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PM outlines strategy for economic recovery and sets a 2.5% growth target



The 2012/2013 Budget Debate wound up late Friday evening with charges and counter charges late Friday afternoon about who is ultimately responsible for the island's 2.2 billion dollar debt. The Prime Minister Dr. Kenny Anthony acknowledged that debt reduction is central to a sound economic policy and the 2.5% growth rate which is the target for 2012. Economic activity is expected to be driven by the construction sector, tourism and other sectors.

The Prime Minister's strategy for economic recovery hinges on a three point plan for recovery – Job Creation, Construction Stimulus and Fiscal Consolidation.

Prime Minister Dr. Anthony declared Job Creation as Priority Number One, detailing a number of programmes that government itself was going to implement with names such as LEAP [Labour's Employment Activation Programme, as announced in the Labour Party's manifesto. This programme has been renamed NICE, National Initiative to Create Employment. Then there is SMILES which is Single Mothers Employment Programme and YEP [Youth



Prime Minister Dr. Kenny Anthony

Empowerment Programme], YAEP [Youth Agricultural Entrepreneurship Programme] and STEP, [The Short Term Employment Programme].

Priority Number Two is four-point [18 month] Construction Stimulus. The first removes all duties and taxes on sand, cement, lumber [including plywood], steel bars, rods and paints used in the construction of homes and commercial buildings. The second is a removal of Stamp Duty, which currently stands at 0.25% on loans for residential and commercial mortgages. The third stimulus will come through the availability of serviced lots to be undertaken by the National Housing Corporation with financing through the St. Lucia Development Bank. The fourth plank of the Construction Stimulus should result in the reduction in the costs charged by the legal fraternity and the banking sector in relation to home construction.

The government is also hoping the banks will reduce the interest rates on loans for construction and follow the lead by Bank of Saint Lucia to provide loans at an interest rate of 5% per annum for a five year period, after which it will return to the market rate.

It is the Prime Minister's hope that a spike in construction will seriously reduce the rate of unemployment as was the case during pre-ICC World Cup construction when the rate went down to 14%. Today unemployment stands at 21.2% at the end of 2011.

For the productive sector the Prime Minister announced revised incentives for Manufacturing and Tourism, improving the climate for doing business, plans to further develop the agriculture and fisheries sector.

- PM outlines strategy for economic recovery and sets a 2.5% growth target
- Sources of finance for the 2012/2013 budget
- VAT tops list of fiscal measures by government
- VAT team to meet Chamber May 22nd
- ECFH group remains profitable in 2011
- OPR to launch EXPO 2012 on Tuesday
- SLHTA AGM Friday May 18th at Rex Resorts
- Caribbean Bankers get familiar with Tax Compliance Act
- Junior Achievement participants attend "record keeping" workshop
- LIME Baywalk lends a helping hand
- Sandals Foundation helps Bisee residents in clean-up efforts
- Commerce Minister congratulates two award-winning local companies

» **Headlines**



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Sources of finance for the 2012/2013 budget

In presenting his 1.4 billion dollar budget [\$962.94m recurrent expenditure and \$494.92m capital expenditure] Prime Minister Dr. Kenny Anthony, noted that 92% of the recurrent revenue will come from taxes.

For the capital budget \$105.3m will come from grants with the main donors being the European Union \$37.7m, Taiwan \$33m, Japan \$14m, and the Caribbean Development Bank \$7.90m.

Government hopes to raise \$323.99 via government instruments including Bonds. Other loans will come from the Caribbean Development Bank \$69.8m, the World Bank \$28.4m and from the Kuwait Fund for Arab Economic Development \$7.4m.

VAT team to meet Chamber May 22nd



PS Isaac Anthony addressing the media at VAT Public Education launch

The VAT Implementation Office headed by Adria Rose Sonson has announced the details of a Public Education campaign which will be intensified now that the Prime Minister Dr. Kenny Anthony has set the September 1st implementation date.

The VAT team will over the next few months engage every sector of society in providing as much information and answers as possible to all VAT related questions. There will be strong concentration on the business

sector which is the one really responsible for the facilitation of the Value Added Tax. The VAT Implementation Team has already started consultations with the various sub-sectors within the business fraternity but will step up meetings now that the VAT countdown is on.

The Inland Revenue Department and Customs and Excise Department two of the agencies which will be central to the VAT collection and management have been involved and are now reconfiguring their staff structure to handle the modernised and simplified tax regime. In some areas additional staff will have to be hired for the efficient implementation of VAT.

The VAT office will also engage the media, print, electronic and Internet in ensuring the correct information gets out to the public. There will also be VAT round tables which will involve local and regional experts on VAT for a non-aligned and informed debate on the issues.

There will be community engagement as well with the first, organised by a church in the Entrepot area slated for May 24th.

VAT tops list of fiscal measures by government

Prime Minister Dr. Kenny Anthony outlined five fiscal measures to be addressed over the next 12 months. VAT, the Value Added Tax tops the list, followed by a revision of taxes on personal and corporate incomes. There will also be an adjustment of the Application Fees for Alien's Landholding Licenses and a reform of the Property Tax regime. In addition the policy on fuel pricing will also be revised.

VAT will replace consumption tax, hotel accommodation tax, motor vehicle rental fee, mobile cellular telephone tax and the environmental protection levy. A standard VAT rate of 15 percent and a rate of zero percent will be charged on certain goods and services. However, in respect of the hotel sector and related services, a reduced rate of 8% will apply until April 30, 2012. Between September 1, 2012 and April 30, 2013, the impact on the sector will be assessed and a final determination will be made on the rate to be applied beyond March 31, 2013.

A threshold for registered tax payers of \$180,000.00 per annum will be established. This means that it is not mandatory for businesses earning less than \$180,000 per annum to register for VAT. The threshold is based on the annual sales turn-over of the tax payer.



CTV News nightly at 8:00

with Alisha Ally



ECFH group remains profitable in 2011



The East Caribbean Financial Holding Group of Companies (ECFH) recorded net profit after tax at \$8.7 million in 2011 compared with \$9.7 million in 2010; with total assets at end of 2011 at \$3.2 billion.

All subsidiaries of the Group, with the exception of Bank of Saint Lucia Limited, recorded a profit in 2011 with the Bank of St. Lucia International (BOSLIL), EC Global Insurance Company and ECFH Global Investment Solutions Limited achieving growth in profits over the previous year. Worthy of note is Bank of St. Vincent & the Grenadines (BOSVG), the newest subsidiary of the Group, which performed very well in its first full year of operations as a member of the ECFH Group, recording net profit after tax of approximately \$5 million. Also EC Global Insurance achieved the million dollar mark for the first time with a net profit before tax of \$1.06 million.

Bank of Saint Lucia Limited, the Group's largest subsidiary, recorded a loss after tax of \$9.5 million; however total assets grew by 6.5% in 2011 to \$1.93 billion. Total interest, fee, commission and trading income increased over 2010, whilst operating cost remains well managed. The focus on operational efficiency will continue in 2012 with implementation of the Group's strategic plan which is well underway.

The performance of the Bank was affected mainly by the provision for impairment losses on loans, particularly lendings in the tourism sector, and regional bond investments, as the local and regional economies continued to experience difficulties with little recovery in 2011. It should be noted however that the Mortgage Finance Company of Saint Lucia recorded a net profit after tax of \$5.8 million in 2011 and as this subsidiary is expected to be integrated into the Bank of Saint Lucia by the middle of this year we expect an improvement in the Bank's results. This merger would involve an increase in the bank's capital base of in excess of \$20 million.

An interim dividend of 10 cents was paid in October 2011. Considering the need to be prudent in managing the organization through this difficult period, which would continue for another year, and in order to protect the Group's capital base, the Board of Directors has decided not to make a final dividend payment for 2011.

OPSR to launch EXPO 2012 on Tuesday



The Office of Private Sector Relations, OPSR, will on Tuesday formally launch "EXPO 2012", a showcase of the excellence and authenticity of local produced goods and services. The Expo will be held under the theme "Expect, Experience, Export – The Best of St. Lucia". The launch will take place at Auberge Seraphine.

Amongst the highlights of the programme will be remarks by the Minister for Commerce, Business Development, Investment and Consumer Affairs, and representatives from the St Lucia Chamber of Commerce, Industry of Agriculture, The St Lucia Coalition of Services Industries, and the St Lucia Manufacturers Association, as well as cheque presentations from sponsors.

SLHTA AGM Friday May 18th at Rex Resorts



Karolin Troubetzkoy - President of the SLHTA

The St. Lucia Hotel and Tourism Association will hold its Annual General Meeting on Friday under the theme "Tourism: A Hand In Hand Partnership - Now More Than Ever, We Need Each Other".

The meeting was due earlier but was pushed back to facilitate the Budget Address and debate. A keynote address will be delivered by SLHTA President Mrs. Karolin Troubetzkoy.

The meeting will commence from 8:00AM. In the evening the SLHTA will host its President's Gala Ball, described as a "A Fund Raiser and Celebration of Industry Excellence".

Honorable Sir K. Dwight Venner, Governor of the Eastern Caribbean Central Bank will deliver the keynote address at the function which will also include a celebration of outstanding achievers in the hotel industry, presentations of the prestigious Crystal Awards and an Industry Lifetime Achievement Award.

All proceeds from this President's Ball will be used primarily to provide bursaries and activities geared towards strengthening the competences of young deserving students of industry workers.



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Caribbean Bankers get familiar with Tax Compliance Act



Attendees at FATCA training workshop

A two-day training workshop, organized by the Caribbean Association of Banks and facilitated by PwC Barbados and Compliance Aid in Antigua, attracted professionals from the banking and financial services institutions throughout the Caribbean.

The workshop was conducted by subject matter experts Mr Berkeley Greenidge, Advisory Services Director PwC and Ms Michelle Martin, President and CEO ComplianceAid.

Special time and consideration was given to providing a detailed understanding of the important new FATCA (Foreign Account Tax Compliance Act) US regulations which will come into effect on 1st January 2013.

Workshop participants were taught how to develop a comprehensive, entity-wide, anti-money laundering program, using a risk-based approach, to encompass all of the best-practice components in order to detect, prevent and deter criminal activities. Practical typologies were delivered, to assist each participant's institution in achieving compliance with the Anti-Money Laundering and Counter Terrorism Financing laws and regulations.

The workshop was very well attended by, predominantly, Compliance personnel in the financial services industry who found the information comprehensive, up to date and useful.

Junior Achievement participants attend "record keeping" workshop

On Thursday 10th May 2012, students participating in the Junior Achievement Company Program attended a record keeping workshop at the Chamber of Commerce Conference Room, Vide Boutielle. The program which has been in existence in St Lucia since 1996 provides Secondary School students with the skills and knowledge to start and run an entrepreneurial enterprise under the mentorship of a volunteer / Teacher Advisor.

By organizing and operating an actual business enterprise during a 12 week period, students not only learn key entrepreneurial skills and how businesses function, but they also learn about the structure of free the enterprise system and the benefits it provides. The goal is to provide participants with relevant and interesting learning experiences in order to help them prepare to take their learning into the real world, empowering them with the necessary skills to own businesses and, in turn, take responsibility for their personal economic success.

The aim of the workshop is to assist participants in understanding the importance of record keeping within any organization and the proper way that these records are kept. The workshop was facilitated by Mr. Benjamin Menald, Volunteer and Board Member of Junior Achievement.

Program Coordinator of Junior Achievement, Ms. Agnella Joseph said, "Junior Achievement is committed to providing the youth with relevant, real-world experiences that help position them to become successful business leaders, consumers, and work ready individuals. The Company Program gives young people the opportunity to start businesses, create jobs, be workforce ready and learn the importance of team work."

LIME Baywalk lends a helping hand



Fire Victim Joanita Peter [far left] with staff of LIME Baywalk

Gros Islet resident Joanita Peter's whole world was turned upside down on Easter Monday, 9 April 2012. An employee of St Clair & Associates, she was on her way home from a family outing when she got a call to let her know her Massade home was on fire. She was, understandably, devastated. More to the point, she was homeless.

One of Joanita's tasks at St Clair & Associates is to perform janitorial duties at LIME Baywalk. Once the staff at the flagship retail outlet became aware of her situation, they decided to come to her assistance. On Wednesday, Retail Supervisor Mariella Daniel presented two grocery hampers containing toiletries and other non-perishable items and a FLIPtop computer to Joanita and her 17-year-old daughter, a Form 5 student at Corinth Secondary.

Two of Joanita's children will be doing external exams in a matter of weeks; her elder daughter at Corinth will be writing six CXC subjects and the second-youngest is preparing for the Common Entrance. I am so appreciative and thankful to the staff at LIME," said Joanita. "Right now we are living with one of our neighbours, but we are hoping to build a new home as soon as possible, and every bit helps. Thank you, LIME."

Sandals Foundation helps Bisee residents in clean-up efforts



Bisee residents along with Sandals and Solid Waste Authority officials create cleaner, safer community

An official from the St. Lucia Solid Waste Management Authority has warned that, St. Lucians must engage in a hands-on approach to the chronic problem of illegal dumping on the island. Cassian Henry who is the zonal supervisor of the Authority for the north of the island made the warning whilst commending the Sandals Foundation for executing the cleanup of a 15 year-old dump site at Bisee.

Henry notes that the intervention by the Sandals Foundation has not only removed a longstanding eyesore but also alleviated a major health risk to the people in the community and beyond.

Public Relations Manager of the Sandals Foundation in St. Lucia, Chantal Antoine added that the initiative is part of a bigger regional initiative by the Foundation. "We have decided this year to focus on this project to celebrate Earth Day and we join hands with several other efforts to preserve the precious environment by the Sandals Foundation in our sister islands. Our problems across the region are similar and so we have to combat environmental degradation from a regional point of view," adds Antoine.

If you have missed the nightly **CTV News** which airs at 8:00, then visit the **Calabash TV YouTube page** www.youtube.com/calabashtv for reports and special features. **The Calabash TV website** is under construction but this copy of the **Caribbean Business Report** can be accessed at www.calabashtvstlucia.com

Caribbean
Business Report



Commerce Minister congratulates two international award-winning local companies

Minister of Commerce, Business Development, Investment and Consumer Affairs and MP for Gros Islet Emma Hippolyte has enthusiastically congratulated two local companies for winning top awards at a recent international business convention and gala awards ceremony in Germany.

Construction and Industrial Equipment (CIE) Ltd and Viking Traders Ltd, both locally-owned companies operating in the North of the island, were among 48 countries from Africa, Asia, Australia, The Caribbean, North, South and Central America, Europe and Oceania that received "Arch of Europe" awards from Business Initiative Directions (BID), a Frankfurt-based international business development entity that awards companies worldwide for excellence in their respective sectors.

CIE won the Gold award among construction companies and Viking won the Platinum in its manufacturing category, with both companies collecting their awards at an April 30th BID Convention and Gala Awards ceremony at the Frankfurt InterContinental Hotel from BID President and CEO Jose Prieto.

CIE has been in existence for some 15 years and Viking for 33 years, each among the local leaders in the construction and condiment manufacturing fields, respectively.