

Jan 13<sup>th</sup> 2023

## **BUDGET 2023: VISIONARY, RELEVANT AND TIMELY**

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### **Introduction**

The highly anticipated budget presentation by Minister of Finance and Economic Planning, the Honorable Camillo Gonsalves was delivered in the House of Assembly on Monday 9<sup>th</sup> January 2023. The honorable minister chose as the theme for his presentation “Building Roads from Recovery to Resilience, Reducing Inequality, Protecting the Vulnerable, Driving Sustainable Development”. This theme embraces the government’s vision that draws on the fresh hope of our people as we move beyond disasters through this period of recovery, to the desired goal of sustainable development and growth. In outlining the work of the government over the last two years, that has been hailed by the international community as critical in protecting lives and livelihoods, Minister Gonsalves laid the foundation for the way forward. Budget 2023 contains the types of programs that will drive those policies and programs of the government that were designed and developed to improve Vincentian lives and livelihoods, drive economic activity, and achieve the 6% projected growth over this year. Our government remains cognizant of the many possible downside risks that can derail even our best laid plans, but remains committed to delivering on the promises made to our citizens. Below is the Executive Summary of Comrade Camillo’s budget presentation that offers an excellent summary of Budget 2023. We invite you to read this excerpt of the address made in parliament.

### **Budget 2023, Executive Summary**

Saint Vincent and the Grenadines is in the midst of a recovery from the triple blows of the COVID Pandemic, the eruptions of the La Soufrière volcano and the impact of Hurricane Elsa. Growth in 2022 has returned the economy to pre-Pandemic levels of production, but the recovery is uneven, with vulnerable populations still far from a return to normalcy.

Despite numerous and varied downside risks, the Vincentian economy is projected to grow by approximately 6 percent in 2023. This growth, if realised, will propel Saint Vincent and the Grenadines beyond 2019 GDP levels.

Budget 2023 seeks to build upon the foundation laid by the 2022 recovery, and to return to the Government’s mission of accelerating a sustainable, people-centred developmental transformation in Saint Vincent and the Grenadines.

The \$1.45 billion Budget 2023 contains an ambitious \$472 million capital programme, the largest ever tabled in Saint Vincent and the Grenadines. The capital budget is heavily focused on large infrastructure projects, which are expected to boost the construction sector, build resilience and accelerate recovery. Chief among the projects in terms of budgeted expenditure is the ongoing construction of a cargo port in Kingstown, which commands almost 20 percent of the entire capital budget.

Budget 2023 is a roads budget, with over \$50 million allocated to road repair and rehabilitation. The centrepiece of the road repair programme is the National Road Rehabilitation Project, a fresh initiative that seeks to complete \$120 million of roadwork over the next three years.

Other large projects include the construction of two state-owned hotels, the comprehensive rehabilitation of schools, the repair of airports nationwide, and the construction of new houses for residents displaced by the volcanic eruptions of 2021. Close to 100 homes will be built this year, and over 800 existing homes will be repaired by the State.

The construction of an ultramodern 134-room Acute Care Hospital, as the centrepiece of a broader reform of the healthcare system, will also begin in 2023.

Budget 2023 confronts head-on the issue of food insecurity, which has been exacerbated by rising inflation, supply-chain issues, and the war in Ukraine. A US\$10 million initiative, spearheaded by the Ministry of Agriculture, will begin in 2023. The effort to combat food security will focus on building production capacity among farmers and fishers. Separate investments seek to facilitate fishing fleet expansion, to allow Vincentians to capitalise sustainably on the opportunities inherent in the Blue Economy.

Budget 2023 cuts taxes and increases wages. The top corporate and personal income tax rates are cut from 30 percent to 28 percent. Also, the standard deduction is increased from \$20,000 to \$22,000, allowing workers to keep more of what they earn.

Wages for public sector workers go up in 2023 as part of a 3-year wage enhancement package agreed after negotiations with unions. Workers will receive a 2.5 percent increase in 2023, a 2 percent increase in 2024 and a 2.5 percent hike in 2025. The Government has also convened a Wages Council, to analyse minimum wages and make recommendations.

The digital transformation agenda hits full stride with the commencement of projects designed to facilitate the creation of services that are modern, efficient and safe. The Digital Transformation project will address customs, e-taxes, land titling, identification and government e-portal services.

2023 marks the creation of a separate ministerial responsibility for post-secondary education, and the delivery of Technical and Vocational Education and Training (TVET). Saint Vincent and the Grenadines is experiencing a boom in both tertiary education and TVET certification. The retooling of our post-colonial economy is heavily dependent on a skilled and nimble workforce, and Budget 2023 invests heavily in this area.

In light of the projected post-Pandemic, post-volcano recovery, Budget 2023 begins the process of phasing out the temporary, targeted social interventions that were crucial to protecting lives and livelihoods during the last two years. However, the unevenness of the recovery to date nonetheless requires strong allocations to social protection, albeit in a more narrowly-targeted delivery. Budget 2023 continues the Government's laser-focus on addressing the needs of Vulnerable Vincentians.

Our nascent 2022 recovery and the lessening of more urgent threats have given Vincentians fresh hope that the worst is behind us and that 2023 will be a springboard to accelerated development. In spite of numerous downside risks, globally; Budget 2023 is a prudent yet ambitious attempt to invest in sectors and people that will enhance our developmental aspirations. In leveraging expected gains in tourism, construction, agriculture, the Blue Economy, education and digital transformation, Budget 2023 positions Saint Vincent and the Grenadines to strengthen its recovery and journey further down the road to resilience.