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STATEMENT TO THE HOUSE OF ASSEMBLY

BY

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PRIME MINISTER

&

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Introduction

I will resist the strong temptation to speculate on who started it here, when, or why. But this “first one hundred days in office. . .” I won’t call it a promise . . . has become a regular part of the election-time campaigning. Yes, I’ll admit my own party is not totally innocent in this matter.

However, time and experience have taught us the folly of biting off more than you can chew. From the mistakes of the past, we have learned to be careful not to knowingly make impossible promises. And if perchance we should in good faith make an election-time promise, only to discover upon taking office, and through no fault of our own, it cannot be delivered, we would be upfront and honest enough to tell the people the reasons why. We trust and respect Saint Lucians enough always to tell them the truth, even when that truth is not good news!

Which reminds me: While John F. Kennedy was working on his inaugural address with his speechwriters, the president at one point said: “I’m sick of reading how we’re planning another One Hundred Days of Miracles.

Let’s put in the speech that these things we’re talking about won’t all be finished in a hundred days or a thousand years.”

Actually, the speech Kennedy delivered read: “All this will not be finished in the first hundred days. Nor will it be finished in the first thousand days. Nor in the life of this administration. Nor even perhaps in our lifetime on this planet. **But let us make a start!**”

So, Mr. Speaker, we have made a start. And if I say so myself, what a fine start it is—especially considering the unprecedented times we’re living in, and the avoidable problems that this government and our people have inherited. The way we have started is a fine indication of where we are determined to be before this administration has reached the halfway mark of its first term. **It also underscores our sworn commitment, regardless of circumstances, always to put the Saint Lucian people first!**

My government’s first 100 days in parliament have been approached with a delicate mix of patience, stability, and honouring our commitments to the people of Saint Lucia. Moreover, we have been faithful in observing the rules by which our country is supposed to be governed. We had the courage to be true to the constitution and appointed a Deputy Speaker from our side.

I understand the impatience of some, who desired immediate action and changes to correct some of the wrongs that had been committed against the citizens of our country. Necessary as some of those institutional changes are, there is a need to follow the process, lest we appear autocratic and emotionally driven in the exercise of our decision-making. I am in possession of a draft bill that will lead to the appointment of a Special Prosecutor which when agreed to by Cabinet will be tabled for consideration by this honourable House.

The reckless financial mismanagement of our country during the last administration is worse than we had initially thought. Under the last administration, Saint Lucia had been left on the edge of a financial cliff, which requires prudent financial management if we are to avoid falling into a financial abyss.

The former government even before the advent of the COVID-19 pandemic had already placed the country in a financial mess. The situation was worsened by the COVID-19 pandemic. The truth

is Mr. Speaker the Saint Lucia economy was highly indebted and badly managed before COVID-19.

The economy of Saint Lucia experienced a negative 23% decline, the highest in the region. Saint Lucia borrowed the most in the Eastern Caribbean Monetary Authority and presently has the highest debt portfolio in the OECS Monetary Authority Debt servicing Mr. Speaker accounts for 31% of total revenue.

Mr. Speaker allow me to briefly outline the state of the finances of our country when we were elected to government as of July 31, 2021, St. Lucia Debt was as follows:

Public Debt	-	\$3.932 B
Local Payables	-	\$154 M
Design Finance Contracts	-	\$184.5 M (5years' repayment)
Other commitments not accounted for unpaid land acquisition	-	\$60M
Due to the University of West Indies	-	\$27M

Other balances due by Ministries e.g. Ministry of Economic Development is indebted for work done under the Constituency Development Programme (CDP) - \$4.18M, even if the grant allocation by the Taiwanese was provided to cover CDP Payments.

COVID-19 Borrowings

The UWP government received five loans totalling \$323.8M from four existing international creditors. As of July 31, 2021, the former government has used \$301M meaning that of the COVID-19 Borrowings this government only benefitted from \$19M of these loans. My government is able to draw down on a \$10M US loan from the Republic of Taiwan.

We have found a situation where government expenses have to be financed from revenue, rollover financing, and bond financing, and treasury bills. For the last three months and before the next budget cycle begins, we have no access to institutional lending as was available to the last government.

COVID-19

The management of the debilitating effects of COVID-19, in particular, the presence of the Delta Variant has compounded the challenges faced by my government. Fortunately, we have managed to stabilize the in-country spread of the virus and initial indicators are that we are doing a lot better. We must, however, not drop our guard and remain vigilant by following the prescribed COVID-19 protocols to avoid any resurgence of the virus.

I want to thank the first responders, doctors, and nurses for their efforts in the COVID-19 battle. We also urge citizens to get vaccinated in order to hasten the return to normal life and commerce in Saint Lucia.

St. Jude Hospital

Mr. Speaker, it has been the solemn promise of my government to complete the St. Jude Hospital which we continued to work on in 2021 when we were elected to office until construction stopped by the former government in an act of political retribution and selfish vindictive motives.

Mr. Speaker allow me to further update Honourable members on the status of the St. Jude Hospital Reconstruction Project (SJHSP). Parliament will recall that I spoke to this issue on Tuesday, September 14, 2021.

The Review Committee formed has completed its assignment and handed over the Final Report to me. I intend to lay this report in this Parliament at the appropriate time. However, there are some critical findings of note which need to be reported to Honourable members.

1. The Review Committee estimates that the “**new**” hospital remains less than 30% complete. It would be impractical to work on the hospital while patients are housed on the bottom floor.
2. The SJHRP Status Report dated July 29, 2021, and prepared by the National Authorizing Office (NAO), Ministry of Economic Development has the cumulative expenditure on the SJHRP Phase 2 from commencement in February 2019 to July 2021, at EC\$118.05million. The Status Report also states that an amount, EC\$89.3Million has been paid to date. In relation to the “**new**” hospital, the review committee found that there is no programme for

the completion of any part of Phase 2 or “new” hospital to facilitate the transfer of the operations from the George Odum Stadium to the St. Jude Hospital into part or all of the lower level of Phase 2.

It is clear Mr. Speaker that the UWP government failed in its duty to provide healthcare to the people of the South by completing the construction of the St. Jude Hospital.

That decision was deliberate callous and aimed at financially benefitting members of the administration and their friends.

As we continue to aim, at providing adequate healthcare to the people of Saint Lucia we will complete the construction of the St. Jude Hospital 1st Phase. In this regard, we will seek the engagement of PAHO to identify a senior-level Czar to coordinate and provide general oversight to the St. Jude Hospital Reconstruction Project.

We will also seek to find out if taxpayers’ funds were used in a prudent and honest manner in the construction of the so-called “new” St. Jude Hospital.

Review of Hewanorra International Airport Redevelopment Project

The Redevelopment of the Hewanorra International Airport (HIA) Project has been a policy priority for the Government of Saint Lucia (GOSL) for more than a decade. Commencement and implementation of the HIA Project have been impacted by political, economic, and financial factors and, more recently, a health pandemic.

In August 2021, the Cabinet of Ministers of Saint Lucia appointed a Committee to review the HIA Redevelopment Project and to offer recommendations related to the Project’s scope and financing arrangements to identify fiscal space for reallocation to other priority projects of the Government.

Though the term of the appointment is for ninety (90) days from August 30, 2021, the Committee submitted an Interim Report containing initial findings, critical issues which have been observed during the review, and urgent recommendations.

The Committee found that the Saint Lucia Air & Seaports Authority (SLASPA) entered into a construction contract with the Taiwan-based firm Overseas Engineering & Construction Co. Ltd (OECC) for the execution of the Redevelopment of the Terminal Building of HIA.

The selection of OECC was solely determined by the political directorate, devoid of competitive bidding. By letter dated February 20th, 2019, to the General Manager of SLASPA with such instructions.

SLASPA also engaged the Florida-based Architectural firm CBRE/HEERY previously named Heery – S&G [comprised of Heery International Company, a Georgian Corporation, and Sequeira & Gavarrette (S&G) Inc, a Florida Corporation wholly owned by Heery International Company]. Heery – S&G formed part of the Consortium with Asphalt & Mining (A&M) when SLAPSA attempted to pursue the airport redevelopment utilizing a Design Finance Build model in 2010. The A&M Consortium was paid US\$2,125,256,000 or approx. EC\$5.738 million for the intellectual property rights to the airport designs.

These same designs were used and modified by the current architects, CBRE/HEERY who were again engaged at a contract price of approx. US\$15.9 million or EC\$42.9 million. It is important to note that an addendum to this contract with an amended Scope of Services and cost was signed by the Chairman of SLASPA on **July 23, 2021** (one working day before the last General Elections). Executive Consulting & Management Services Inc (ECMS) was retained by Contract Agreement dated July 19, 2018, to November 30, 2020, to provide the project coordination services at a contract price of US\$770,650 or EC\$2.08 million ECMS was further retained by Contract Agreement dated December 1, 2020, to May 30, 2023, at an additional contract price of US\$733,500.00 or EC\$1.98 million.

The firm of Amicus Legal which was retained as SLASPA's External Counsel was paid an additional EC\$1.689 million for vetting of the loan agreements relating to the project.

The original site for the new terminal was north of the existing terminal. However, the existing project site is further northwest and appears to be premised on the integration of the Desert Star Holdings (DSH) racetrack and new seaport development.

The new terminal will therefore be accessible from the La Ressource Road thereby requiring new road construction which is outside the scope of the OECC.

The project is expected to be executed in 5 packages:

- (i) Foundation package
- (ii) Shell + Mechanical, Electrical, Plumbing, and Fire Protection (MEPF) package
- (iii) Interior Package
- (iv) Landside Package
- (v) Airside Package

The effective project start date was September 11, 2020, with a planned duration of thirty (30) months. Construction commenced on November 23, 2020. Considering an initial budgeted project cost of US\$175 million or EC\$472.5 million, the then administration secured loan financing from the Exim Bank of Taiwan of US\$100 million in 2018 and from a consortium of commercial banks of \$US75 million in 2020. Additionally, the World Bank's CATCOP loan financing of US\$45 million or EC\$121.5 million was contracted in May 2020 for airfield projects. Separate and apart from the HIA Terminal Building and the World Bank's CATCOP component, there are enabling works and other master plan projects related to HIA. The full costing and financing information for those are not yet available to the Committee. Consequently, the total cost to the Government of the entire HIA Capital Improvement Program (CIP) remains unclear.

Based on the information and documentation presented, the Committee found some critical contractual and administrative issues such as:

- (i) the absence of a peer review and structured project dossier for the Project;
- (ii) the Project was not comprehensively appraised at its commencement;
- (iii) the contract price for the Project (US\$130.7 million) is not fixed and was based on preliminary rather than detailed designs; and
- (iv) sole source procurement was adopted rather than competitive procurement of architectural and engineering (A&E) as well as contractor services.

The prevailing administrative and contractual issues expose SLAPSA and the GOSL to significant risks, particularly project cost escalation. The expenditure to date is approximately US\$31.8 million or EC\$85.86 million. **In fact, OECC claimed that the likely cost overruns up to the shell phase of the project will be approximately US\$42 million or EC\$113.4 million.** Under Rough Order of Magnitude (ROM) scenarios, a continuation of the Project under its current track can cause the Project cost to range between US\$220 million (5.0 percent of GDP) to US\$245 million (5.6 percent of GDP).

A worsening of project execution from its current track can cause the Project to end up costing approximately US\$400 million (9.1 percent of GDP), a little more than double the initial ROM costing of US\$175 million (4.0 percent of GDP). The realization of any one of these scenarios can potentially push up the country's debt to GDP ratio.

The project is behind schedule with 10 percent completion when it should be about 40 percent complete. The rate of progress analysis indicates that the project is delayed by nine (9) months as of September 2021. Project delays are due to factors relating to the impact of COVID-19 and an ongoing impasse between CBRE/HEERY and OECC on the Phase 2 Shell package.

Should the existing impasse with the Shell Package become protracted, the Project risks encountering disruption costs including those related to arbitration and litigation as specified in the Contract. Further, poorly written contracts, namely those for CBRE/HEERY, ECMS, and the OECC, blur critical roles and responsibilities especially those for project management.

It can be concluded that the interests of the taxpayers have not been adequately protected. The Government of Saint Lucia who has guaranteed the project. SLASPA has also provided the contractor with a guarantee to cover cost overruns with no limits for the construction of the project. This is dangerous and if it is allowed to continue, could potentially result in a financial predicament for SLASPA, as the project cost can increase by more than 100%.

The five options proposed for review are:

- 1 Do nothing. Complete the terminal using the current design and determine the overall cost.

- 2 Scale down existing design to obtain a single structure by removing components including the elevated roadway and third floor with VIP lounges.
- 3 Use the design from 2010 with the construction of the terminal in the car park, north of the existing terminal, and demolition of the existing terminal.
- 4 Keep the existing terminal and incorporate it into the expansion. Create a connector and use the existing terminal for arrivals and the new scaled-down (along vertical plane) terminal for departures. leaving room for future expansion if required. piling would have already been in place.
- 5 Determine what could be salvaged from the ongoing foundation works and relocate the new terminal further towards the east.

The government awaits the final report of the committee but in the meantime will include the identification of various value engineering options to ensure that the monies of the taxpayers were not squandered.

Constitutional Reform

Mr. Speaker, the government is committed to constitutional reform. We have signalled our good governance intentions by the appointment of a Deputy Speaker. We have in the first 100 days re-ignite the Constitutional Reform Commission presented to Parliament in a Motion debated on August 18, 2015, and August 25, 2015.

On assuming office, the Government, recognizing that since the approval of the Resolution by Parliament in 2015 for the establishment of the Committee, little progress has been made on this important matter. We have taken steps to pursue the implication of the Constitutional Reform recommendations as a matter of high national priority.

In fulfilment of this objective, my Government will work with and take the necessary steps in consultation with the Speaker and the Leader of the Opposition to ensure that this matter is actively pursued.

Government will take the necessary steps to make available to the Parliamentary Committee the requisite consultancy and technical assistance required in pursuit of its mandate and Terms and Reference.

It is our aim that changes in the Constitution of Saint Lucia will be effected fully or in part during this electoral term.

The Consumer Protection Act

This piece of legislation will streamline the administrative aspects and processes relating to consumer protection complaints, the resulting investigations, and hearings.

The COVID-19 (Prevention and Control) (Amendment) (No.2) Act

Amendment No2 Act amended the COVID-19 (Prevention and Control) Act, No. 9 of 2020 (the Act).

The Act aims to regulate the containment of the spread of COVID-19 in the interests of public safety, public order, and public health. It had been in force since October 2, 2020.

Among other things, the Act made COVID-19 breaches ticketable offenses thus reducing exposure of members of the Police Force to COVID-19.

Criminal Records (Rehabilitation of Offenders) (Amendment) Act

Two new sections were added, one of which was the records of persons who have been convicted of offenses under the COVID-19 (Prevention and Control) Act, No. 9 of 2020, and simple possession of cannabis or cannabis resin, that is 30 grams or less under the Drugs (Prevention and Misuse) Act, Cap. 3.02 may be expunged through the exemption by the Minister.

Drugs (Prevention of Misuse) (Amendment) Act (No 13 of 2021).

The Act decriminalizes small quantities of cannabis by allowing the possession of up to 30 grams of cannabis.

The Minister of Health will sign the **Drugs (Prevention of Misuse) (Cannabis Cultivation) Regulations** which will make provision for the cultivation of not more than 4 cannabis plants at a time by a person at his dwelling house.

I am pleased that despite all the financial constraints we have managed to meet some significant commitments made to the people in the Saint Lucia Labour Party's Election Manifesto. Meeting those commitments meant changing the priorities of government by putting the people first. This simple but profound philosophical shift has brought much relief to parents and households across the country and will continue to bring much more in the coming days, weeks, and months of this Labour Administration.

My Ministerial colleagues will detail some of the initiatives we have undertaken in bringing much-needed relief to the people of Saint Lucia.

Conclusion

As we move past this milestone of 100 days, my government will satisfy its election promises to the people of Saint Lucia. There are many investors keen to do business in Saint Lucia because of the openness and trust they have found in this Saint Lucia Labour Party administration. I call on the Saint Lucian public to be patient. We are in government to work in the interest of the Saint Lucian people.

The times are challenging but there is reason for optimism. Our tourism sector is on the up, businesses are beginning to return to some normality, investors are showing greater interest in Saint Lucia, there are some major capital infrastructural works being planned. The COVID-19 situation, according to the health authorities is trending well. I look forward to continuously updating you on the progress we have been making as a government, which cares and puts people first.

Meanwhile, we will continue to work in the interest of the people of Saint Lucia. I want to thank the members of the private sector, unions, protective services, civil servants, NGOs, and churches

for their understanding and willingness to dialogue with the government, we are truly grateful. We pledge to govern with fairness, equity, dialogue, and accountability.

The future is challenging but the prospects are encouraging as we seek to rebuild our country from the pandemic and the disastrous policies of the former government.

I thank you.