In addition, Government provided financial support to scores of Grenadians to ensure the completion of their university education.

2.2 Public Finances

The contraction in economic activity and the implementation of measures to restore people's lives in the quickest possible time, impacted negatively on Government's ability to collect revenue. The result was that at the end of 2004, central government incurred a deficit in its current operations of EC\$28.4m (2.4 % of GDP). This was the first time in more than ten years that Government incurred a current account deficit. As a consequence, Government was forced to seek budgetary support from friendly governments and institutions.

The deficit was directly attributable to a significant shortfall in current revenue of \$69.0m. As a result, revenues amounted to \$301.2m, 6.9 percent lower than the previous year's total of \$323.5m.

At the same time, recurrent expenditure grew by 15.5 percent to EC\$329.6m. Personal emoluments rose by 15.5 percent to EC\$150.3m as government implemented union-negotiated wage increases. There was also a 17.4 percent rise in spending on goods and services and interest payments grew to EC\$75.8m, an increase of 21.9 per cent.

Capital expenditure recorded a sharp decline of 47.6 percent to EC\$93.8m (8.0 per cent of GDP) as implementation of some capital projects was deferred

to concentrate on immediate rehabilitation needs following Hurricane Ivan. This level of capital spending resulted in an overall deficit after grants of EC\$20.2m (1.7 percent of GDP). Budgetary support financed the deficit.

3.0 STATE OF RECOVERY PROCESS

Mr. Speaker, just seven months after the passage of one of the worst hurricanes to hit our region, Grenada's economy is showing positive signs of recovery. Indeed, many observers, both local and foreign, have expressed amazement at the speed of our recovery.

The speed of recovery can be attributed to three main factors:

1. The resilience and resourcefulness of our People;
2. Timely and appropriate initiatives of Government; and
3. Technical and Financial support received from friendly governments, organisations and individuals.

Mr. Speaker, I have already commented on the tremendous contributions made by our citizens during and after the hurricane to ensure the speedy return to normalcy. Government intends to recognise some of these contributions at a national awards ceremony at the end of the month.

Mr. Speaker, once the relief phase was ended, Government moved swiftly to address the issue of providing shelter for the thousands of our people whose homes were devastated or destroyed. Through the Emergency Housing Programme, Government has already provided materials grant to help 1200 families repair their homes at a cost of EC\$6 million.

Government was also instrumental in mobilising technical assistance from neighbouring countries in the restoration of basic services such as electricity and telecommunications, within a short time. We commend the workers of these companies for their outstanding service.

Through the Agriculture Emergency Resuscitation Programme, Government has already expended over EC\$13 million to assist 3000 farmers to clear lands and resume food production.

Fisherfolks have been provided with similar support to repair boats and replace engines.

Government has also provided the business community – primarily the hotel and manufacturing sectors with a wide range of concessions on building materials, equipment and raw materials as well as tax holidays to rebuild and modernise their operations.

Homeowners have also been provided with concessions on building materials in order to reduce the cost of much needed repairs or renovation.

Government was able to effect temporary repairs to several schools to ensure our children were able to return to school in a relatively short time, albeit under difficult conditions.

Several of our citizens who suffered psycho-traumatic stress, have since received counselling.

Mr. Speaker, only two weeks ago, Government launched the Small Business Development Fund as the primary support vehicle for small and micro-

enterprises, which hitherto, were unable to access financing from the traditional sources.

Mr. Speaker, these are just a few of the initiatives undertaken by Government over the past seven months to get our economy moving again.

Our efforts at rebuilding our economy would not have been successful without the tremendous support received from the regional and international community. I, therefore, wish to place on record our eternal gratitude to all Governments, financial institutions and other agencies, which have provided financial, technical and other forms of assistance to our Country since the hurricane.

Mr. Speaker, we also wish to recognise the significant contributions made by Grenadians residing in the region and further afield.

Mr. Speaker, Government has worked tirelessly to mobilise financial and technical resources for Grenada's reconstruction. In the last quarter of 2004, two donor conferences were arranged. Over the past seven months, the Prime Minister and other government officials have travelled overseas seeking support for Grenada. These trips have brought tremendous benefits to Grenada.

In September 2004, Government established the Hurricane Ivan Relief Fund. As of March 31, 2005, contributions to the Fund totalled **EC\$101,301,531.97 (One hundred and one million, three hundred and one thousand, five hundred and thirty one dollars and ninety seven cents).**

Significant "non-cash" contributions or contributions "in kind" were also received from many countries, organisations and individuals.

It is important to note that Government has collaborated with various donor agencies to implement various projects through churches, NGOs and other community groups. Government is also granting concessions to these organisations.

Mr. Speaker, three weeks ago, Government formally launched the Agency for Reconstruction and Development (ARD). This body has the primary responsibility for coordinating Grenada's reconstruction and development programme, mobilising resources, implementing selected projects and project monitoring and reporting.

The Agency is staffed with qualified professionals from local, regional and international organisations.

Only last week, the lower House of Parliament passed legislation to establish The Grenada Reconstruction and Development Fund. The ARD will be responsible for the administration of the Fund with oversight by the Ministry of Finance, Department of Audit and Parliament.

Mr. Speaker, notwithstanding these significant contributions, large fiscal gaps remain in 2005 and beyond. The most obvious indicator of this is a projected deficit on current operations of \$51.6 million, even with confirmed budgetary support.

Closing these fiscal gaps requires additional external support and our Government is working assiduously to garner this support wherever possible.

Debt Restructuring

Mr. Speaker, the significant decline in revenue over the past year has negatively impacted Government's ability to service the public debt, which now stands at

EC\$1.4 billion. Of this amount, EC\$1.2 billion is central government debt and EC\$0.26 billion consist of government guarantees.

In this regard, Government in early October 2004 signalled its intention to seek the cooperation of creditors in light of the economic crisis precipitated by Hurricane Ivan.

Additionally, Government advised the capital markets of the imminent appointment of legal and financial advisers to assist with the debt-restructuring programme.

Over the past two months, a comprehensive debt sustainability analysis has been undertaken. At present, the advisers are finalizing their recommendations to Government. Negotiations with creditors will soon commence. We crave the patience of affected creditors. A successful debt-restructuring programme would result in lower interest payments, longer repayment periods and other forms of relief thereby reducing government expenditure and narrowing the fiscal gap.

4.0 THEME AND FOCUS OF 2005 BUDGET

Mr. Speaker, I am pleased to present the first Budget since the passage of Hurricane Ivan under the theme **"Rebuilding a Better Grenada for All"**.

First, this theme reflects the imperative of building back better. Second, it captures the dreams and aspirations of our People for a brighter tomorrow. Third, it recognises the necessity for all Grenadians to share in the benefits of a better Grenada. Fourth and finally, it challenges all our citizens to take personal responsibility for the task of rebuilding our Nation.

Public Consultation

Mr. Speaker, this Administration remains fully committed to the principles of good governance. As obtained in the past two years, the staff of the Ministry of Finance actively engaged various stakeholders with periodic briefings on the state of the local economy. These briefings targeted parliamentarians, trade unions, business community, media workers, teachers, and public workers among others.

The briefings are a practical demonstration of Government's commitment to greater transparency and accountability in the management of the public finances. The response of the public to this initiative has been very gratifying. I wish to assure the Nation that these briefings will continue.

Mr. Speaker, in preparing this Budget, the Ministry of Finance organised a series of public consultations starting at constituency level and culminating with a national consultation.

On behalf of the Government, I thank all those who participated. Your contributions have helped us to sharpen Government's focus on your priorities. The programmes and projects, which will be presented in this Budget, reflect these priorities.

5.0 OBJECTIVES OF THE 2005 BUDGET

Mr. Speaker, the strategic objectives of the 2005 Budget are twofold:

- i.To stabilize the public finances by narrowing the deficit on current operations;
- and

ii.To facilitate and promote the reconstruction of Grenada's economy in the shortest possible time through specific sectoral interventions and incentives.

I now turn to the Estimates of Revenue and Expenditure for 2005.

6.0 ESTIMATES OF REVENUE AND EXPENDITURE FOR 2005

Mr. Speaker, in pursuit of the foregoing objectives, the 2005 Estimates of Expenditure provides for a total expenditure (including amortisation) of \$665.7 million distributed as follows:

Current Expenditure:	\$368.8 million
Capital Expenditure:	\$236.0 million
Amortisation:	\$60.9 million

Mr. Speaker, the budgeted current expenditure of \$368.8 million is 11.9 percent more than actual current expenditure in 2004. This growth is due to increases in personal emoluments and interest payments.

The major areas of current expenditure are Personal Emoluments, \$162.6 million (or 44.1 %); Interest payments, \$76.7 million (or 20.8%); and Pensions and Gratuities, \$33.8 million (or 9.2%).

Current revenue for 2005 is projected at \$317.2 million, approximately 4.9 percent more than the current revenue collected in 2004. Tax Revenue is estimated at \$272.8 million based on improvement in the collection of Petrol Tax and Personal Income Tax. The tax revenue projection includes \$181.1 million from Customs and Excise and \$108.3 million from the Inland Revenue Department.

In addition, Non Tax Revenue is estimated at \$44.4 million, a 42.3 percent increase over actual collections in the previous year.

A current account deficit of \$51.6 million, which is 4.4 percent of GDP, is projected for 2005.

Mr. Speaker, of the \$236.0 million estimated for capital expenditure, \$56.8 million or 24.1 percent will be financed from additional budgetary support or domestic financing. Of the \$179.2 million in confirmed external financing, \$120.6 million represents grants while \$58.6 million represent loans.

An overall financing gap of \$74.3million is projected for 2005.

6.1 FISCAL STABILISATION MEASURES

Mr. Speaker, given Government's current fiscal situation, urgent action is required to address fiscal imbalances and restore fiscal stability. As previously indicated, last year was the first time in more than a decade that Government ran a deficit on its current operations. The 2005 Estimates also projects a large current account deficit of \$51.6 million.

Clearly, the current fiscal situation must be addressed. In this regard, Government is working on several fronts. These include:

- I. Appeal for additional budgetary support to close the fiscal gaps;
- II. Restructuring of the public debt to reduce debt service obligations;
- III. Appeal to the public sector unions for wage restraint to curtail the growth of the wage bill;
- IV. Enhancement of government revenue from both tax and non-tax sources; and

V. Expenditure restraint with emphasis on improved procurement practices and the elimination of wastage.

I have already mentioned our progress on budgetary support and debt restructuring.

Wage Restraint

In January 2005, the Government Negotiating Team proposed a wage freeze to the public sector unions for two years, 2005 and 2006. This proposal was made against the backdrop of the slump in government revenues and its dependence on budgetary support to pay the salaries of public workers.

Mr. Speaker, it must be noted that this Government has a good track record of paying the salaries of public officers on time and in accordance with agreements with the public sector unions.

At the time of proposing the wage freeze, the Government Negotiating Team also proposed the development of a Memorandum of Understanding to promote close cooperation between the Government and the unions on vital issues such as price control, wage restraint, productivity and employment. To date, the unions have agreed to develop a Memorandum of Understanding but have not acceded to Government's proposal for a wage freeze in 2005. Given Government's pre-existing agreement with the unions for salary increases in 2005 and in the interest of harmonious industrial relations, Government will pay the salary increase of 4.5% by June 2005. This will increase the public sector wage bill by an additional \$6.5 million in 2005.

Government will continue to promote dialogue with all social partners. In these difficult times, Government believes that the preservation of jobs requires a

collaborative approach among Government, employers, workers and trade unions.

Revenue Enhancement Measures

Mr. Speaker, this is a period of adjustment. We in Grenada must play our part. We must share in the sacrifices required to improve Government's finances. To this end, Government has taken the following decisions to raise revenue:

1. Increase in the retail price of fuel

Mr. Speaker, over the past four years, the world price of crude oil has almost doubled from EC\$30 per barrel to EC\$58 per barrel. Throughout this period, the retail price of fuel in Grenada has been fixed at \$7.50 per gallon. Had the retail price been adjusted in line with the market, the actual price would have been approximately \$10.50 per gallon.

Government's policy decision to keep the retail price fixed has resulted in a steady erosion of its revenues. For example, collections from the Petrol Levy fell from \$6.4 million in 2002 to \$170,000 in 2004.

Mr. Speaker, it is instructive to note that all ECCU countries have adjusted their fuel prices over the past two years. At present, **Grenada has the lowest retail fuel price in the Eastern Caribbean**. The table below indicates retail fuel prices (per gallon) in the other countries as of March 18, 2005:

	Grenada	St. Vincent	St. Kitts	Antigua	St. Lucia	Dominica
Retail Price (EC\$)	7.50	8.00	8.30	8.30	8.75	9.34

Mindful of the current fiscal situation, Government is no longer able to subsidise the cost of fuel at the pump. As a consequence, the retail price of fuel (both diesel and gasoline) will be increased from \$7.50 per gallon to \$8.50 per gallon

with effect from May 01, 2005 or as soon as the legislative amendment is completed.

Furthermore, a flexible pricing mechanism will replace the current fixed price regime. This means that the retail price will change periodically in line with changes in crude oil prices.

Mr. Speaker, we do not expect any change in the price of liquefied petroleum products such as the 20lb or 100lb gas cylinders. Furthermore, since GRENLEC imports diesel for electricity free of duties and taxes, the increased retail fuel price should not have a direct impact on the cost of electricity.

2. Contributions to The Grenada Reconstruction and Development Fund

Mr. Speaker, one of the suggestions of the budget consultations is to lower the income tax threshold, which currently stands at \$60,000 per annum.

Over the past decade, the philosophy of this Government has been to maximise the disposable income of workers leaving them to spend their income as they see fit. This remains the philosophy of this Government.

Having regard for this philosophy and considering the possible impact on persons with mortgages and other financial commitments, many of whom are still recovering from the devastation caused by the hurricane, many of whom were uninsured or underinsured, Government has decided not to proceed with any adjustment to Personal Income Tax, at this time.

Mr. Speaker, this House recently enacted the establishment of The Grenada Reconstruction and Development Fund to finance Grenada's reconstruction

and development programme.

As Grenadians, we must be prepared to shoulder a greater share of the burden of rebuilding our Country. More resources must be raised locally. In this regard, Government has decided to ask every Grenadian worker to contribute to this Fund. The rates of contributions will be as follows:

- i. Persons earning up to \$5000 per month will pay 5% of their income; and
- ii. Persons who earn in excess of \$5,000 per month will pay 2.5% of their income since they are already subject to a tax rate of 30% on income that exceeds \$5000 per month.

Mr. Speaker, Grenada belongs to all of us therefore it is only fitting that everyone makes a direct contribution to Grenada's reconstruction and development. Contributions to this Fund will be for a fixed period of 5 years.

All contributions will go directly to the Grenada Reconstruction and Development Fund to finance reconstruction priorities such as farm resuscitation, home repair and youth skills training and employment.

Mr. Speaker, I want to make it abundantly clear, these contributions will not go to the Consolidated Fund.

Government will soon table legislation to authorise worker contributions to the Fund. We anticipate that deductions to the Fund will commence from July 30, 2005.

This measure is projected to raise \$15 million per year.

3. Increased GCT on Cigarettes and Alcohol

Mr. Speaker, with effect from June 01, 2005, the General Consumption Tax will be increased on the following products:

- I. Beers and Stouts etc. (tariff heading no. 22.03) from 50% to 60%.
- II. Wines (tariff heading nos. 22.04 and 22.05) from 10% to 25%.
- III. Spirits, Liqueurs and other spirituous beverages (tariff heading no. 22.08) from 55% to 65% (from CARICOM) and 15% to 25% (from outside CARICOM)
- IV. Spirits, Liqueurs and other spirituous beverages (tariff heading no. 22.07) from 25% to 35%.
- V. Cigars, Cheroots and Cigarillos (tariff heading nos. 24.02 and 24.03) will attract rates of 136% from CARICOM and 75% from outside CARICOM.

The imposition of the CET on extra-regional imports will ensure CARICOM products are not placed at a disadvantage by this adjustment.

This measure is projected to yield an additional \$2 million per year.

Mr. Speaker, there is always a temptation to resort to smuggling goods such as cigarettes and alcohol. The Customs Act provides for such illegal activity to be dealt with by forfeiture, fines and prosecution. Fines may be levied for up to three times the value of the contraband goods. As a policy, Customs will impose the maximum fines whenever such illegal activity is detected.

6.2 TAX REFORM

Mr. Speaker, our Government is committed to a process of tax reform that promotes a simple, efficient and equitable tax system to ensure the viability of our Country in the face of trade liberalisation and global competition.

In my 2004 Budget presentation, I announced Government's intention to reintroduce the Value Added Tax from January 2006.

Mr. Speaker, I now advise this Honourable House and the entire Nation that the timetable for the reintroduction of Value Added Tax has been deferred for at least two years. In the meantime, the Inland Revenue Department will seek to strengthen its administration to effectively deal with the inevitable implementation of VAT.

6.3 OTHER FISCAL MEASURES

6.3.1 Reduced Property Tax

According to the OECS Macro-Socio Economic Assessment, 89 percent of our households or 28,000 households were damaged or destroyed. As a caring and compassionate Government, we have decided to provide some relief to residential property owners. Government has therefore approved the following:

- 1) A 50% reduction in the tax payable on residential properties; and
- 2) An exemption from the payment of Property Tax on residential buildings where the tax payable is the minimum of \$20.00 or less.

Mr. Speaker, this decision will benefit 29,145 residential property owners. Of this number, 24,611 properties will not be required to pay property tax this year. This relief is only for 2005.

6.3.2 Reduced GCT on Tyres and Brakes

Mr. Speaker, Government is mindful of the relatively high cost of vehicle parts. After consultation with the bus driver associations, it was clear that some relief

was needed. Of greatest concern to Government was the possible increase in bus fares for school children.

In this regard, Government has decided to reduce the costs of operation to bus drivers by reducing the general consumption tax on key parts, namely, new tyres and brakes and brake accessories. Accordingly, the general consumption tax on tariff headings (4011.10, 4011.20 and 87.08.319) will be reduced from 25 % to 5%.

According to our calculations, a new tyre for a bus, which previously cost \$300.00 will now cost approximately \$240.00.

The new prices should take effect from June 01, 2005.

To ensure this measure is effective, Government will place tyres, brakes and brake accessories on the List of Price Controlled Items.

For ease of administration by the Department of Customs and Excise, Government has decided to grant this relief to all owners and operators of vehicles. It is hoped that this tax reduction will serve as incentive to vehicle owners and operators to purchase new and better quality tyres and brakes thereby improving safety on our Nation's roads. It will also mitigate the effect of the increase in the price of fuel.

6.3.3 Reduced GCT on Alternative Energy Products

Mr. Speaker, the National Environmental Management Strategy has called for incentives to promote the use of alternative energy products. The rising price of fuel strengthens the urgent need to pursue renewable energy products.

Grenada's reconstruction provides an opportunity to move decisively in this direction. Accordingly, Government has decided to remove the general consumption tax on an approved list of alternative energy products including solar and wind energy products. The list will be developed after further consultation with the relevant stakeholders.

6.3.4 Strengthening of Tax Administration

Mr. Speaker, Government is moving swiftly to have all potential taxpayers including contractors, plumbers and other self-employed registered with the Inland Revenue Department. In this regard, several steps will be taken including the following:

- All professionals including contractors will be licensed by Inland Revenue, at no charge and given a tax identification number (TIN);
- Every person seeking to operate a "T" or "H" vehicle will be required to submit their tax identification number (TIN);
- Every individual or company desirous of providing services to Government will have to furnish their tax identification number;
- Every person or entity seeking concessions from the Grenada Industrial Development Corporation or Government ministry will have to present their TIN as evidence of registration with Inland Revenue.

6.3.5 Expenditure Control

Government will seek to reduce expenditure and eliminate wastage wherever possible. Some of the steps to be taken:

- ✓ The growth of current expenditure on goods and services will be kept in

line with inflation from 2006. Allowance is made for replacement of furniture and equipment to government ministries and departments this year;

- ✓ A pooling arrangement for the use of government vehicles in the Ministerial Complex;

- ✓ The Category of Professional and Other Services will be reviewed to ensure value for money;

- ✓ A policy of fleet insurance for government vehicles.

I now turn to the Capital Expenditure for 2005.

7.0 CAPITAL EXPENDITURE PROGRAMME 2005

7.1 ECONOMIC RECOVERY

7.1.1 AGRICULTURE

Mr. Speaker, the Agriculture Sector will continue to be a top priority of this Administration in 2005.

In this regard, Government has approved \$5.1million for the Agriculture Emergency Recovery Project. This will replace the Agricultural Emergency Resuscitation Programme, which was implemented from October 2004 to January 2005 at a cost of \$14 million.

Under this Project, Government will provide support to farmers in the following areas:

- Planting materials;
- Fertilisers;
- Labour support; and
- Equipment support.

Under this Project, Government will work closely with the Grenada Cocoa Association under the Cocoa Revitalization Programme and the Grenada Cooperative Nutmeg Association to do a nationwide replanting programme.

The sum of \$2 million has been earmarked for the construction of farm roads to be financed by the Kuwaiti Fund.

Under the Global Environment Facility, \$743,000 will be spent to assist with restoration of forests and watersheds.

The sum of \$518,000 has been allocated to the Upgrading of Fish Markets in Gouyave and Victoria.

With FAO funding, a special assistance programme has been designed for fishermen to repair boats, replace engines and other equipment.

With USAID financing, farmers, fishermen and agro-processors will be able to access small grants to assist them in their recovery.

The 2005 Budget provides for a total allocation of \$38.2m to this sector, of which \$11.3m is for recurrent expenditure and \$26.9m, is for capital expenditure.

7.1.2 TOURISM

Mr. Speaker, Government is fully committed to the growth and development of the tourism sector.

This Budget provides \$9 million for the marketing and promotion of the destination and a further \$2 million for joint marketing and risk sharing agreements with selected airlines.

Phase II of the Cruise Ship Terminal Complex which includes the duty free shops and related amenities will soon commence providing a wide range of shopping options for the thousands of cruise visitors who visit our shores each year.

Mr. Speaker, the vision of this Government to build a modern Cruise Ship Terminal is already paying dividends. The number of cruise ship visitors increased from 146,925 in 2003 to 226,944 in 2004, an increase of 54.5%. In 2005, cruise arrivals are projected at 270,000.

The high level of cruise tourism has provided benefits to a wide range of our people including taxi drivers, water taxis, tour operators and restaurants. Furthermore, at least 30% of these visitors will return to our shores as stayover visitors.

The completion of the Bus Terminal and Parking Deck at a cost of US\$3.5 million in the next few weeks will considerably ease the traffic congestion in the town of St. George's for both locals and visitors.

In addition, the completion of Phase I of the St. George's Market Square will enhance the look and feel of our capital city.

With assistance from USAID, work will be undertaken on the Grand Etang Tourist site at a cost of \$400,000.

USAID will also fund the second phase of a road signage project at a cost of \$100,000.

Mr. Speaker, the construction of additional hotel rooms is a crucial factor if Grenada is to successfully host 2007 World Cup matches. This increased room stock is also pivotal to the long- term viability of the tourism sector. In this regard, Government welcomes the initiatives being undertaken by several hoteliers to upgrade and expand their facilities.

I am pleased to announce that only on Thursday of last week, a Memorandum of Understanding was signed between the Government of Grenada and Belselcior Ltd., a Canadian development company, for the recommencement of the Levera Hotel Project.

We are also encouraged by the prospects of several hotel projects being implemented in the medium term.

7.1.3 BUSINESS REACTIVATION

Mr. Speaker, earlier in my presentation, I outlined some of the measures taken by Government to reactivate the business sector. I wish to state here that Government will continue to dialogue with the business community on practical and meaningful ways to assist. A major concern is the cost of credit. Government will seek to work with local and regional financial institutions to address this need.

With funding from USAID, a Business Resource Centre was recently established at the Grenada Industrial Development Corporation to support business development in Grenada.

Additionally, USAID is providing support as follows:

- US\$700,000 for Microfinance Scheme to help small and micro businesses through local institutions;
- US\$2 million in financial grants for the commercial sector to help restore business activities;
- US\$600,000 for export development plans for export-oriented firms; and
- US\$700,000 for agribusiness and fisheries.

Mr. Speaker, Government recently launched the Small Business Development Project. The project aims to create employment opportunities; provide credit to unemployed persons in rural communities; and foster the entrepreneurial spirit of the Grenadian people.

Furthermore, Government has decided to consolidate the various facilities available to the sector to ensure more meaningful and sustained support for small and micro enterprises. In this regard, the following funds have been merged:

- i. Small Agro-processors Development Fund;
- ii. Small Farmers Financing Scheme;
- iii. Small Entrepreneur Development Fund; and
- iv. Micro-enterprise Project

The merger will ensure the reduction of administrative costs and higher levels of operational efficiency.

This Budget provides \$1 million for this Project, as an initial capital injection. All funds disbursed will be on a concessionary loan basis and must be repaid.

7.2 SOCIAL RECOVERY

7.2.1 Housing

Mr. Speaker, Housing will continue to receive top priority by this Government.

In this regard, Government approved the Housing Recovery Plan at a cost of EC\$61.5 million.

This Plan involves the following:

- Home reconstruction for 500 families whose homes were completely destroyed by the hurricane (grants)
- Materials provision to assist 2000 low-income families with their home repairs
- A revolving soft loan facility for 500 families which do not qualify as most vulnerable
- Establishment of new residential settlements in six (6) areas to accommodate 500 families.

Phase 1 of the Plan includes the construction of 225 homes and the repairing of 1125 roofs for vulnerable groups at a cost of \$10.7 million. To date, 50 homes have been completed and 1200 roofs repaired at a cost of \$7.5million. An additional 152 are under construction and will be completed within the next two months. These homes are built to withstand category 3 hurricanes.

To ensure a non-partisan approach to housing, Government initiated the establishment of Village Housing Committees to select the beneficiaries. Government is grateful to all persons who have volunteered to serve on these committees.

With the support of the Government of Venezuela, work has commenced in Lacalome, St. David's to construct 130 low cost houses. Government is responsible for infrastructure for this settlement, which is estimated to cost EC\$1 million.

Consultations have commenced for new residential settlements in Soubise/Marquis in St. Andrew's and Frequente in St. George's. The settlement in Soubise/Marquis will seek to relocate 50 households living in disaster-prone areas.

In Frequente, consideration is being given to multi-family units and apartments. Settlements are also being planned for Douglaston in St. John's, Dunfermline in St. Andrew's, Beausejour in St. George's, Lacapierre in Carriacou and in St. Patrick.

With support from USAID, an additional 1200 homes will be repaired at cost of US\$5 million.

USAID will also finance 150 new low-income houses for persons who lost their homes and are considered most vulnerable at a cost of US\$9 million.

The People's Republic of China has also agreed to construct 2000 homes, as part of a Memorandum of Understanding signed between our two governments.

Mr. Speaker, 3,600 low income and working class Grenadians whose homes were partially or completely destroyed by the hurricane will receive some form of assistance during the year.

Mr. Speaker, the Holy Bible declares, "righteousness exalts a Nation". Our Government is deeply concerned about the physical devastation of our churches or 'houses of prayer'. We believe churches play a critical role in the

spirituality of this Nation and should function at their full capacity. In this regard, Government will provide concessions on building materials and other equipment as well as other forms of assistance, where possible, to enable the churches to play their rightful role in this Country.

7.2.2 Education and Training

Mr. Speaker, the development of our human resources constitutes the single most important element of our national development. In this post-Ivan era, our education system needs to adapt to our changing development needs. In this regard, the Ministry of Education will undertake a review of its Long Term Strategic Plan.

Many of our schools must be completely rebuilt and furnished.

In rebuilding, Government will take special care to ensure they are hurricane-resistant. The Ministry of Education has prepared a comprehensive schools rehabilitation programme, which will be implemented over the next three years. The approximate cost of the rehabilitation programme is EC\$165.0 million of which \$32 million will be expended in 2005.

With assistance from USAID, work has already commenced on the Teacher Training Department of the T.A. Marryshow Community College.

Given the need for rapid skills development among our youth, the T.A. Marryshow Community College (TAMCC) will place special emphasis on its Technical Division. The College will collaborate with relevant partners to provide certification for a variety of skills.

Mindful of the need for more scholarships for our needy and aspiring students, this Budget has earmarked approximately \$1 million for this purpose.

7.2.3 Youth Development

Considerable emphasis will be placed on employment and training opportunities for our youth. In collaboration with USAID, a number of training programmes have already been conducted in the fields of construction, handicraft, sewing, poultry farming and boat repair among others.

Mindful of the unemployment among our youth, which has been exacerbated by the hurricane, Government sought training opportunities overseas. Several countries have agreed. The placement of youth will be a top priority for the Youth Department in 2005.

The Imani programme, which last year provided an opportunity for over 500 youths to acquire work experience will be maintained.

The 2005 Budget provides \$2.5 million for this programme.

7.2.4 Sport Development

Mr. Speaker, notwithstanding the passage of Hurricane Ivan, Government remains resolute in its commitment to host games in the 2007 World Cup.

The hosting of World Cup Cricket 2007 will send a strong statement to the world that Grenada is back in business.

Accordingly, Government has secured the commitment of the People's Republic of China to reconstruct the National Stadium at an estimated cost of US\$40 million.

An allocation of \$3 million has been made for upgrading roads required for our hosting of World Cup Cricket.

Rural sporting facilities including Cuthbert Peters Park will be completed.

The sum of \$1.4 million has been allocated to upgrade and rehabilitate several playing fields around the Country.

7.2.5 Health Care

Mr. Speaker, Government will continue to place high priority on improving the delivery of health care. In 2005, considerable emphasis will be placed on repairing damaged infrastructure.

An allocation of \$1 million has been made to commence repairs to the Princess Alice Hospital, which suffered extensive damage by the hurricane.

Following the evaluation of Phase 1, work will commence on Phase II of the New Hospital at an estimated cost of \$18 million.

With World Bank financing, repairs will be undertaken on the Central Medical Stores at a cost of \$400,000.

With support from USAID, repairs will be undertaken on several medical stations at a cost of EC\$850,000.

Mr. Speaker, HIV/AIDS remains a major threat to our development progress. Since the hurricane, there has been an intensification of the public education campaign. This thrust will continue for the rest of the year. Furthermore, an evaluation is planned to ascertain the effectiveness of the HIV/AIDS Strategy thus far.

Mr. Speaker, the Ministry of Health has been allocated a total budget of \$63.6 million, 10 percent of the 2005 Budget.

7.2.6. Psychological Rehabilitation

Mr. Speaker, I said earlier that we must rehabilitate damaged minds. In this regard, the Agency for Reconstruction and Development will spearhead a programme to provide counselling and debriefing to 2000 persons during the year. The programme will also provide therapy for 200 traumatised persons and will encourage groups and individuals to actively participate in the rebuilding process. All programmes will be at community level.

7.3 Rehabilitation of Physical Infrastructure

Mr. Speaker, the track record of our Government in developing our physical infrastructure is well recognized.

In this post-Ivan era, we are committed to restoring damaged infrastructure.

The major infrastructure projects for 2005 include:

- I. Bridges and Road Improvement Project - \$15 million
- II. Eastern Main Road Improvement - \$7 million
- III. Refurbishment of Government Buildings - \$4 million
- IV. Hurricane Ivan Emergency Project - \$4 million
- V. Emergency Recovery and Disaster Management - \$3.0 million
- VI. Melville Street Reconstruction - \$ 2 million
- VII. Repairs to the Ministerial Complex - \$1.2 million
- VIII. St. George's Market Square - \$1million

Mr. Speaker, tenders have already been received for 15 landslips along both the Western Main Road and Eastern Main Road.

In partnership with the businesses in the area, Government will commence work on Dusty Highway.

7.4 Investments in Carriacou and Petit Martinique

Mr. Speaker, Government will continue to invest in the islands of Carriacou and Petit Martinique. Some of the major projects to be completed in 2005 include:

- i. Cultural and Sporting Complex - \$1.5 million
- ii. PRC/GOG Multi-Project - \$600,000
- iii. Renovation of Fish Centres - \$350,000
- iv. Hillsborough Recreation Facilities - \$150,000
- v. Lauriston Sea Defense Wall - \$100,000
- vi. Expansion of Petit Martinique Playing Field - \$100,000

8.0 INSTITUTIONAL STRENGTHENING

Mr. Speaker, strong institutions are essential to good governance and effective public service delivery. Grenada's rapid and sustained recovery in the post Ivan era depends on building the capacity of key institutions.

8.1 Disaster Management

Mr. Speaker, Hurricane Ivan glaringly exposed Grenada's deficiencies in both disaster mitigation and disaster management. The difficulties experienced in aftermath of the hurricane led to a comprehensive review of Grenada's disaster management strategy. The findings were recently published.

As a result of this review, NERO has been replaced by a new entity called the National Disaster Management Agency (NaDMA). The scope and functions of this Agency is

broader than management of relief operations. It covers all aspects of disaster management.

With technical guidance from the Caribbean Disaster Emergency Response Agency (CDERA) and funding from the Canadian International Development Agency (CIDA), a project in the sum of Cdn\$1million has been developed to build the capacity of the National Disaster Management Agency (NaDMA).

The key objectives of the Project are:

1. Strengthening NaDMA's capacity for integrated relief programme management;
2. Establishment of capacity for emergency communications among key response agencies of the NaDMA system and district committees;
3. Strengthen NaDMA's public education and information capacity; and
4. Strengthen Community Disaster Planning.

8.2 Physical Planning

After considerable consultation, a draft National Physical Development Plan was completed in 2004. In accordance with the Physical Planning and Development Control Act, this Plan is now available in public places such as libraries, district revenue offices and constituency offices. In the next two months, the Plan will be tabled in Parliament. Thereafter the Plan will take effect.

In 2000, the Grenada Building Code was developed and distributed to the construction industry on a pilot basis. The impact of hurricane Ivan has demonstrated the importance of proper construction standards. Pursuant to the Physical Planning and Development Control Act 2002, Government will prepare regulations to make the building code part of our laws.

The Physical Planning Unit has started an initiative to register and certify all tradesmen to ensure buildings adhere to the building code and property owners receive value for money.

Mr. Speaker, the Physical Planning Unit will be strengthened with additional inspectors but it is very clear that the enforcement of the building code requires close collaboration among the Unit, the financial institutions, engineers, architects and contractors.

8.3 Public Sector Modernisation

The Public Service plays and must continue to play a pivotal role in national development. It must adapt to the challenges of the 21st century. In this regard, a new legislative framework is required. Accordingly, Government will table later this year: the Public Service Bill, the Public Finance Management Bill, the Audit and the Integrity in Public Life Bill.

To strengthen Government's capacity to manage and implement development projects, it is proposed that all project coordinating units be merged into a Central Projects Department under the Ministry of Finance and Planning.

9.0 GRENADA'S PREPARATION FOR THE CSME

Mr. Speaker, the Caribbean Single Market and Economy (CSME) is aimed at positioning our Region to meet the challenges and opportunities of the changing global environment.

Late last year, CARICOM Heads took the decision that the Single Market will be established by 31st December 2005 and the Single Economy by 2008.

The Government of Grenada is committed to actively participating in the Single Market

and Economy and has been working to remove certain restrictions.

In the aftermath of Hurricane Ivan, the CARICOM Heads agreed to consider a request by Grenada for its disadvantaged sectors, which include Agriculture and Light Manufacturing.

Grenada has also led the call for the establishment of the Regional Development Fund for Disadvantaged Countries and Sectors as provided for under Article (58) of the Revised Treaty of Chaguaramas.

During this year, the Ministry of Foreign Affairs and International Trade will intensify its public education campaign on the CSME. It is important that our people be sensitized of the challenges and benefits of the CSME.

10.0 SAFETY NETS (POVERTY ALLEVIATION)

Mr. Speaker, this Government is always concerned about the poor. Over the past decade, several poverty alleviation initiatives have been designed and implemented to ease the plight of the poor.

Notwithstanding Government's tight financial situation, these initiatives will be maintained. They include:

- I. Old Age Pensions: an allocation of \$4.5 million for 3,500 persons;
- II. Emergency Housing Programme to effect house repairs;
- III. A \$800,000 School Books and Uniform Programme for needy students);
- IV. Free Water Supply to poor and needy citizens at a cost of \$300,000 per year; and
- V. Free medicine for the Elderly at a cost of EC\$260,000.

I also note that Government pensioners will receive 4.5% increase in line with the salary increase awarded to public officers in 2005.

Mr. Speaker, the cost of living is a major concern of Government. However, it must be remembered that Grenada is an open economy, very dependent on imports. As a consequence, most prices in Grenada are influenced by factors outside the control of Government. Nevertheless, this should never be an excuse for unjust and unfair price hikes.

On November 15, 2004, fourteen (14) additional Price Control Inspectors were appointed and deployed in all parishes to monitor compliance with existing Price Control Regulations.

To date, they have reported a 78% compliance rate with these Regulations. In 2005, there will be zero tolerance for non-compliance. In this regard, Government will initiate the following actions:

- I. Upgrade the Price Control Act to provide stronger penalties for acts of non-compliance;
- II. Expand the List of Price Controlled Items;
- III. Increase the list of pharmaceutical and generic products eligible for tax exemptions;
- IV. Initiate consultation on a new Consumer Protection Act; and
- V. Promote the issue of price control as part of the development of a Social Pact with the social partners.

11.0 ACKNOWLEDGEMENTS

Mr. Speaker, on behalf of the Government and People of this Nation, I would like to thank the following Governments and Institutions for providing financial, economic and technical assistance during the past year:

The Government of the United States of America and the United States Agency for International Development

The Government of the United Kingdom and the Department for International Development

The Government of Canada and the Canadian International Development Agency

The Government of France

The Government of the Republic of Trinidad and Tobago

The Government of Barbados

The Government of the Cooperative Republic of Guyana

The Government of the People's Republic of China

The Government of the Republic of Venezuela

The Government of Japan

The Government of the Republic of Cuba

The Federal Republic of Germany

The Government of the Republic of Korea

The Government of the Republic of South Africa

The Government of Nigeria

The World Bank Group

The International Monetary Fund

The European Union

The Caribbean Development Bank

The Kuwaiti Fund for Arab Economic Development

The United Nations Development Programme

The United Nations Children's Fund

The Commonwealth Secretariat

The Food and Agriculture Organisation (FAO) of the United Nations

The Organisation of American States (OAS)

The Inter-American Institute for Co-operation on Agriculture

The Eastern Caribbean Central Bank (ECCB)
The CARICOM Secretariat
Caribbean Disaster Emergency Response Agency (CDERA)
The Organisation of Eastern Caribbean States (OECS)
The Caribbean Regional Negotiating Machinery (CRNM)
The Caribbean Regional Technical Assistance Centre (CARTAC)
The Caribbean Export Development Agency
The Caribbean Financial Action Task Force (CFATF)

Mr. Speaker, this list is by no means exhaustive.

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

Special mention must be made of the staff of Customs, the Printery and the District Revenue Offices who have been operating under very difficult conditions.

Mr. Speaker, I also thank the Clerk of Parliament and staff for their assistance in the preparations for today's Presentation. Special thanks are also extended to the Manager and staff of the Grenada Trade Centre for their assistance in hosting today's proceedings.

Mr. Speaker, my sincere thanks and appreciation are extended to my constituents of St. Patrick's West for their continued support and understanding.

I also place on record my gratitude to the Honourable Prime Minister and my Cabinet colleagues for their support in the preparation and delivery of this Budget presentation.

I also wish to record my appreciation to the members of the Opposition for their contributions to the 2005 Estimates of Expenditure, at the meeting of the Finance Committee. I look forward to similar constructive contributions during this Budget Debate.

12.0 CONCLUSION – REBUILDING A BETTER GRENADA FOR ALL

Mr. Speaker, the Economy of Grenada has been battered but not beaten.

Knocked down but not knocked out.

Devastated but not destroyed.

Seven months later, the rebuilding of our homeland is well underway.

These are difficult yet exciting times.

Difficult for we must look deep within ourselves summoning all our courage and resolve to stay the course and keep the faith on this long and arduous journey.

Exciting for we have a unique opportunity in the history of this Nation to chart a course that will bring about a better society – **a better Grenada for all.**

Each of us must play our role in this hectic yet historic era.

Let us do so for the sake of our children and our children's children. May those who come after us say with pride "see what our fathers left us".

As a Nation, experience has shown that we do it best when adversity puts us to the test.

Let us be inspired by the words of our Lord expressed in the Holy Bible in Philippians 4.13 and I quote: "**I can do everything through Christ who gives me strength**" end of quote.

May God bless our beautiful Nation of Grenada, Carriacou and Petit Martinique.

I thank you.

APPENDICES

APPENDIX I SUMMARY OF RECURRENT EXPENDITURE 2005

VOTE	TOTAL	% OF TOTAL
01 Governor General	788,362	0.16
02 Parliament	1,417,048	0.37
03 Supreme Court	2,220,751	0.57

04 Magistracy	1,398,828	0.33
05 Audit	1,001,028	0.21
06 Public Service Commission	512,986	0.13
07 Director of Public Prosecutions	735,588	0.11
08 Electoral Office	437,223	0.11
09 Ministry of Legal Affairs	1,692,623	0.34
10 Prime Minister's Ministry	3,978,233	0.96
11 Prisons	5,183,267	1.22
12 Police	33,510,573	7.35
15 Ministry of Tourism, Civil Aviation, Culture & Performing Arts	2,441,844	0.63
16 Ministry of Foreign Affairs and International Trade	7,697,549	1.61
19 Ministry of Sports & Community Development	2,794,875	0.58
20 Ministry of Finance and Planning	32,327,897	4.62
21 Pensions and Gratuities	33,810,000	8.59
22 Public Debt	137,535,557	35.25
Foreign Interest Payments	54,690,979	
Domestic Interest Payments	21,990,498	
Foreign Principal Payments	27,349,596	
Domestic Principal Payments	33,504,484	
23 Salaries and Wages Increase	-	0.86
25 Contributions	10,303,335	2.44
30 Ministry of Works, Communication & Transport	5,245,488	2.62
32 Post Office	10,767	0.00
35 Ministry of Social Development	10,122,938	2.03
36 Ministry of Carriacou & Petite Martinique Affairs	2,771,735	0.62
40 Ministry of Education and Labour	69,069,023	14.84
50 Ministry of Health, the Environment & Social Security	50,951,129	10.89
64 Ministry of Agriculture, Forestry, Lands, Fisheries, Public Utilities & Energy	11,258,590	2.56
GRAND TOTAL	429,666,621	100%

APPENDIX II

SUMMARY OF CAPITAL EXPENDITURE 2005

VOTE	TOTAL
01. Governor General	75,816
02. Parliament	10,000
03. Supreme Court	140,000
04. Magistracy	64,000
05. Audit	47,000
06. Public Service Commission	43,500
07. Director of Public Prosecution	-
08. Electoral Office	565,000
09. Ministry of Legal Affairs	192,000
10. Prime Minister's Ministry	11,468,353
11. Prisons	625,000
12. Police	740,000
15. Ministry of Tourism, Civil Aviation, Culture & The Performing Arts	13,530,330
16. Ministry of Foreign Affairs & International Trade	163,632
19. Ministry of Sports, Community Development & Coops.	3,724,400
20. Ministry of Finance & Planning	38,320,993
30. Ministry of Works, Communications and Transport	70,212,780
35. Ministry of Social Development	25,770,124
36. Ministry of Carriacou and Petite Martinique Affairs	4,145,000
40. Ministry of Education & Labour	26,629,084
50. Ministry of Health and the Environment	12,641,972
64. Ministry of Agriculture, Forestry, Lands, Fisheries, Public Utilities & Energy	26,877,634
TOTAL	235,986,618

APPENDIX III GRENADA: ECONOMIC AND FISCAL SUMMARY

	2000	2001	2002	2003	2004	2005 (Proj.)
Real Growth Rate	6.5	-3.4	0.6	5.7	-3.2	1.5
Consumer Price Index	3.5	2.5	0.7	1.6	2.5	3.0
Current Revenue	301.6	285.4	294.1	323.5	301.2	317.2
Current Expenditure	234.9	258.5	292.2	285.1	329.6	368.8
Current Account Balance	66.7	26.9	1.9	38.4	-28.4	-51.6
Overall Balance (After grants)	-35.1	-90.1	-216.3	-57.7	-20.2	-72.0
Customs & Excise	157.1	143.9	153.8	174.8	167.1	181.1
Inland Revenue	107.4	113.1	117.3	123.4	111.8	108.3

APPENDIX IV CENTRAL GOVERNMENT DEBT (EC\$MN)

(As of December 31, 2004)

Total Domestic	329.8
T/Bills	72.5
Bonds	152.6
Loans	22.9
Overdraft Facility	39.0
Compensation Claims/Judgement Debts	40.0
Other	2.8
Total External	874.7
Bonds	459.9
Loans	414.8
Total Domestic & External	1,204.5

APPENDIX V GOVERNMENT GUARANTEES (CONTINGENT LIABILITIES)

(As of December 31, 2004)

	Outstanding 31.12. 03 EC\$	Outstanding 31.12.04 EC\$	Explanations
Statutory Bodies			
Grenada Ports Authority	63,408,428.00	65,631,516.00	Includes US\$25m for Cruise Ship Terminal
Minor Spices	67,000.00	67,000.00	
Marketing and National Importing Board	13,272,140.00	12,890,125.39	
Gravel and Concrete Production	10,087,882.00	15,205,066.32	
Housing Authority of Grenada	24,436,990.08	6,676,815.04	
Grenada Development Bank	23,492,463.50	24,667,938.83	
Grenada Airports Authority	41,567,535.00	41,567,535.00	
National Water and Sewerage Authority	9,417,000.00	12,231,843.21	
Call Centres Grenada Inc.	2,603,050.09	2,500,000.00	
Grenada Cultural Foundation	950,270.85	841,639.92	
Grenada Cooperative Nutmeg Association		5,000,000.00	
Grenada Broadcasting Corporation	3,179,520.54	3,179,520.54	
Sub-total	197, 482,550.06	190,459,000.25	
Private Companies			
Grenada Electricity Services Ltd	7,819,243.90	7,377,021.59	Power Generator
RDF Enterprises Ltd	3,531,970.00	3,531,970.00	Organic Banana Project (River Antoine)
The Garden Group Hotel	24,030,000.00	24,030,000.00	Small Hotels Support
Intercontinental Grenada Ltd	20,250,000.00	20,250,000.00	Mt. Hartman Hotel Development
Grenada Development Company	29,700,000.00	29,700,000.00	Levera Golf Course and Hotel Development
Sub-total	85,331,213.90	84,888,991.59	
Total Government Guarantees	282,813,763.96	275,347,991.84	