

Feb 18th 2022

TOURISM AND BUDGET 2022

Excerpt from the 2022 Budget Presentation of Minister of Finance, Hon. Camillo Gonsalves

Introduction

Under Budget 2022, we plan to spend \$43.4 million this year on the construction of two hotels in Diamond and Mt. Wynne. The Holiday Inn Express at Diamond is already underway. Civil works, including drainage and access roads, were completed in 2021. Construction of the hotel building itself will begin in the first quarter. Crucially, the Holiday Inn Express will not serve as simply an airport and business hotel, or as a venue for visiting athletes to utilise our world-class track, but it will also serve as an important teaching institution, given its across-the-street proximity to the Hospitality Training Institute at Diamond.

The commencement of civil works on the Marriot Resort in Mt. Wynne were also scheduled for 2021, but were delayed by both COVID and necessary redesigns. This Honourable House will recall that the Government obtained a US\$50 million soft loan from Taiwan to fund the construction of the resort. However, costings of the original design provided by the project architects were too far in excess of our funding, particularly in light of increased post-Pandemic construction costs. As such, we requested that the project be redesigned to reduce costs. That redesign, in turn, was delayed by the Pandemic, and the inability of our international architects to visit the site. Thankfully, those issues are being resolved.

The Holiday Inn Express and the Marriott Resort will add a much-needed 342 rooms to our hotel capacity. The hotels will not only help to attract more tourists and airlift to Saint Vincent and the Grenadines, but they will continue to draw more private investment to the country, as the hospitality sector recognises the seriousness with which the Government views tourism growth and expanding room stock.

One of the major private sector investments set for construction work in 2022 is the Beaches Resort at Buccament. Today, we have an agreement with Sandals Resorts for the construction of a 350-room resort. We have built new houses and provided new farmland for persons who lived on the land earmarked for the resort, and we are compensating other property owners. We

have settled outstanding claims with hundreds of former condo and villa owners, and we auctioned property this year to provide previous employees of the resort with a substantial *ex gratia* payment.

Sandals has designed the resort, demolished unwanted buildings on site, and hired their main contractor. I was just informed by Sandals officials that the contractor began mobilisation today. Construction work begins in earnest next month, and will hit full steam around mid-March. At peak, over 600 Vincenians will be directly employed by Sandals in the construction of the Resort.

Beaches Saint Vincent represents an investment of well over US\$150 million, at a time when COVID has had a chilling effect on large hospitality expenditure. The aggressive construction timeline of the project, which is slated for opening in mid-2023, means that Beaches Saint Vincent will provide a concentrated shot in the arm for the local economy, employment and the construction sector.

The boutique LaVue Hotel and restaurants has just completed a \$20 million makeover, and has just hired its full staff complement. Already, they have started the next stage of their expansion, which will double the size of the hotel, and add fresh attractions to the facility.

Construction on LaVue's companion Royal Mill luxury resort and residences is rebounding well after COVID-related delays. Not only did work slow considerably during the Pandemic, but the investors have twice had to halt construction temporarily due to COVID infections among workers. However, today, over 100 local workers are employed on site, and the pace of construction is increasing on the \$160 million development. Investors expect that the luxury residences will be complete by the end of 2022, with the tower hotel completed the following year.

In Union Island, private developers are constructing the boutique Secret Garden Resort, which already has 30 employees in its early stages of a planned \$40 million development. The Government is currently finalising an agreement for a multimillion-dollar investment in the Southern Grenadines that should also commence work in 2022. We are excited about the potential of this investment to drive job growth and development in the Grenadines.

Local investors are also sharing our optimism in the future of the hospitality sector in Saint Vincent and the Grenadines. For example, Jewels Caribbean Apartments opened in 2021 and now boasts full occupancy of returning medical students. The \$10 million Myah's Luxury Suites will be completed in mid-2022, representing an important expansion of services available to business travellers. Paradise Beach Hotel is adding a new spa and expanding dining facilities, and many other hoteliers and bed-and-breakfast facilities have similar growth plans.

As such, 2022 will see at least 875 hotel rooms under active construction on mainland Saint Vincent, with well over \$500 million slated to be spent by private investors and the Government over the next 12 months. This is a phenomenal level of post-Pandemic, post-volcano investment.

Beyond hotel construction, Budget 2022 makes significant investments in maintaining and expanding our tourism product. Over \$8 million will be spent on maintenance works at our airports in Argyle, Bequia and Canouan. At the J.F. Mitchell Airport in Bequia, capital allocations of \$1.3 million will begin restoring the facility's functionality to a condition befitting the name and legacy of the late Prime Minister, whose name adorns its terminal.

While there is a \$1.7 million allocation in Budget 2022 for a CDB-funded rehabilitation of the Canouan Airport runway, the current condition of the runway cannot await the studies and designs contemplated by that project. As such, additional resources are allocated for temporary works to ensure that the airport remains able to accommodate the increasing numbers of large private jets whose owners are scheduled to enjoy the Mandarin Oriental Hotel, the Soho Beach House, or the Sandy Lane Yacht Club and Residences in Canouan.

Other expenditure on the maintenance or renovation of signage, existing tourism sites and cultural facilities collectively add another \$1.4 million to Budget 2022. Of particular note is our commitment to improve and expand the Joseph Chatoyer National Park at Rabacca. As curiosity about our recently-erupting volcano will drive more tourists northward, the Chatoyer National Park can become an increasingly-important part of our tourism and cultural offerings.