



Prime Minister Honourable Allen M. Chastanet

Address to Nation on the Government of Saint Lucia's Response to COVID-19 Impact: Social Stabilization Programme (Phase 1)

8TH April 2020

The Outbreak of COVID-19 has created two crises: one is a health crisis and the other is an economic crisis, the likes of which we have never seen.

In attempting to deal with the health crisis, we are confronted with the realities of the way this disease spreads. It is not waterborne or spread by mosquitoes and there is no vaccine. The spread is human to human and its airborne. Those conditions have caused the complete shut down of cities, countries and now the world. In essence, this has humbled the entire Global economy.

Here in Saint Lucia we have seen it firsthand: there are no flights, no cruise ships, all hotels have been closed and approximately 13,000 staff have been laid off. All the supporting services have been shut down: taxis, restaurants, bars, duty free shopping, and suppliers.

That in turn has impacted the activity of the ports, consumption of water and electricity, consumption of agricultural products and it has significantly impacted revenue to private businesses and to the Government.

As our Government monitored the outbreak of COVID-19 in the world, we focused on our capacity to deal with a community outbreak.

Our strategy was to delay a community outbreak for as long as possible and balance that with our economic capacity to do so. Taking the draconian decision from early to shut the country down would have been catastrophic. In doing this balancing act we always leaned on the side of the protection of the health of our country.

This is why we took some tough decisions as it pertained to the cruise industry and imposed travel restrictions on heavily affected countries in the world.

Simultaneously, we have been building the health capacity of the country to deal with the eventual outbreak.

So the decision was made to move into OKEU, even though it was not 100 percent ready and to convert Victoria to a respiratory hospital. Orders were made very early to equip Victoria Hospital and the decision was made to request doctors and nurses from Cuba to help support the move into OKEU as well as manning the respiratory centre.

Once the UK, Canada and the US were added to the caution list for travel, all of the hotels closed down and we quickly converted three hotels into quarantine areas. Other hotels are willing to add their rooms to this effort.

Let's not forget the operation of these quarantine hotels require nurses and police officers. This was an essential measure to quarantine the hundreds of Saint Lucians who were coming home and had to be put into compulsory quarantine.

As those numbers grew, it became very clear that we would have to shut our borders. Not because of the lack of rooms but because of the sheer manpower it would take. Similarly, we realized that voluntary quarantining was not working. Once we had more positive cases in Saint Lucia, the contact tracing generated over 100 persons for administrative quarantine. Our inability to do mass testing meant we had to put every Saint Lucian into Administrative quarantine when people did not adhere to those rules we were forced to institute a 24-hour curfew.

We have succeeded as a Government and People in delaying an extensive community spread. I can say to you that we are better prepared than we were a month ago. The health care interventions taken so far and those that are planned are estimated to cost in excess of \$30 million.

The reality is that we are not in a position to maintain a 24-curfew for an extended period of time. So the decision has been to keep the grocery stores open, along with essential services. That minimum level of operation still creates immense risk of the spread of the virus.

The only way to minimize that risk is by people being disciplined. The reopening was for people to get some basis items and head back home. We created two zones to minimize the movement of people. I want to assure Saint Lucians that the food supply is not going to run out and supermarkets and shops are not going to close. So please stop rushing out, taking long lines and disregarding social distancing. Take advantage of home delivery and grab bags.

We have extended the shopping hours to end at 6:00pm this week. The supermarkets will also be open on Easter Sunday until 2:00pm and Monday until 4:00pm.

I am appealing once again to all Saint Lucians to comply with the established protocols.

As I mentioned because of the closure of our international trade and the restrictions on local commerce and activities, COVID has created significant hardship and fear amongst the population.

As you know many people in the hospitality industry and domestic sector have been laid off. So at this time the Government has felt it extremely important to focus on a Social Stabilization Programme. One that might not replace your salary but certainly, it will soften the economic blow and provide some level of relief.

The focus of the social stabilization is two-fold:

- the persons who have completely lost their income
- the more vulnerable persons in our society:
the elderly, persons on the poverty list and persons waiting to be on the poverty list.

Temporary income support will be provided to NIC contributors and non-NIC contributors for a period of 3 months in the first instance.

With respect to NIC contributors, a monthly payment relative to your salary will be paid between \$500 and \$1,500 will be offered, for a period of three (3) months in the first instance starting in April.

Persons eligible for this program:

- had to have paid contributions to the fund for at least 1 month prior to February 2020;
- became unemployed as a result of the COVID-19 pandemic;
- must not have been not in receipt of other benefits from the NIC.

The NIC allowance is estimated to cost **between \$33 million and \$80 million**, over a 3 month period, depending on the number of eligible persons. A review will then be conducted to determine whether an extension for another 3 months will be needed.

The Government will provide a subsistence allowance to persons, who have been displaced (through loss of employment or income) as a result of COVID-19. This income support will be in the amount of \$500 monthly for 3 months. This is expected to be in excess of **\$16.8 million**, based on the number of eligible persons.

Our situation today, brings to light the importance of persons signing up to NIC. For those not making a contribution and who the Government will be providing support to a precondition will be they must sign up to the NIC.

Against the reality of significantly lower revenues during the period April to June 2020, the government is confronted with the challenge of balancing the need for social stabilization to provide relief to our people against the government's own revenue needs to generate resources

to respond to these very same expectations and requests from affected persons. Nevertheless, the following measures will be implemented.

1. An extension of time will be granted for **Corporate Income Tax instalment payments** due on March 31, June 30, and September 30, 2020. The extension of time is for one (1) month in each instance.

2. An extension of time will be granted for the **filing of Income Tax Returns by one (1) month for all tax types** administered by the Inland Revenue Department. This pertains to all individuals, individual enterprises, companies and other entities. Persons and entities are all encouraged to use the **Inland Revenue Department's Electronic Filing Platform to file their tax returns and make payments online**, as it is a convenient, safe and reliable medium. This will also facilitate greater adherence to the social distancing protocols currently in place.

3. The **waiver of interest and penalties on all tax types** administered by the Inland Revenue Department due in the month of March, 2020. Similarly all payment due dates for the months of April to September 2020 will be extended by one month (for example, Value Added Tax (VAT) payments due on April 21st 2020 will now be due on May 21st 2020; Personal Income Tax payment due on March 31, 2020 will now be due on April 30, 2020).

4. In order to encourage companies to maintain their staff the Government will offer a **tax credit** of 30% of the employee's full salary. The tax credit will be tiered, based on the number of employees that are retained by the entity. One condition is that the company would have to obtain a tax clearance certificate from the Inland Revenue Department, to show that they are not indebted to the government for the payment of taxes.

5. Barrel Concessions - As part of the Government's response to the impact of this pandemic, the **annual duty-free barrel trade will take effect much earlier than normal and start in June** to allow persons sufficient time to receive much needed items from family members and friends abroad.

The government is working collaboratively with the **commercial banks to support a moratorium on bank mortgage repayments** (principal and interest) for both individuals and entities for a **period of 6 months** (April to September 2020). As such, displaced workers and businesses adversely affected by the COVID-19 pandemic will obtain much needed relief from the commercial banks. The government will also seek to support similar relief from Credit Unions for their customers who have been displaced or suffered loss of business.

The government is also working closely **with financial institutions** such as the Saint Lucia Bankers Association, the Eastern Caribbean Central Bank, the Caribbean Development Bank, the World Bank, the International Monetary Fund and other international development partners to seek financial relief. Relief sought includes moratorium on debt payments, grant funding, policy- based loans and budgetary support. This will go a long way in providing the government with some funding in order to bring relief to those who have been adversely affected by COVID-19 and to help stabilize the economy.

Further to our discussions with Insurance **companies** they have agreed to provide some relief to persons who have lost their jobs. The assistance being considered is in the form of premium insurance certificate where individuals would receive a moratorium on the payment of their insurance premiums, however they would still be provided with insurance coverage during that period. Individuals and Companies must contact their insurance brokers to formalize these arrangements.

The government has been engaged with the **utility companies** with a view to get some relief for those who have suffered job loss. The Saint Lucia Electricity Services (LUCELEC) has given its commitment to provide support to those on welfare and those who may have lost their jobs as a direct result of the COVID-19 crisis. Working with the relevant agencies to identify these customers, the Company will suspend disconnections for these groups at this time. This will be reviewed month to month to determine if this pool should be expanded. LUCELEC is also assisting the Government of Saint Lucia with covering some of the costs associated with operating the quarantine and isolation centres.

We know that the COVID-19 pandemic has affected businesses in all sectors and measures under the coming economic stimulus will seek to assist small, medium and micro enterprises. In the interim we are proposing:

1. The **suspension of all rent payments** for six (6) months for vendors and operators of hospitality operations, including restaurants, which are accommodated in units owned by the government, for SMMEs with can demonstrate loss of business.
2. Provide direct **support to local indigenous farmers** to support increased productivity and inputs to supply the local and regional markets.
3. Provide relief to **minibus operators** through the payment of \$1.1 million in fuel rebate.
4. Provide targeted support to **farmers and fishermen** adversely affected through the purchase of products from farmers and fishers. On this note, I would like to encourage fishermen to participate in the COAST insurance facility in light of the impending hurricane season. In light of the difficulties experienced by Winfresh, today, the Government injected one million dollars into National Farmers Trading Organization (NFTO) on behalf of Winfresh with another payment of one million to follow soon.
5. The government is considering special concessions to entities which are **producing sanitation products and health care products such as face masks**. The government will also encourage entrepreneurs to produce alternatives to imported vitamin C supplements for local consumption.
6. We will be developing a strong **“Buy Local Campaign”** to reduce our importation bill, facilitate diversification, spur investment in local enterprises, foster greater consumption and assist in generating some level of employment.

The Department of Commerce, in consultation with other agencies, has established a list of essential supplies related to COVID-19 response.

After much discussion, we have decided to not institute price control on these supplies as research suggests that price control is not the most effective mechanism during a state of emergency. Rather, we are proceeding with the **implementation of price gouging legislation to protect consumers from price gouging by businesses or persons who would sadly seek to profit from this human crisis.**

The government will arrange to have some of these items in bulk and make them available through the public health facilities at no or a significantly reduced cost, with the hope that the less fortunate members of society would have access to these supplies. Additionally, the government will seek assistance from donor agencies to provide these items to the vulnerable and poor in society at no or marginal cost.

More importantly, the government is endeavouring to encourage and facilitate the **expansion and production of these products by local manufacturers using local raw materials.** Any manufacturer that wishes to diversify into production of any of these items will receive automatic approval from the Minister with responsibility for Commerce and the Ministry will process the documents for the duty-free concession on the relevant inputs. This would not only help our companies to retain staff and stem the tide of unemployment but would enable these manufacturers to take advantage of the opportunities that this crisis presents. We shouldn't waste a crisis. In the words of the late Sir Dwight Venner, **"A crisis is a terrible thing to waste"**.

A large portion of the this programme is expected to be funded by our regional and international development partners namely — the Caribbean Development Bank, the World Bank, the International Monetary Fund (IMF) and the European Union and our international friends/allies. A key bi-lateral creditor, the ROCT's Exim Bank, is also considering much needed assistance. Supplementary support will come from the Eastern Caribbean Central Bank (ECCB) as well as from the National Insurance Corporation (NIC).

Support is expected from several local entities such as our utility companies, telecommunication companies, credit unions, commercial banks and other private sector organizations, which are

willing to participate in our national journey of recovery and other entities are also expected to play a significant role in the country's economic recovery.

Discussions with our development partners are ongoing. The process of the request for funding is more advanced with some organizations than others. The IMF has begun its internal processes towards approval of our request for immediate resources under its Rapid Credit Facility (RCF). The repurposing of existing loans with the WB and CDB are at an advanced stage, as is the preparation of packages under newly created COVID-related facilities, to assist borrowing member countries. We look forward to receiving these at the soonest.

Even as we engage in discussions with these development agencies and friendly Governments, we must show we are doing everything possible to help ourselves. That's why I am grateful to the many persons and companies that have already made contributions to Saint Lucia's efforts and I call on others who are able to support the National Telethon on Sunday. This is specifically to help support those persons on the front lines and to support our feeding program. Also remember the telethon is not just about contributions its also about prayers and good wishes for our front liners.

We recognize that at this time we must pay special attention to our poor and vulnerable. The National Emergency Management Organization (NEMO) will continue to work with various agencies to create one list in order to ensure we reach those persons most in need and there is not a duplication of efforts. The Director of NEMO will be addressing you tomorrow on the efforts of the organization during the 24-hour curfew and specifically the distribution of care packages.

The SLHTA is also collaborating with the Ministry of Agriculture, other Private Sector Associations, Non-Governmental and Service Organizations to undertake a National Meals Program (NMP). The first phase of the program will begin this Easter Sunday 12th April 2020 with a limited roll out, however, the program will eventually feed 5000 underprivileged persons on a daily basis using produce from local farmers.

Meanwhile, as we try to cope with this crisis, we should begin to position ourselves to prepare for full recovery and takeoff when the global economy recovers. Things may not be exactly the same as pre-COVID-19, but opportunities will arise for new businesses and for return by existing businesses. Notwithstanding the vulnerability of the tourism sector as witnessed with

this crisis, I firmly believe that tourism will remain a big part of our economic fortunes in the future.

I am appealing to creditors to demonstrate compassion by providing relief to persons indebted to you. This includes landlords, hire-purchase companies, etc.

Unfortunately, we are currently faced with a drought amidst the de-stabilising effects of COVID-19. In addition, the 2020 hurricane season is not too far away. This all makes the situation and challenges somewhat daunting, but with our collective efforts we can overcome these threats.

As I said earlier, we are fighting two wars: on the health front and the economic front. The intention of this social stabilization plan is to bridge the gap between our current situation and economic recovery. We are trying to find all the resources possible to create stability until the all clear is given.

Government is already working on economic stimulus and it is my intention tomorrow to commence dialogue with the private sector and the opposition to update them on proposed measures and to engage them on how we can solve the issues we face. A team headed by Labour Minister Honourable Stephenson King has been meeting with the unions on how we can work together to stabilize the current situation. Once we have a better understanding of the state of the local, regional and global economy, we will agree on a plan and start implementation.

In the meantime, let us all play in our part in preserving our country, the Helen of the West, by joining our forces.

I continue to express our collective gratitude to those who are on the frontlines of this battle for the sacrifice that they are making on behalf of the rest of us. There's nothing to compare with a person laying down his or her life for another, and in this Holy Week the part being played by our doctors, nurses, policemen, emergency personnel, customs officers, stevedores, supermarket and gas station staff, and others assumes greater relevance.

I am aware that there will be great anxiety in our country about the future, but we have braved social and economic crises before and have come through. But the key is to work together and

in these especially difficult times we must be our brother's keeper. May God Bless you all and may God continue to Bless our country.