Mr. Speaker, this government has always placed people at the center of its developmental focus, and consistently prioritized poverty reduction – be it through our investments in education, our work to secure a decent minimum wage, the jobs that we have added to the economy, our emphasis on agriculture and entrepreneurship, or the tireless efforts of our dedicated workers within the Ministry of Social Development.

This people-centred approach on poverty reduction is also apparent in our embrace and active mainstreaming of the 17 internationally-agreed Sustainable Development Goals. The first two of those goals – "No Poverty" and "Zero Hunger" – have been given voice and life through our implementation of the groundbreaking and innovative Zero Hunger Trust Fund. The Zero Hunger Trust Fund has taken a highly-targeted approach to determining the extent of undernourishment in Saint Vincent and the Grenadines and devising programmes to address its underlying causes. Funded through a levy on mobile calls and data, the Zero Hunger Trust Fund has delivered thousands of food baskets and food vouchers to hundreds of elderly Vincentians; it has engaged in rapid skills training programmes for at-risk youth; it has adpoted classrooms nationwide and provided meals and books to the students therein; and it is in the process of improving and upgrading the School Feeding Programme nationwide, through improvements to food, nutrition and equipment. The Zero Hunger Trust Fund has attracted the support of the Taiwanese Government, the Dubai Cares NGO, and a number of Vincentian individuals and businesses who see he invaluable work of this important entity. We expect to expand and deepen the impact of the Zero Hunger Trust Fund in 2018.

VI. **CITIZEN SECURITY**

Mr. Speaker, the subject of citizen security is of paramount importance to each of us as individuals, as families, as communities, and to the society and economy in their various manifestations. Maintaining and enhancing citizen security is many-sided. Each individual has a role to play; so, too, the family, the school, the church, the community, the civil society organisations, the mass media, the institutions of the State (the Government, the public service, the Police Service, the Prosecution Service, the Law Courts, the Prisons), and relevant regional and international organisations.

Our government, in February 2003, formulated a 14-point strategy to combat crime and the causes of crimes. We have refined, over time, this strategic framework and have been pursuing the programmatic elements within this overall strategy with vigour. Indeed, the Police Service itself has elaborated for implementation, a comprehensive "Crime Strategic Plan 2018-2021". Still, challenges remain especially in arresting serious crimes of violence, including homicides; offences against women; and offences against property. Progress has been made but much more has to be done. I feel sure that the Honourable Prime Minister who holds the portfolio of national security will address this bundle of matters, and more, in respect of citizen safety and security in his contribution to this Budget Debate.

Mr. Speaker, permit me, however, to itemize the resources available in the 2018 Budget for law and order and security-related institutions of the State.

On the recurrent side of the Budget are the following:

1. Police Services	:	$33.10 million;
2. Fire Services	:	$ 3.66 million;
3. Coast Guard Service	:	$ 4.26 million;
4. Prisons	:	$ 5.71 million;
5. Registry and High Court	:	$ 5.49 million;
6. Magistracy	:	$ 1.53 million;
7. Family Court	:	$ 1.08 million;
8. Office of Director of Public Prosecution	:	$ 1.40 million;
9. Ministry of Legal Affairs	:	$ 2.91 million;
Total		**$59.15 million**

On the capital side of the budget in 2018 are the following items of security-related expenditure:

1. Repairs to Central Police Station	:	$0.52 million;
2. Police Sub-stations	:	$0.05 million;
3. Equipment and Furniture	:	$0.22 million;
4. Vehicles	:	$0.20 million;
5. Correctional Facility	:	$0.250 million;
6. Fire Tenders for 2 Police Stations	:	$0.50 million;
7. Legal Affairs	:	$0.64 million;
Total		**$2.39 million**

In all therefore, in the 2018 Budget the sum of $61.5 million is allocated to these institutions and in the areas of law and order and citizen security. This is a huge sum. Indeed, under the Functional Classification category, Public Order and Safety, the allocation amounts to $69.3 million or 7 percent of the total budget.

The manpower numbers are also instructive. In the Police Services, there is a personnel complement of 910, inclusive of 14 Traffic Wardens and 10 Rural Constables; there are 99 Fire-Fighters in the Fire Service; there are 92 Coast Guard Officers; and 137 Prison Officers. This makes a grand total of 1,238 frontline personnel in the security establishment of the State; this, too, is a significant number for a population of 110,000 persons. In this Budget there is an allocation for an additional 50 police officers.

Further, Mr. Speaker, there are regional support security systems such as the Regional Security System (RSS) and the Implementation Agency for Crime and Security (IMPACS) in CARICOM. Additionally, there are many helpful security links with international organisations and governments.

In short, the Budget has an admirable focus on law, order, and security. The socio-economic sectors which assist with tackling the causes of crime are well-funded, too, in this Budget. A cursory look at the Estimates of Expenditure for Ministries such as Education and Social Development attests to all this.

Other, non-budget items testify to our commitment to forging partnerships that advance citizen security in Saint Vincent and the Grenadines. Pursuant to our announced collaboration with the Chamber of Industry and Commence on the issue of closed circuit security cameras, our technical experts are currently reviewing specifications submitted by the Chamber regarding the acceptable quality of the cameras and their applicability to our circumstances. Once the specifications are approved, the Government has committed to allowing the duty-free importation of qualifying CCTV cameras, to increase their use in the fight against crime. Further, in our recent discussions with the Taiwanese Foreign Minister, we have finalized a programme that will establish a number of CCTV stations at bus stops and other locations nationwide, which will be centrally viewable from a command station at the Kingstown Police Station. We expect a pilot programme of this initiative to launch in the fourth quarter of this year, with full rollout expected in 2019.

Saint Vincent and the Grenadines, and other countries in our region, stand at an important crossroads in the fight against violent crime. As criminality increases in the region, fueled by the demand for drugs and guns to our north and south, illicit products and enterprising criminals will probe our porous borders and overwhelm our security apparatus with new types of crime of increasing frequency and ferocity. That criminal activity is currently of a largely episodic and relatively disorganized nature in Saint Vincent and the Grenadines, and confined to particular locales. However, in Saint Vincent and the Grenadines, as in other countries in our region, violent criminality threatens to slowly coalesce into a more organized and omnipresent force if it is not addressed forcefully, creatively and consistently by our Police Force and our citizenry.

Mr. Speaker, the Coast Guard has been improving its sea patrol endeavours. This year, we are hopeful of adding a top-class vessel to the fleet from the Damen group. This year, too, $523,000 is budgeting to be spent on repairing the Coast Guard Jetty.

Citizen security is ultimately everyone's business. The rising wave of criminality that threatens to alter the fabric of societies in our region must be confronted frontally by all right-thinking Vincentians.

Today, we as a society must choose whether we intend to accommodate ourselves to criminality, while occasionally bemoaning police ineptitude during episodic crime waves; or whether we will stand united against it, with a coordinated response of church, school, family, village and individual that allows no space or safe haven for criminality and lawlessness to take root.

HEALTH AND WELLNESS

Mr. Speaker, the recurrent spending allocated in 2018 to the Ministry of Health, Wellness, and the Environment is $72.5 million. This recurrent spending allocation is exceeded in the 2018 Budget by only two other Ministries: Finance and Economic Planning; and Education.

This huge recurrent budgetary allocation to Health is a manifestation of its priority status to our government. The largest chunk of this $72.5 million is for Hospital Services which is earmarked at $34.4 million and which finances the Milton Cato Memorial Hospital (MCMH), the Hospital Pharmacy, Chateaubelair Hospital, the Levi Latham Health Centre, the Georgetown Hospital, and the Modern Medical Complex, the opening of which is only weeks away.

The MCMH, the premier hospital facility in St. Vincent and the Grenadines, is a veritable industry by itself. It has a staff of 628 or 136 more employees than in 2001. In 2018, there are 86 "Medical Staff" compared to 51 in 2001. And in 2018, there are far more specialists than in 2001. Further, the medical staff are far better paid: The Consultants earn 72 percent more than the fixed annual salary of Consultants in 2001; and Medical Officers are paid 60 percent more than in 2001.

At MCMH in 2018, there are more Nursing Staff and they are better paid than in 2001: There are 317 members of the Nursing Staff in 2018, 93 more or a 40 percent increase over 2001. The Senior Nursing Officer earns today 63 percent more than in 2001; the Nursing Anaesthetists earn, on an average, 85 percent, more in 2018 than in 2001; the Staff Nurses are paid 77 percent, on average, more than in 2001.

In respect of "Supplies and Materials", which includes Pharmaceuticals, at the Central Medical Stores, the sum of $8.087 million was spent in 2016, and $8.3 million is earmarked to be spent in 2018. The comparable sum budgeted in the last year of the NDP administration was $3.75 million or $4.55 million less than the 2018 figure. Even when a generous account is taken of inflation of one third, the increase expenditure planned for 2018 on "materials and supplies" is commendable. Still, operational inefficiencies and waste must be drastically reduced so as to deliver an improved service to persons in the supply of pharmaceuticals and other medical/surgical items.

Mr. Speaker since 2001, significant infrastructural advances have been made in the Health sector, including: the substantial rehabilitation of MCMH including the Pediatric Ward, the Operating Theatres, the Intensive Care Unit, the Female Wards, Diagnostic Services including the CT Scan facilities; the construction of three Polyclinics (Stubbs, Buccament, and Marriaqua); the reconstruction of the Mental Health Centre; the establishment of the MCMH as the Centre of Excellence for critical Pediatric Care, in conjunction with the World Pediatric Project; the Smart Hospital at Georgetown; and the Modern Medical Complex. These are truly impressive additions to our nation's health care infrastructure.

Mr. Speaker, in 2018 there are several initiatives in the capital budget relating to the Health sector, including: (i) the proposed purchase of an incinerator for the disposal of hazard waste for use at the AIA in sum of $400,000; (ii) a capacity-building project for the prevention and control of diabetes to be financed partly by the Government of Taiwan: the project cost is $5,5 million of which $1.8 million is to be spent this year; (iii) the continuation of the EDF-financed project for Modernisation of the Health Sector: the total project cost is $45 million of which $30 million has already been spent, and in 2018 a budgeted sum of $1.8 million is slated to be spent on various project activities; (iv) the $1 million allocation towards activities in the PAHO-Smart Health Care Facilities Project, including at Chateaubelair, the Mayreau clinic, and the Union Island Hospital; (v) the extension, reconstruction and retrofitting of the Nurses Hostel as a temporary facility to house the Lewis Punnett Home as a precursor to the construction of a modern facility for geriatric services; and (vi) the commencement of the actual designs for the Acute Referral Hospital at Arnos Vale under the World Bank's Regional Disaster Vulnerability Reduction Project (RDVRP).

Mr. Speaker, in going forward in 2018, there are at least four qualitative initiatives of relevance to the delivery of Hospital Services: the managerial restructuring of the MCMH; the opening and operationalisation of the Modern Medical Complex and two newly constructed polyclinics; the operationalizing of the Patient's Charter; and the reform of the system of financing health care, particularly hospital services.

The Honourable Minister of Health would elaborate on these, and other connected matters, relevant to the Health sector, in this budget debate.

EDUCATION: THE REVOLUTION CONTINUES

This government remains unshakeable in its conviction that education is the safest, surest and most sustainable way out of poverty and underdevelopment. As such, the consolidation of the Education Revolution remains the bedrock of our social and economic philosophy. The scope of our accomplishments in widening access to, and improving quality education of, Early Childhood, Primary, Secondary, Post-Secondary, Tertiary, Technical and Vocational, Special Education, Adult and Continuing Education, and Teacher Education is nothing short of breath-taking. With increased enrolment at the Saint Vincent and the Grenadines Community College, the University of the West Indies, and through aggressive pursuit of bilateral scholarship opportunities and partnership agreements with other Universities, we are well underway to achieving our target of one university graduate per household, on average, by the year 2030. All these initiative in education will continue to be consolidated, broadened, and deepened as the Education Revolution continues.

Just this morning, the Saint Vincent and the Grenadines Community College signed a partnership agreement with Canada's Humber College that allows holders of the Community College's Associate Degree in Business Studies to join the second year of Humber's Bachelor of Commerce Programmes in Hospitality and Tourism Management Marketing, Supply Chain Management, Fashion Mana gement, Management Studies and Digital Business Management. A quick check of the current annual fees for year one international students at Humber College indicates that Vincentian Community College Graduates who skip the first year will save between EC$31,885 and $34,515 at today's exchange rates, to say nothing of living expenses. Students: The next time someone tells you that your Associate Degree isn't worth the paper it's written on, tell them that Humber College, a quality tertiary institution, values that degree at over $30,000. Similar agreements exist with the University of the West Indies, the University of Technology, and Monroe College, among others.

Having entrenched expanded access to education at all levels, the government is focused on deepening the quality of our educational offerings and producing graduates who are well equipped to meet the challenges of a modern economy and the needs of our developing country. Prime Minister Gonsalves has prioritized the subject areas of Science, Technology, Engineering, Arts, (English, Foreign Languages, and History), and Mathematics (STEAM) for focused improvement in teaching quality and student performance. We reiterate that focus today. The modern market for labour, both at home and abroad, demands highly skilled, formally qualified, and innovative workers, with the confidence, discipline and aptitude to perform diverse tasks. That is the student we aim to produce: one fit for the times.

Additionally, this year the Ministry of Education will drastically increase its focus on technical and vocational education, in part through a $14.5 million CDB project that will expand the reach and quality of vocational offerings nationwide. The diverse and in-demand technical skills required by our modernizing society invite the active participation of our talented young men and women. Already, over 250 Vincentians have completed the steps to obtain their Level 1 Caribbean Vocational Qualification – or "CVQ" – in a variety of technical fields. We expect the pace of vocational education – and the size of the market for technical workers with recognized competence – to increase markedly in 2018.

Befitting our claim to be an education government, the functional classification of "Education" commands $134.4 million of the recurrent budget, the second-largest allocation among the various budgetary priorities. As with parents, students and the vast majority of teachers nationwide, we are determined in 2018 to get greater value for this massive investment in our children and our collective future.

Meanwhile, we cannot to value highly our government's partnership with the teachers and their Union in seeking to deliver more than ever continuing improvements in the delivery of quality education.

VII. PARTNERSHIP WITH THE PRIVATE SECTOR

The Small Island States of the Caribbean are unique in a number of respects. In terms of population, each of the independent members of the OECS are listed among the 30 smallest nations in the world. Various indices that attempt to quantify countries' resilience to economic and environmental shock routinely list our nations as among the most vulnerable in the world. Our presumed advantages of close physical proximity are belied by the in-built challenges of oceans, "islandness" and the use of sovereignty as a wedge rather than a binding tie in the pursuit of deeper political and economic integration.

Nonetheless, despite the difficulties of size, openness, vulnerability and chauvinism, we have crafted in Our Caribbean societies and economies that are relatively well-governed, peaceful, vibrant and developmentally advanced. Our triumphs come from applying uniquely Caribbean solutions to uniquely Caribbean challenges, in exercising Caribbean exceptionalism in exceptional circumstances. It is only when we neglect our uniqueness and apply the ill-fitting external solutions of others that we flounder on the developmental wayside.

One of the essential truths of our small island Caribbean experience is that the State has been, and remains, a force for good, and is required to play an active and entrepreneurial role in small island economies. The limitations of our internal markets upend some of the conventional wisdom about an idealized, minimalist state that cedes all economic activity to a generic, romanticized private sector that bears little resemblance to our local reality.

Nonetheless, the private sector is an indispensable partner in national development and economic growth. The economy of Saint Vincent and the Grenadines can only grow if businesses flourish, and we can only accelerate that growth if the private sector is vibrant, innovative, entrepreneurial and actively investing in the tremendous potential of Saint Vincent and the Grenadines. This budget is replete with examples of our concerted efforts to enhance for the private sector a business and investment climate that is conducive to investment, expansion, entrepreneurship and growth. From reduced taxes and tax incentives; to state investments in ICT; to credit to farmers; to infrastructural investments; to the clean-up of Kingstown, and many more initiatives of this kind.

A greater spirit of entrepreneurship is the ingredient that can be a catalyst to greater economic growth in Saint Vincent and the Grenadines. Narrowly defined, not every new business or small business qualifies as being entrepreneurial. Rather, the entrepreneur is the entity that provides the new product or service or that uses new production or delivery methods to deliver existing products and services more cheaply or effectively. While every new business is important to the economy and lifting individuals out of poverty, it is the entrepreneur that has the potential to radically expand our growth and developmental horizons.

The Government of Saint Vincent and the Grenadines continues to take the policy decisions necessary to facilitate greater entrepreneurship and private sector innovation.

We have:

- established micro-lending and entrepreneurial grants through the Farmers Support Company and CARCIP;

- invested in both wide educational access and deep educational quality at all levels;
- enhanced institutions, the rule of law and protected contract rights;
- promoted innovation in the schools through curriculum enhancements and events such as the NTRC's "I^2" competition;
- revised bankruptcy laws and crafted other legislation, such as the Eastern Caribbean Partial Credit Guarantee Corporation Agreement Bill, to enhance the ease of doing business and access to capital; and
- invested in crime prevention and the prevention of property crimes to secure entrepreneurs' capital investments;

This year, we will enhance our procedures to reduce the bureaucratic hurdles to starting a business and improve on existing "ease of doing business indicators," like obtaining planning approval and clearing items at the port. While Saint Vincent and the Grenadines leads the region in the rate at which it attracts foreign direct investment, as a percentage of GDP,[13] we shall also enhance the capacity of the relevant agencies to attract more FDI across a wider range of sectors.

In small economies such as ours, with a limited number of large firms willing to invest in innovation or incubate entrepreneurs, governments must do more than simply facilitate entrepreneurship,

[13] *See*, United Nations' Economic Commission for Latin America and the Caribbean (ECLAC), "Foreign Direct Investment in Latin America and the Caribbean, 2017,"

we must actively court and support it. This year, we expect to negotiate bespoke partnership agreements with local entrepreneurs involved in hospitality and airline industries. Should the Vincentian public, in its wisdom, agree to the contours of a medical cannabis export industry, I have no doubt that we shall also incentivise local entrepreneurial involvement in those opportunities that will arise.

Today, I implore the private sector to take advantage of opportunities in this Budget and in this time of accelerated national development. With the increased connectivity afforded by the AIA; with the growth anticipated over the coming years in key sectors and new industries; with the Government's superlative record in attracting foreign direct investments; and the renewed commitment to public-private partnerships, the Vincentian economy will be more regional, and, indeed, more global than ever before.

Further, the partnership between the Government and the private sector means that it is not only the State that must remove impediments to growth and development, but also our colleagues in the business sector. For example, in recent weeks I called a meeting with the banking community to share my distress that Saint Vincent and the Grenadines remains one of the most cash-dependent economies in our region, with a dearth of automated tellers, credit and debit options at the point of sale, and opportunities to engage in e-commerce or make payments electronically. I cannot accept the argument that Vincentian businesses and consumers are inherently less willing to embrace modernity than the neighbouring islands in with which they do business. Similarly, I have engaged the Governor of the Eastern Caribbean Central Bank on the issue of the multitude of unexplained and rapidly proliferating and seemingly excessive bank charges that are appearing on customers' accounts. I call on the banking sector to work in collaboration with the Government and its clients to improve consumer options and customer service for Vincentians. I am encouraged by their willingness to help Vincentian traders overcome some of the foreign exchange hurdles inherent in doing business in Trinidad and Tobago. This cooperation, if achieved will be a useful template for working together in 2018.

Similarly, eighteen years into the 21st century, much of our economic potential and our ability to attract investment is dependent, in part, on the strength, speed, reliability and affordability of our ICT service and infrastructure. It bears repeating that broadband services in Saint Vincent and the Grenadines – whether mobile or fixed line – remains overpriced, underpowered and unacceptably unreliable. The Government and the Vincentian people have demonstrated tremendous restraint and understanding in the face of geographic and logistical hurdles, as well as corporate restructuring of multinationals that occupy our ICT space. That patience has now worn thin. As a member of the Eastern Caribbean Telecommunications Authority, we have worked collaboratively and in good faith to alleviate the logistical and legislative challenges to improved service. However, if these problems cannot be addressed through private competition and basic values of customer service, we will attempt to rectify them legislatively and through more stringent regulatory oversight. The ICT sector is simply too important to our future for it to languish in the backwaters of corporate indifference.

Mr. Speaker, to facilitate a stronger consensual bond of mature understanding around issues touching and concerning the economy, I intend to implement the idea, hitherto floated by our Prime Minister, among others, to establish an advisory National Economic Council.

VIII. FINANCIAL SECTOR DEVELOPMENTS

The latest global economic and financial crises have underscored the importance of strengthening prudential supervision and related information systems to deal effectively with banking risks and anti-money laundering issues. In recognition of this fact, this Government acting in collaboration with the Eastern Caribbean Central Bank (ECCB) and other ECCU countries, has been adopting a number of measures to strengthen standards for banking and bank supervision. The matter of bank restructuring has also become a pressing issue as we recognize that small stand-alone banks find it very difficult to exist in today's globalized financial systems.

In recent years the Government of Saint Vincent and the Grenadines has taken a number of measures to strengthen prudential regulations and supervision of banks and other financial establishments, in order to improve the management of loans and investment portfolio. A new Banking Act was passed in 2015 and other legislative changes were implemented. The Financial Services Authority (FSA) also intervened in the Building and Loan Association to help stabilize that institution, and we have been grappling with a resolution to the BAICO and CLICO debacles.

In 2017, Government reacquired 31 percent of the shares in the Bank of Saint Vincent and the Grenadines (BOSVG) which were held by Eastern Caribbean Financial Holdings (ECFH). This was as a result of differences in perspectives for the future direction of the bank, between the major shareholders. Notwithstanding this development, the BOSVG and the Bank of St. Lucia (BOSL) continue to have excellence relations. Indeed, ECFH remains a major shareholder in BOSVG, with a 20 percent stake and responsibility for the appointment of two directors to the Board.

Further, BOSL and ECFH continue to collaborate and to share common services in a number of important areas including internal audit and compliance, risk management, credit assessment and implementation of applicable International Financial Reporting Standards (IFRS) . BOSVG and BOSL will seek to further strengthen this collaboration in the coming months as both institutions work towards the goal of consolidation of the indigenous banking sector in the ECCU.

In response to the collapse of CLICO and BAICO, the Monetary Council of the ECCB commissioned a project for establishment of a single insurance market within the ECCU. The key features of this are the passage of uniform ECCU insurance legislation and the creation of a single insurance and pension fund regulator for the ECCU. The draft ECCU Uniform Insurance and Pension Bill is now being finalized with technical assistance from the Caribbean Regional Technical Assistance Center (CARTAC).

(i) CLICO AND BAICO

In November 2017, the Judicial Manager for CLICO submitted to the FSA, a copy of the report filed on September 22, 2017 in Barbados High Court. This report outlines the recommended actions on the way forward in respect of CLICO Eastern Caribbean operations.

The Judicial Manager has indicated that a number of actions will be pursued to further implementation of the CLICO's Restructuring Plan in the Eastern Caribbean including:

- Updating and communicating directly with the regulator in each jurisdiction;
- Preparing and filing updated report in each jurisdiction to the High Court and regulators;

- Preparing interim report to the policy holders in each jurisdiction.

The Government is deeply concerned with the lack of meaningful progress on this matter and will continue to pursue through the ECCU this matter in an even more aggressive manner in order to bring some measure of relief to Vincentian policy holders. The prospect of a “Barbados First” solution evolving into a “Barbados Only” solution is unacceptable to member-states of the ECCU.

Meanwhile, progress continues to be made in relation to BAICO but there are still major hurdles to cross including the resolution of certain civil litigation initiatives and the receipt of the long-delayed US $64 million to be paid by the Government of Trinidad and Tobago under an agreement with member-countries of the ECCU.

(ii) Building and Loan Association

The Building and Loan Association continues to be under enhanced supervision by the FSA in order to ensure as far as possible that stabilization measures are maintained. Indeed, several important processes were completed during 2017 including commissioning of an internal audit function and improvements to the IT systems. A full scope onsite examination by the FSA was also conducted.

(iii) Friendly Societies

The FSA conducted a comprehensive assessment of the Friendly Societies sector from September 2016 to August 2017, to obtain full particulars of their operations and determine viability. As a result, the FSA is working with the sector to improve the methods used for data collection and record keeping, as present systems are archaic making it difficult to assure transparency and accountability for members' funds.

Modernized legislation was also drafted and submitted to the Office of the Attorney General. This proposed new Act will replace the Friendly Societies Act of 1842 and would align the operations of societies with current best practices.

IX. PUBLIC DEBT

As at September, 2017 total outstanding public debt stood at $1.685 billion, the equivalent of close to 79.0 percent of GDP, reflecting a negligible increase of 0.2 percent when compared to the figure of $1.681 billion at the end of September, 2016. The total public debt was comprised of domestic debt of $572.6 million and external debt of $1.113 billion. The total d**omestic debt** as at September 30th 2017 fell by 2.2 percent or $12.6 million when compared with the same period in 2016. On the other hand, the external debt registered an increase of $16.6 million or 1.5 percent when compared with the external debt as at September 30th 2016.

Loans outstanding to **ALBA Bank** declined by $88.1 million on account of $81 million of debt forgiveness granted by the Government of the Bolivarian Republic of Venezuela. This loan was contracted for the construction of the AIA. The Government and people of St. Vincent and the Grenadines are extremely grateful to the Government and people of the Bolivarian Republic of Venezuela for this selfless act of kindness and solidarity.

The main components comprising domestic debt include government bonds and notes totalling $293.0 million and loans amounting to $128.0 million. Altogether, these two categories represented approximately 73.5 percent of the total disbursed domestic debt. On the external side, the category of loans amounted to $1.1 billion or 89.8 percent of total disbursed outstanding public debt. The main creditors include:- Caribbean Development Bank (totalling $334.1 million); Republic of China (Taiwan, $110.3 million); World Bank ($89.4 million); International Monetary Fund ($31.5 million); ALBA Bank ($166.6 million) and the Republic of Venezuela ($185.2 million via the Petro Caribe Arrangement).

The bulk of central government borrowing during the fiscal year 2017 was used mainly to finance the Public Sector Investment Programme (PSIP) geared towards providing the impetus for stimulating economic growth. In addition, using the proceeds from a $35.0 million bond, the government took the strategic decision to re-purchase majority shareholding of the Bank of Saint Vincent and the Grenadines from the St. Lucian-based Eastern Caribbean Financial Holdings.

Mr. Speaker, the Government continues to meet its debt servicing obligations on a timely and consistent basis. Preliminary figures for 2017 revealed that debt servicing costs for the year was estimated at $203.4 million, inclusive of interest ($57.7 million), amortization ($121.6 million) and sinking fund contributions ($24.0 million). For the fiscal year 2018, total debt servicing cost is projected at the level of $221.6 million inclusive of interest, amortization and sinking fund.

Mr. Speaker, Honourable Members, you may recall that the Monetary Council of the Eastern Caribbean Central (ECCB) established the Debt-to-GDP target of not more than 60.0 percent by 2030, as part of the effort to achieve debt sustainability over the medium to long-term within the Eastern Caribbean Currency Union (ECCU). The Government of Saint Vincent and the Grenadines is committed to achieving this target by 2030. In this regard, in 2018, the Government will continue to implement policies, within the context of a medium term fiscal framework, aimed at strengthening its fiscal position with the overriding objective being to reduce the overall fiscal deficit; increase the primary surplus; and concomitantly restrict borrowing to within sustainable parameters. Additionally, the Government is actively seeking avenues for further debt forgiveness and debt relief even as measures geared towards strengthening long-term fiscal sustainability are being implemented. In this regard, the Government of Saint Vincent and the Grenadines has received further debt forgiveness of $81 million, this time from the Government of the Bolivarian Republic of Venezuela. This ALBA Bank loan was contracted as part of the financing for Argyle International Airport. Mr. Speaker an additional $100 million of debt forgiveness has recently been approved by the Government of the Bolivarian Republic of Venezuela for loans under the Petro Caribe Agreement. In total, this debt relief amounts to approximately 8 percent of GDP. The Government and people of Saint Vincent and the Grenadines are extremely grateful to the Government and people of the Bolivarian Republic of Venezuela for this selfless act of kindness and solidarity.

Mr. Speaker, the Government consistently pursues the debt management objectives contained in the Debt Management Strategy 2015-2018 which is geared towards influencing borrowing decisions in a prudent and sustainable manner. The sole purpose of which is to minimize borrowing costs, managing interest rate and exchange rate risks. A copy of the Government of Saint Vincent and the Grenadines Medium Term Debt Strategy (2015-2018) is available on the government's website. There are also other analytical tools that are utilized, including the Debt Sustainability Analysis framework that is used to forecast the debt path over a 20-year horizon after consideration is given to certain fundamental macroeconomic assumptions.

X. PUBLIC FINANCES

Mr. Speaker, public finances are at the heart of the democratic process. Indeed, there is perhaps no other issue that galvanizes the interests of citizens more than knowing how they will be taxed and what will be made of their contributions to the public purse. This is why the Government has put so much emphasis on improving public finances and ensuring that our fiscal situation is sustainable.

The Government has made considerable progress towards stabilising public finances, following the period of weakened fiscal performance in the aftermath of the global economic and financial crisis. For the last three years (2015 to 2017) Central Government's overall deficit has averaged 0.4% of GDP which is much lower than the deficit for the preceding five-year period 2010-2014, which averaged 3.1% of GDP. Indications are that the overall fiscal balance will improve further over the medium term and will place our debt-to-GDP ratio on a downward path.

Despite a challenging year for the fiscal situation in 2017, the overall performance for the year was commendable; and the public finances remain on a sustainable path. The relative weakening of the overall fiscal accounts in 2017 compared to 2016 reflects the positive effect of one-off revenue items in 2016, namely larger-than-usual dividend receipts and relatively large collections of income tax arrears.

Our fiscal policies will continue to focus on providing a favourable environment for rapid economic growth and development, while ensuring medium-term fiscal sustainability within the context of the Eastern Caribbean Currency Union and protecting the socio-economic advancements realized in the last seventeen years. During this financial year we will:

a) Further elaborate the fiscal consolidation plan;

b) Increase the efficiency of the public service and public-sector investment programme;

c) Further promote education and skills development to prepare the population, notably the poor, to take advantage of new opportunities in the global environment; and

d) Implement measures aimed at strengthening resilience to effects of climate change.

In the plan to achieve these goals, we are at the final stage in preparing a Medium-Term Fiscal Framework for implementation over the three-year period 2018-2020. Our analysis shows that the revenue, expenditure and primary surplus targets implicit in this framework are feasible and can be achieved without any reduction in capital spending. Emphasis will be placed on improvements in revenue and tax administration, new revenue measures, containment of the wage bill, pension reform and debt substitution and reduction.

(i) Pension Reforms

Mr. Speaker, As mentioned in the 2016 Budget Address, the current system for payments of pensions, poses significant risk for both the Government and public service workers. The Government will accordingly pursue the matter of pension reform with increased vigour in this financial year. We will give careful study to the reform options that came out of the 2013 actuarial analysis of the Government of Saint Vincent and the Grenadines Public Service Pension System (PSPS).

The objective of the actuarial analysis is to present alternative reform options for the Public Service Pension System with the goal of reducing Government's long-term financial cost, reducing the combined pensions from the public service and the NIS, and ensuring the sustainability and reasonableness of retirement benefits in the interest of all stakeholders.

The options are as follows: -

Option 1

Change the NIS pension to a maximum of 30% of Annual Insurable Earnings (AIE) for pensionable civil servants but no less than the NIS benefits accrued as of the transition date. No change to the PSPP.

Option 2

Reduce the future benefit accrual rate for the PSPP from 2% to 1% per year. Employees due to retire within the transition period will be grand-fathered and not affected by this change.

Option 3

Increase normal retirement age for civil servants in line with the increase for NIS.

Option 4

Introduce mandatory employee contributions of 5% of salary.

Option 5

Close the PSPP to new entrants after the transition year.

Option 6

Change the salary amount to be used in calculating pensions to the final 5-year average, in all cases.

Clearly, these are not stand-alone options but can be further refined or expanded by combining one or more, or amending certain aspects of each option.

By publishing the full list of recommendations, I am hereby starting in earnest the debate on this important matter. In the coming months Government will hold discussions with government employees, unions and other stakeholders as we seek to have consensus on the matter.

(ii) NIS

Changes will also be instituted at the National Insurance Services (NIS). Notwithstanding the many challenges, the NIS remains in good financial and actuarial health. This is reflected in the continued growth in reserves which increased to $494.4 million at the end of 2017 from $478 million a year earlier. There was also growth in total investment from $430.5 million to $442.6 million, contribution income from $61.8 million to $64.3 million and investment income from $16.2 million to $20.3 million, during the year.

The important Fund Ratio – which is the ratio of reserves to expenditure – continued its downward trend during 2017 and reached 8.6 years at the end of the year compared with 8.7 years at the end of 2016; a reflection of a maturing plan.

The 10th Actuarial Review of the National Insurance Fund as of December 31, 2016 was completed in 2017 and made a number of important recommendations relating to enhancing sustainability, improving administrative efficiency, increasing coverage and making the NIS more relevant to workers and self-employed persons. The recommendations are now being analysed by the Government and the public will be informed of the changes which will be made in due course.

XI. IMPLEMENTATION

Mr. Speaker, much of a modern budget presentation concerns, centrally, prescription, prediction and aspiration. We prescribe the money we will spend on salaries and recurrent expenses. We predict what we will collect in taxes, grants and other revenue. We spend on the recurrent budget; and we list a series of capital projects that we intend to commence, continue or complete in the upcoming year. Two decades ago, the aspirational elements of the budget were little more than a wish list of projects for which funding was not identified or planning was rudimentary. Prior to 2001, the implementation rate of the capital programme was quite low, often hovering around 20%.

This historic problem, though much lessened, is yet to be fully or satisfactorily conquered.

Today, while our rate of implementation has improved markedly, a still too-low rate of implementation remains an unacceptable bottleneck to our developmental aspirations. Our problem today is not so much an absence of resources. Thanks to the tireless efforts of the Honourable Prime Minister and the talented and hardworking professionals in the relevant ministries, there is a substantial amount of available resources to tackle the majority of the projects that form part of the capital estimates. Other resources – like the full $90 million that we have from the OPEC Fund for International Development (OFID) and the Kuwait Fund For Arab Economic Development to repair secondary, village and feeder roads – are accessible today, but we only anticipate spending one-fifth of the OFID/Kuwaiti available resources in 2018.

The implementation and capacity challenges are not unique to Saint Vincent and the Grenadines. Nor do these challenges imply a lack of discipline, proficiency or commitment by our diligent professionals. Instead, they suggest structural and organizational weaknesses; capacity constraints; as well as fundamental disconnects between the administrative requirements imposed by our development partners and local, on-the-ground realities.

Whatever the challenges, we can and must do better. Tens of millions of dollars of crucial and urgently-needed capital projects simply cannot be unacceptably challenged by administrative delay or bureaucratic inertia, on either end of the donor-recipient developmental partnership. In recent weeks I have held meetings with high representatives of the European Union and the World Bank on the issue of improving implementation rates in Saint Vincent and the Grenadines. My staff and I have held similar discussions with officials from the CDB. Within the government, various implementing agencies have renewed their commitment to acting promptly and professionally in the public interest. This year, we intend to actively monitor, more than ever, implementation efforts and to make the necessary structural modifications in pursuit of improvements to the rate at which projects are undertaken and completed in Saint Vincent and the Grenadines. Even a very modest improvement will mean millions of additional dollars spent on important national development projects. I urge professionals not to cover for their colleagues' tardiness on this or that matter; transparency and more fruitful cooperation are requisites in project implementation; so, too, is improved private sector capacity to get the work done.

XII. RESOURCE REQUIREMENTS 2018

The total resource-envelop required to meet the capital and recurrent expenditure programmes of the Government for the 2018 fiscal year is $993.5 million. This is made up as follows:

- Recurrent Expenditure (inclusive of Amortization and Sinking Fund Contributions) of $776.9 million; and
- Capital Expenditure of $216.7 million;

In the 2018 budget, careful attention has been paid to limiting the increases in recurrent expenditure to areas of strategic importance to the development policy objectives of the Government. In this regard, the recurrent budget increases by 3.9 percent or $29.5 million the amount budgeted in 2017. On the capital side, particular attention is being paid to the selection of the various projects to ensure that only those that have had funding identified, are sufficiently ready for any implementation, and are in alignment with the medium term strategic priorities of the Government, are included in the Estimates for 2018. As a consequence, the capital programme for 2018 is 5.6 percent less than that of 2017. Our focus in 2018 is to increase the implementation rate of the public-sector investment programme and not simply to pad the budget with items which are unlikely prospect of becoming reality in the fiscal year.

The growth in the recurrent budget is geared to providing resources to support the expansion of tertiary training opportunities for the many persons who are seeking to lift themselves up through education; to enhance the capacity of the health sector to deliver more and better services across the country particularly at the MCMH, the Modern Medical Complex, the polyclinics in Marriaqua and Buccament, and at the community level; to facilitate economic growth and equity; to bolster public order and safety and to ensure that our debt service obligations are met in a timely fashion.

The Government's investment programme for 2018 is focused on building resilience in the public infrastructure mainly roads, bridges, river defenses, seaports, airports and associated infrastructure; expanding production possibilities within the economic sectors of Agriculture, Tourism, Construction and Transport; and continue to enhance the ability of the social sectors of Health, Education, Social Services and National Security to deliver these vital services to the populace.

The financing requirements will be raised from a number of bilateral and multilateral sources as detailed in the Estimates which were approved by this Honourable House, last week.

Approximately 76 percent of these resources will flow from external sources. The full details of the sources and types of financing are as follows:

Source of Funds	**Amount**	**% share**
Local Loans	$74.8 m	24.3%
External Receipts	$233.5 m	75.7%
External Loans	$ 73.3 m	23.7%
Other Receipts	$160.2 m	52.0%
TOTAL	$308.3 m	100.0%

Domestic Loans of $74.8 million will be raised mainly from the sale of Government bonds during the fiscal year. $73.3 million of external loans are expected to be contracted in 2018. Of this amount $64.1 million will come from multilateral creditors, while $9.3 million will be raised from bilateral sources. The main multilateral creditors in 2018 are, the Caribbean Development Bank ($23.2 million); International Development Agency ($24.8 million); Climate Investment Fund ($8.0 million); and OPEC Fund for International Development ($5.1 million). Also, bilateral loans will be raised from the Governments of Republic of China on Taiwan ($ 1.0 million) and Kuwait ($8.2 million).

Important external loan flows are anticipated from two multilateral sources, the Caribbean Development Bank $12.4 million and the World Bank $11.7 million. Two (2) loans will also be drawn down from the Governments of the Republic of China on Taiwan $ 11.4 million and the Bolivarian Republic of Venezuela $8.4 million.

XIII. FISCAL MEASURES

Mr. Speaker, I now turn to the package of fiscal measures to be implemented in the 2018 budget. These measures have been judiciously crafted to support the Government's social and economic development agenda over the medium term.

(i) Tax Reduction and Reform

Mr. Speaker,

The Government is committed to reducing the tax burden on Vincentians while simultaneously ensuring that those who flout our tax laws are given an opportunity to choose between regularizing their arrears or facing the full range of legally available enforcement measures. Additionally, we intend to implement a series of legislative and administrative enhancements to our tax-collection apparatus to optimize efficiency and fairness.

I am pleased to announce measures to ensure that Vincentian citizens and businesses keep more of the money that they earn. First, we shall reduce the standard rate of company taxes from 32.5 percent to 30 percent. Second, we shall similarly reduce the marginal rate of personal income tax from 32.5 to 30 percent. Honourable Members will recall that these rates stood at 40% in 2001, when the ULP was first elected to office. Third, the income tax rate for hotels, previously 30 percent, is hereby reduced to 29 percent. This reduction, and the special rate for hoteliers, is a tangible indication of this government's continued prioritisation of local hotel growth and development. Fourth we shall raise the standard deduction for personal income tax from $18,000 to $20,000. This means that the first $20,000 earned by Vincentians will not attract any income tax. Again, Honourable Members will recall that this standard deduction stood at $12,000 in 2001. These measures continue the commitment of this Government to provide economic stimuli via tax reductions and to improve, in practical and tangible ways, the condition of the Vincentian worker. Nationally, the lowering of the tax rate and raising of the threshold will cost the Government approximately $12 million.

Prior to the 2009 fiscal year, the first year of the full-blown global economic crisis, was the last occasion some tax relief was provided for the workers and the private sector in respect of profits and personal income. An internal analysis was conducted and it was concluded that it is time once more to do so. This is assessed to be occasion for this substantial tax relief.

Mr. Speaker, the reduction in the top marginal rate for Personal Income Tax from 32.5% to 30% will result in a revenue loss of $4.2 million;

The increase in the standard deduction from $18,000 to $20,000 will result in a revenue loss of $2.7 million; and

The reduction in the rate of tax paid on corporate income from 32.5% to 30, and the additional relief on hotels' operations, will result in a revenue loss of $5.1 million.

I reiterate, all told, $12 million in revenue will be lost by the generous tax reduction.

However, the Government does not simply intend to forego the $12 million in revenue loss. Instead, I have advised the Inland Revenue Department to pursue tax delinquents with renewed focus and vigour. Today, the Inland Revenue Department (IRD) is owed $169.9 million in unpaid taxes. When penalties and interest payments are included, the arrears balloon to an incredible $300 million, approximately. To put that number in the context of this budgetary exercise, $300 million is over 47 percent the budgeted current revenue, and some 28 percent more than our entire planned capital expenditure for 2018. It is unacceptable that law-abiding taxpayers are being asked to subsidize the cost of such massive noncompliance.

Of particular concern is the failure of businesses and employers to pay over VAT, PAYE and withholding taxes to the Government. Today, outstanding VAT and PAYE amount to $58.2 million. Businesses that charge customers VAT and then pocket it instead of remitting it to the Government, are committing a criminal offence. Further, in illegally keeping VAT monies, essentially as working capital, they are giving themselves an unfair advantage over fellow businesses that submit VAT in compliance with the law. The arguments are similar for PAYE.

In order to give non-compliant taxpayers an opportunity to regularize their status with the IRD, and in pursuit of a fair and inclusive solution to these outstanding debts, I hereby announce the commencement of a three-month tax amnesty window, ending on 15th May, 2018. During the next three months, we are inviting all non-compliant taxpayers to go into the IRD to negotiate payment plans and settlement options, in exchange for a waiver of a percentage of interest and penalties.

At the expiration of the tax amnesty, the IRD will immediately commence collection procedures against those who did not negotiate appropriate arrangements to settle their arrears or those who breach the terms of their payment plan. This Budget provides for the hiring of three additional High Court bailiffs, who will be assigned exclusively to assist the IRD to strengthen their collection efforts. Additionally, where the facts and the law merit, the IRD will not shy away from sharing potentially criminal cases of tax fraud with the Director of Public Prosecutions.

Beyond tax cuts and tax collections, we intend to push through a number of reforms to improve administrative efficiency and equity in our system of taxation. Chief among those is the enactment of a modern Tax Administration Procedures Bill and amendments to the Income Tax Act. These measures will address organizational bottlenecks, close loopholes, clarify rules related to doubtful debts and management charges, and further our objective of halting tax evasion by conglomerates.

Additionally, the capital budget includes a $7.5 million allocation for the purchase and retrofitting of headquarters for the Inland Revenue Department, and other offices. The Budget also makes provision to upgrade equipment and purchase of a vehicle.

(ii) Climate Resilience Levy

In last year's budget, a Contingencies Fund was established and a levy on consumption was imposed by increasing the VAT rate by 1 percent to provide a dedicated source of revenue to capitalize it. Over eight months of operation in 2017, this levy capitalized the Fund to the tune of $6.75m. This year, the Contingencies Fund's first full year of operation, we expect to collect $11 million from this levy. International financial institutions such as the IMF and the World Bank have lauded our decision to establish and capitalize this rainy-day fund. However, they have urged the Government to seek out additional means to increase the inflows to the Contingencies Fund given the country's vulnerability to increasingly intense adverse weather events and the fiscal risks they pose. As a prudent and responsible Government we have heeded this advice.

For this purpose, Mr. Speaker, I propose to introduce a Climate Resilience Levy to be paid by all stay over visitors in hotels, apartments and short-term rentals of EC$8.00 per night. The revenue from this measure estimated at $1.7m in 2018. This will take effect from May 1st 2018.

(iii) Vehicle Surcharge

Over the years, the importation of used cars, older than four years, has increased tremendously. The phenomenon has increased traffic congestion and the number of derelict vehicles left abandoned along the roadways. For some time, we have resisted taking action on limiting the age of vehicles being imported; the time has come to address this. With effect from May 1st 2018, a ban is imposed on the importation of used motor vehicles over 12 years old. Additionally, the vehicle surcharge on motor vehicles older that four years will be increased. The details are provided in Appendix 1. This measure is expected to yield $1.2 million in additional revenue. These increases will also become effective from May 1st 2018.

(iv) VAT on Electricity

Currently domestic customers consuming 200 units (kWh) of electricity or less do not pay VAT on their electricity consumption. This means that less than 23 percent of VINLEC's domestic customer base now pay VAT on electricity. Indeed, St. Vincent and the Grenadines is one of the few CARICOM countries to be so generous on this matter. Most countries in the region either pay VAT on all electricity consumption or on a monthly consumption in excess of only 100 units (KWHs).

As I announced earlier in my address, the Government will be embarking on a tax reform programme aimed at improving efficiency and equity, strengthening various tax laws and procedures to eliminate loop holes and where feasible seek to widen the tax base. Accordingly, with effect from May 1st, 2018 it is proposed to reduce the kilo watt hour threshold for VAT on electricity from 200 kWh to 150kWh. This means that, all VINLEC domestic customers who consume 150 units or more monthly will be required to pay VAT. With the lowering of the VAT threshold to 150 units or more, just 36.0 percent of VINLEC's domestic customers will now pay VAT. This adds only 13 percent or so consumers to the potentially "vatable list". The poor do not consume 150 units (KWHs) per month; so, they would still pay the VAT. The VAT is payable only on the basic charge, and is not paid on the fuel surcharge.

While this measure is expected to provide an estimated $1.0 million in additional revenue annually, we anticipate that as consumers continue to implement more energy efficient measures in their households the level of electricity consumption would decline thus reducing the number of domestic customers who will fall within the VAT threshold.

XIV. CONCLUSION

The Vincentian economy continues to flummox and frustrate those who try to talk it down. Despite the absence of some of the perceived inbuilt advantages enjoyed by some of our neighbours, ours is an economy that withstood and recovered from the global economic and financial crisis without recourse to austerity programmes or macroeconomic gimmickry or selling of our citizenship and passports.

This Budget, the first of the post-crisis decade, is about setting Saint Vincent and the Grenadines on a path to further prosperity and making the right decisions to secure a better future for all Vincentians.

In this Budget, we make the decision:

- to prioritize the type of economic growth that secures more and better paying jobs;
- to strengthen the social safety nets and services upon which poor and vulnerable Vincentians rely;
- to reduce taxes, allowing families and businesses to keep more of the money they earn;
- to build a country that is green, resilient and responsible in this era of climate change and environmental vulnerability;
- to invest in our future through the construction of new ICT infrastructure, new roads, new bridges, a new port, and a new hospital;

- to advance our role as a principled voice for peace, justice, solidarity and development on the regional and world stage;
- to make the Argyle International Airport work while capitalizing on the opportunities for growth in tourism;
- to confirm our commitment to agriculture and fisheries as a major and indispensable development pillar;
- to make Vincentians feel safer and more secure in their homes and on the streets;
- to consolidate and extend the gains of the Education Revolution; and
- to markedly improve the quality health services.

2018 will be a year of firsts. It will mark the first full year of operations of the Argyle International Airport.

- The first full year of an increased minimum wage and increased occupational safety and health protections;
- The first year of tangible progress towards a new hospital at Arnos Vale and a new cargo port in Kingstown;
- The first year of an operational Modern Medical Complex in Georgetown.
- The first year of the Government as an active partner in the construction and ownership of hotel facilities; and
- The first year of what may be a new industry centered on the export of medical cannabis products.

At the same time, 2018 will consolidate our well-known commitment to tackling poverty and inequality through targeted interventions and strengthening of social services. We shall continue to be a Housing Government. An Infrastructure Government. An Agricultural Government. A Labour Government.

This Budget is responsible and it is honest. It embraces fiscal prudence and enterprise while steering clear of the austerity measures that have devastated the social fabric of other countries. It does not pretend that we can do things with money that we don't have. Instead, we prioritize the projects, actions and interventions that are feasible, impactful and achievable in our current context. It resists the temptation to peddle simplistic or fanciful solutions to complex structural, systemic or social challenges.

The Saint Vincent and the Grenadines that we envisage and collectively work towards is one that puts people at the heart of development. One that has a prosperous, inclusive and sustainable economy, with equal opportunity for all Vincentians. It is an educated nation, populated by skilled, talented and imaginative citizens who position Saint Vincent and the Grenadines as a magnet for enterprise, innovation and the creative industries. It is a nation of strong institutions and good governance, allowing businesses to plan and invest with confidence. One that will stand with vulnerable communities and vulnerable people, and walk with them to more secure lives.

This nation we envisage; this vision that we work tirelessly toward; cannot be achieved overnight. A multi-island microstate on the periphery of the global economy and on the frontline of climate change cannot expect effortless or unhindered progress from one developmental milestone to the next. Nonetheless, the path that we have travelled together, this Government's track record of achievement, and the plans elaborated in this Budget all combine to give us solid cause for cautious optimism in 2018 and in the medium term.

We stand today in a country with a reduced debt burden, a population paying reduced taxes, reduced inequality, and reduced vulnerability to natural and man-made external shocks. In a country of growth, rising wages and rising opportunity. In a country that is tangibly and measurably on the right track, and better than it was yesterday.

Our progress, and our successes to date reaffirm our confidence that the strategic path enunciated over the years by the Honourable Prime Minister is the correct one. The signposts that guide that path are: Climate Change and National Disaster Recovery; Making the AIA Work; Quality Teaching and STEAM; Public and Private Sector Investment and Productivity; Roads and Bridges; Citizen Security; Health and Wellness; Housing and Lands; Energy; and Job Creation, Poverty Reduction and Sustainable Development.

Mr. Speaker, the success of the path that we follow, and the plan that this Budget details, ultimately rests not so much with the policymakers in this House of Assembly, but with the Vincentian people. The central wellspring of optimism that flows through this presentation is my unbreakable conviction that we Vincentians have within ourselves the potential for greatness. Individually, and in partnership with other patriotic, hardworking and focused Vincentians, we can take this nation to higher heights. In every society you will encounter ne'er-do-wells, or the oracles of negativism for whom finding fault is infinitely more satisfying than finding solutions. But these backward elements are but the smallest sliver of our society, and are significant only to the extent that we allow them to distract the majority from our task of nation building and development.

This year, and, indeed the future of Saint Vincent and the Grenadines, belongs to the committed, disciplined, productive, innovative vanguard of Vincentians who will embrace the possibilities of a rapidly-changing future and invest sweat, talent and intellect in making our country ever greater. This Budget, in building on the solid foundation of previous years and in looking optimistically to what lies ahead, provides that vanguard of Vincentians – wherever they live, whatever their background, whatever their political inclination – an opportunity to play a role in building a better future:

for themselves, for their families, and for this blessed nation that we share and hold in trust for our children.

Let us all, together, build that better Saint Vincent and the Grenadines.

Thank you.

APPENDIX 1

Custom Duties Act, Chapter 423

Section 3B of the Customs Duties Act is amended by deleting all the particulars appearing in the columns headed "Heading No." Description of Goods" and "Vehicle Surcharge, vehicle over 4 years old" and inserting the following particulars in appropriate columns-

Heading No.	Description of Goods	Vehicle Surcharge over 4 years old		
		Existing	Proposed	Change
87.02	**Motor Vehicles for transportation of ten or more persons, including driver**			
8702.10.20	Other Coaches, buses and mini-buses, of a seating capacity not exceeding 21 persons (including driver)	$4,000	$5,000	$1,000
8702.10.40	Other Coaches, buses and mini-buses of a seating capacity exceeding 21 persons but not exceeding 29 persons (including the driver)	$4,600	5,600	$1,000
8702.10.60	Other Coaches, buses and mini-buses, of a seating capacity not exceeding 21 persons (including the driver)	$5,200	6,200	$1,000
8702.10.90	Other	$5,200	$6,200	$1,000
8702.90.20	Other Coaches, buses and mini-buses of a seating capacity exceeding 21 persons but not exceeding 29 persons (including the driver)	$4,000	$5,500	$,1000
8702.90.40	Other Coaches, buses and mini-buses, of a seating capacity exceeding 21 persons but not exceeding 29 persons (including the driver)	$4,600	5,600	$1,000
8702.90.60	Other Coaches, buses and mini-buses, of a seating capacity exceeding 29 persons (including the driver)	$5,200	6,200	$1,000
8702.90.90	Other	$5,200	$6,200	$1,000
87.03	**Motor cars and other motor vehicles principally designed for transport of persons (other than those of heading 87.02), including station wagons and racing cars**			

8703.21.90	Other	$3,450	$4,450	$1000
8703.22.90	Other	$3,450	$4,450	$1000
8703.23.20	Of a capacity exceeding 1,500 cc but not exceeding 1,800 cc	$3,450	$4,350	$1000
8703.23.30	Of a capacity exceeding 1,800 cc but not exceeding 2,000 cc	$4,000	$5,000	$1,000
8703.23.40	Of a capacity exceeding 2,000 cc but not exceeding 3,000 cc	$4,600	$5,600	$1,000
8703.24.90	Other	$5,200	$6,200	$1000
8703.31.90	other	$3,450	$4,450	$1000
8703.32.20	Of a capacity exceeding 1,500 cc but not exceeding 2,000 cc	$4,000	$5,000	$1,000
8703.32.40	Of a capacity exceeding 2,000 cc but not exceeding 2,500 cc	$4,600	$5,600	$1,000
8703.33.90	Other	$5,500	$6,000	$1,000
8703.90.00	Other	$5,500	$6,500	$1,000
87.40	**Motor Vehicles for the transport of goods**			
8704.10.00	Dumpers designed for off-highway use	$5,000	$6,000	$1,000
8704.21.90	Other	$4,600	$5,600	$1,000
8704.22.90	Other	$4,600	$5,600	$1,000
8704.23.90	Other	$4,600	$5,600	$1,000
8704.31.90	Other	$4,600	$5,600	$1,000
8704.32.90	Other	$4,600	$5,600	$1,000
8704.90.00	Other	$4,600	$5,600	$1000
87.05	**Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries, crane lorries, fire fighting vehicles, concrete mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units)**			
8705.10.00	Crane Lorries	$4,500	$5,500	$1000
8705.20.00	Mobile drilling derricks	$4,500	$5,500	$1000

8705.40.00	Concrete-mixer lorries	$4,500	$5,500	$1000
8705.90.00	Other	$4,500	$5,500	$1,000