

A Disappointing Budget

by

[D.A.I.C. Viewpoint](#)

The following are the concerns of the private sector as expressed by some members of the D.A.I.C.:-

The Chamber of Commerce of Dominica concludes from its review of the 2001/2002 Budget Address that Dominica is going to experience a continuing (or even worsening) of the present economic recession. The budget is a disappointment. The address gave no practical indications that the Government is exercising or intends to exercise urgent fiscal control and institute measures to create the enabling environment necessary for new investments from the Private Sector.

No mention was made in respect of the development of night landing facilities at Melville Hall Airport. Recently the Minister for Communications, Works & Housing announced that the French Government had concluded that from their consultant's report that night landing is possible and that they would assist with urgent funding. This obviously is not going to be in the short term and therefore it is unlikely any new investment in Hotel plant can be planned, or any increase in stay-over visitor arrivals, and the industry will continue to limp along.

The funding from the EU for Tourism Promotion and Marketing will not be available as stated in the budget until the latter part of 2001/2002. Therefore by the time all consultancies and collateral materials have been prepared, no benefits from the programme will be felt until 2003 tourism season and beyond.

The budget (and the recent announcement by the NCB) assumes that the construction sector can be stimulated in one (1) year by incentives for the Housing Sector. No mention was made of Mortgage Financing for low to medium income earners, or revamping the Housing Corporation. By the time persons decide if there is an already existing, fully serviced housing lot available, the process of design, planning approval and financing arrangements, a year will have long passed. The DAIC had hoped to see from the budget a 2-3 year period of the waiver of duty on building essentials such as cement, lumber, roofing and paint to encourage construction activity across the board in order to increase quickly employment levels. Revenues will be collected from other more expensive building components with the increase construction activity, i.e. electricals, tiles, ironmongery, tools, plumbing etc.

There is a great deal of deception in the budget. To give the impression that relief to local manufacturers and the small business sector will contribute to the urgent stimulation of the economy is false. The measure cited will help some micro-business

to remain in business but those small to medium entrepreneurs presently employing 5-7 workers cannot increase business or employment or export with the consumption tax on sales remaining at 25 percent. The DAIC has recommended an Annual Sales Limit of EC\$300,000.00 before the application of consumption tax and even higher for those in Agro-processing, that by their nature would be helping in the agro-diversification process. Local manufacturers have to be given a chance on their own home market as a launch paid into the much needed export field. At present the Dominica Economy is not exporting enough products and services to support itself. This must be the focal point of the National plan - creation of wealth and prosperity through exports.

Therefore the much talked about Information Technology (IT) sector cannot begin unless there is a National (and even CARICOM) Policy on IT in place, with the true liberalization of Telecoms (i.e. interconnection) in place. Our Telecoms rates are still too high in Dominica and investors are not ready to take a serious look at Dominica. No mention was made in the Budget on the interconnection date between Cable & Wireless and Marpin; which can be only declared by the Government.

Therefore, for the Budget Address to call on the Private Sector to engage in large investment capital outlays with serious consideration to be given for Services and Housing Sectors is naughty when the above-mentioned enabling environment is far from being in place. In fact, the Budget itself whilst giving due consideration to the social norms with increased assistance to social recovery in the Banana Industry, some NGO's and continuation of self-help/rural community projects, it does not stimulate the investment climate in any way. Dominica will continue in recession for another year or two at least. (*See also: [DAIC comment in the Sun](#)*).

© D.A.I.C.: Re-publication with author's permission only

[Back to Budgeting and Finance](#)