**GRENADA**

**2017 BUDGET STATEMENT**

*PRESENTED BY*

***DR. THE RT. HON. KEITH C. MITCHELL***

***Prime Minister and Minister of Finance and Energy***

**To**

**The House of Representatives**

**December 9, 2016**

***Working Together***

***To***

 ***Build on our Successes for a Better Country***

1. Introduction

Mr. Speaker, I beg to move the following Motion standing in my name:

**“Whereas** it is necessary to provide for the State of Grenada for the year 2017 by means of an Appropriation Act;

**Be it resolved** that the Estimates of Expenditure for the year 2017 be approved.”

Mr. Speaker, as this is a Money Motion, I wish to signal to this Honourable House that I have the consent of the Governor General to proceed.

Mr. Speaker, working together, we have returned our Nation to a place of stability and hope. Without our collective efforts, the situation today would be unthinkable.

I am drawn to the Holy Scriptures in 2 Corinthians 2:14 that declare: **But thanks be to God, who always leads us in triumph in Christ.”**

We are thankful to the Almighty God for having guided us safely through the difficulties of the past few years and for the successes that we have been able to achieve as a Nation.

We are thankful to all our citizens for their sacrifices and resilience, through which Grenada is now back on its feet.

We are thankful for our Social Partners and the members of the Home Grown Programme Monitoring Committee.

We are thankful for our development partners.

Mr. Speaker, the magnitude of our successes can only be truly appreciated by recalling from whence we came.

Many would like us to forget, or not even mention, the dramatic turnaround in our economic fortunes, but the two periods: 2009 to 2012, and 2013 to 2016 are in stark contrast.

From 2009-2012, the dire reality was:

* A Government unable to pay salaries of public servants on time
* Mounting unpaid claims (in excess of $110 million)
* Rising deficits and debts
* Economy in free fall (negative growth)
* Zero business and investor confidence
* Weak and ineffective leadership

Today, our economy is stronger and more robust. Grenada has emerged as one of the most vibrant economies in the Eastern Caribbean Currency Union, with rates of growth averaging over 5%, more than double the ECCU average.

Unemployment has fallen from over 40% when we assumed office, to 32.2% at the end of 2013, to 28.6% now in 2016, with over 3,203 net jobs created. While this is an extremely positive development, Mr. Speaker, our Government is not at all satisfied with this rate of decline in unemployment. Accordingly, a major focus of this Budget is job creation.

The primary balance moved from a deficit position of 3.9% of GDP in 2013, to a surplus of 5.1% in 2016—a 9.0% turnaround in just three years. An astonishing feat!

Mr. Speaker, we have dug ourselves out of a deep, dark hole and we are now in a position to journey into 2017 and beyond, with broad-based, inclusive and job-rich growth.

In charting the way forward, we held wide ranging consultations with stakeholders, including farmers, the business community, trade unions, and civil society,

on the priorities that should be addressed in the 2017 Budget.

Their key messages were: **protect the gains of the Programme** and **spread the benefits more broadly**.

For this reason, Mr. Speaker, the theme chosen for the 2017 Budget is “**Working together to build on our successes for a better Country.”**

This theme recognizes the strong macroeconomic foundation built through the collective sacrifices and patriotism of our people.

Furthermore, it captures the necessity to continue working together to protect our hard-earned gains.

Mr. Speaker, we are indeed proud of our many achievements, however, much work lies ahead. In this regard, we must continue to face the task of securing our future with bold and decisive leadership –

a quality that we have, so far, aptly demonstrated, in the turnaround of the Grenadian economy.

Mr. Speaker, I now turn to regional and international developments.

1. International and Regional Economic Developments

## Recent Performance of the Global Economy, CARICOM Region and the Eastern Caribbean Currency Union

Mr. Speaker, the IMF’s most recent World Economic Outlook indicates that the global economy remains very challenged with growth projected at 3.1 percent in 2016 and 3.2 percent in 2017.

At the level of the ECCU, growth is projected at 2.6 percent this year and 2.8 percent next year.

Notwithstanding this, Mr. Speaker, Government for its part, will continue to implement policies and programmes to mitigate the impact of potential negative external influences on our economy and people. As a consequence, Grenada’s performance in 2017 and over the medium term is expected to be significantly stronger than the average for the ECCU.

Mr. Speaker, as is now customary, my Statement today is a shortened version of the full Statement which will be circulated at the conclusion of my presentation.

Details on the performance of the global economy, CARICOM and the ECCU are contained in the full Statement.

1. Update on the BAICO AND CLICO Situation

Mr. Speaker, this situation remains a major concern for our Government.

We are especially mindful of the hardships being experienced by our retirees, due to their age and declining health.

In the case of CLICO, the matter is still before the Courts in Barbados.

In the case of BAICO, policyholders can expect an additional payout in the next year, after the Bahamas passes the requisite Plan of Arrangement legislation.

It may be recalled that Grenada was the first to pass this law. We will continue to work with regional governments on this important issue.

1. Update on the Grenadian Economy and Home-Grown Programme

## Economic Performance

Mr. Speaker, the Grenadian economy is on track to grow for the fourth consecutive year, since 2013. What a difference leadership makes!

In 2014 and 2015, the Grenadian economy recorded the strongest growth performance in the ECCU, growing by 7.3% and 6.2%, respectively.

In 2016, growth of at least 3.4% is anticipated, driven by Construction and Tourism & related activities.

Although slower than the previous two years, Grenada will again outperform the ECCU average of 2.6% in 2016.

For 2017, our economy is projected to grow, in real terms, by at least 3.0%. This growth rate, Mr. Speaker is a conservative estimate.

Growth next year will be driven by activity in a wide cross section of sectors, including Agriculture, Tourism, Construction and Education. Accordingly, the benefits of the projected economic expansion are expected to be more broadly felt.

## Fiscal Performance

Mr. Speaker, in 2016, Government’s fiscal position continued to show strong improvement, with Government on track to achieve an underlying primary surplus (total revenue and grants minus total non-interest expenditure) of 5.1% of GDP, as against a target of 3.5% of GDP.

This over-performance is due mainly to a robust revenue performance, driven by increased economic growth and underpinned by continuous improvement in both the administration and collection of taxes. Strict budget controls to reduce wastage and increase the efficiency of Government spending were also partly responsible.

By the end of the fiscal year, we expect the following results relative to the Approved Budget:

* Current revenues of $641.2 million compared to target of $574.6 million.
* Grants of $94.8 million compared to target of $201.6 million.
* Current expenditure of $463.1 million compared to target of $481.2 million,
* Capital spending of $219.3 million compared to target of $294.7 million.

Mr. Speaker, we must give credit to the two major revenue collection agencies, the Inland Revenue Department and the Customs and Excise Division.

Mr. Speaker, for the last 35 months, both IRD and Customs have consistently met or exceeded their targets.

For this year, the Customs & Excise Division collections are expected to reach $306.1 million compared to a budget of $281.8 million, an over-performance of $24.3 million.

Inland Revenue is projected to collect $305.8 million compared to a budget of $266.7 million, an over-performance of $39.1 million.

I wish to applaud the leadership and staff of the Customs & Excise Division and the Inland Revenue Department for the excellent achievement this year.

## Update on Home-Grown Programme

Mr. Speaker, I am pleased to report that the IMF Board of Directors has approved the Fifth Review of our Reform Programme, which will see the disbursement of US$2.7 million by December 22, 2016.

Furthermore, the Board of the Caribbean Development Bank (CDB) met yesterday, and approved US$10 million in budgetary support for Grenada.

The World Bank’s Board is expected to meet next Friday, December 16, to consider approval of US$9.4 million in budgetary support for Grenada.

Mr. Speaker, Grenada stands to receive $60 million in additional budgetary support before the end of this year or by early January 2017, based on the strong performance of our Home Grown Reform Programme.

Mr. Speaker, Grenada has already received $192.9 million in direct financial support since the start of the Programme in 2014, some of which are grants or monies which do not require payback.

The sixth and final review of the Home-Grown Programme will be completed around June 2017.

For 2017, we expect additional disbursements from the International Monetary Fund and the European Union to the tune of $28 million.

## Update on Debt Restructuring

Mr. Speaker, I am pleased to report that we continue to make steady progress in regularizing relations with all our creditors.

On account of the debt restructuring, Grenada has a received stock reduction of $200.3 million as at the end September, 2016.

A further $158.3 million is expected upon successful completion of the Home-Grown Programme in 2017.

Furthermore, Mr. Speaker, the cost saving in terms of debt service payments is calculated at $481.3 million.

In essence, Mr. Speaker, our wisdom, courage and sacrifice to implement the Structural Adjustment Programme means we will not have to pay back over $839.9 million. Over time, these funds will be used to invest in our people’s health, education and other services.

Mr. Speaker, Grenada is well on its way to restoring full credit worthiness. We place on record our sincere appreciation to all our creditors for the debt relief provided. More details on the success of the debt restructuring exercise can be found in Annex XIII of this Statement.

1. Building on our Successes

Mr. Speaker, it is clear that we have come a very long way.

From the brink of a total meltdown, we now have a solid economic foundation to build on.

We are now better prepared to meet our financial commitments on a timely basis; including to the private sector, to ensure that their businesses remain open.

We have also matured as a country, Mr. Speaker, by having our first referendum on our Constitution of over 40 years. This is a historic and significant achievement for our Nation because it means that today, we are closer than we have ever been to having a constitution that better reflects the realities of our time.

We remain resolute in our commitment to Constitution reform. I take this opportunity, Mr. Speaker, to thank the Constitution Advisory Review Committee, under the leadership of Dr. Francis Alexis, for boldly and patriotically answering the call to take us to Referendum. I also thank the citizens for their efforts toward this noteworthy endeavour.

Mr. Speaker, it is imperative that we work together to protect the gains this Nation has achieved.

Accordingly, Mr. Speaker, our focus for 2017 will be concentrated around two (2) pillars:

* Implementing the remaining structural reforms to boost growth and competitiveness.
* Undertaking critical investment to facilitate private sector growth and job creation. Specifically,
	+ In education and human resource development to meet the demands of the job market
	+ In agriculture, agro-processing, fisheries and our marine environment, (now popularly referred to as the blue economy), to boost domestic production and exports
	+ In health care delivery, specifically in institutional strengthening, health infrastructure and service delivery
	+ In youth and sports development to make a bigger dent in our youth unemployment situation
	+ In tourism and related services to develop a world class destination
	+ In housing to address the huge unmet demands for low cost housing
	+ In energy development to support our long term energy needs
	+ In ICT development to create new job opportunities and support public sector delivery
	+ In infrastructure and other cross cutting areas to boost productivity and create opportunities for all Grenadians.

**Mr. Speaker, I now turn to the Estimates of Revenue and Expenditure and the specific areas of intervention for 2017.**

1. Estimates of Revenue and Expenditure for 2017

## Budget and Financing Summary

Mr. Speaker, the 2017 Budget is consistent with our long term objectives of fiscal discipline and high, sustained, job rich and inclusive growth. It seeks to build on the successes of the previous four years.

In this regard, the 2017 Estimate of Expenditure provides for a total expenditure (including amortization) of one billion, one hundred million, five hundred and seventy eight thousand, one hundred and forty four dollars (1,100,578,144).

The overall budget is summarized as follows:

 Recurrent Revenue: $657.2 million

 Current Expenditure: $599.0 million

 Capital Expenditure: $154.3 million

 Current Account Surplus: $58.3 million

 Primary Surplus (after grants): $141.9 million

 Principal Repayments/Amortization: $347.2 million

Overall Surplus (after grants): $55.8 million

The ten largest allocations, by vote are:

1. Debt - $433.4 million (39.4% of total expenditure)
2. Ministry of Education, Human Resource & the Environment - $104.0 million (9.5% of total expenditure)
3. Ministry of Finance & Energy - $80.1 million (7.3% of total expenditure)
4. Ministry of Health, Social Security & International Business - $79.9 million (7.3% of total expenditure)
5. Ministry of Communications, Works, Physical Development, Public Utilities, ICT and Community Development - $60.0 million (5.5% of total expenditure)
6. Pensions and Gratuities - $53.6 million (4.9% of total expenditure)
7. Police - $50.3 million (4.6% of total expenditure)
8. Ministry of Social Development and Housing - $39.4 million (3.6% of total expenditure)
9. Ministry of Youth and Sports - $34.3 million (3.1% of total expenditure)
10. Ministry of Economic Development, Trade and Planning - $26.9 million (2.4% of total expenditure)

More details on the 2017 Budget allocations are available in Annex VIII of this Statement.

1. Investment in Human and Social Development

## Education and Human Resource Development

Mr. Speaker, our Government remains committed to transforming our economy through investment in education.

The major successes in 2016 are outlined in the written copy of this Statement, but highlights include:

* The integration of ICT in the education system which has progressed slowly but surely.
* The completion and rehabilitation of several schools, such asthe Woburn Methodist, Bonair Government, the Anglican High School, the St. Andrew’s Anglican Secondary, Crochu R. C, St. Mark’s Secondary and the Victoria Day Care and Library.
* Two hundred and thirty one (231) new scholarships were awarded, at an estimated cost of $44.8 million.
* Government secured funding from the Caribbean Development Bank (CDB) to the tune of $40 million for the Grenada Education Enhancement Project.

Mr. Speaker, the key areas of focus in 2017 will be:

* Schools infrastructure
	+ Under Phase 1 of the Grenada Education Enhancement Project, several schools will receive refurbishment and upgrades in 2017. These include:
		- The St. Joseph’s Covent in St. George’s
		- The Grenada Seventh Day Adventist Comprehensive School in St. Patrick’s
		- The J W Fletcher Catholic Secondary in St. George’s
		- Presentation Brother’s College in St. George’s
		- The St. Joseph Convent in St. Andrews
	+ Phase 2 of this Project will see the rebuilding of the following schools:
		- The St. David’s Secondary School
		- The Grenada Christian Academy
		- The St. Andrew’s Anglican Primary School
	+ Under the OPEC Fund for International Development and the Basic Needs Trust Fund (BNTF), the following schools will benefit from reconstruction:
		- St. Mary’s RC
		- Mt. Moritz Anglican
		- St. Dominic’s Pre-primary
		- The Paraclete Government School
* The continued ICT infusion in the school system
* Capacity building of schools professionals, including the regularization of teachers to the permanent establishment
* Increased certification through the National Training Agency, in areas such as traditional boat building and yacht repair, and piloting.
* The restructuring of the T A Marryshow Community College. This is in collaboration with strategic international partners; including McMaster University of Canada, through the support of the PETNA Foundation, founded by Grenadian, Nicholas Earle Braithwaite.

The focus will be on strengthening the curriculum, ensuring relevance to our current and future national developmental needs; building teaching capacity, in addition to infrastructural improvements to the campus.

Mr. Speaker, we have allocated $104.0 million, to help us achieve the goals and objectives of the Education sector.

## Youth and Sports Development

Mr. Speaker, the Government is clear on its commitment towards youth development. It is for this reason, we feel so strongly about our investment in the IMANI Programme. For 2017, we have made an initial allocation of $27 million to this important programme. Additionally, we will continue to engage the private sector to be able to expand this Programme even further to adequately meet the needs of our young people and to create more gainful employment opportunities for them.

Mr. Speaker, in the area of sports development, I must congratulate all our athletes, for another successful year on the field of play. As a small Country, Mr. Speaker, we have excelled on the regional and international stage in many sporting disciplines, including Cricket, tennis, swimming, netball, football.

In the Rio Olympics, Grenada featured two athletes in the 400-metre Finals, a tremendous feat. Even more significant, we secured a silver medal through our premier athletic ambassador, Kirani James.

In Bodybuilding, Grenada had an impressive showing in the recent Caribbean and Central American Meet in the Dominican Republic, with Damion Daniel securing the gold medal in the heavy weight division.

Mr. Speaker, the contract for the lighting of the National Cricket Stadium will be awarded very early in the new year so that we all can enjoy national and international cricket at nights by the end of the first quarter of 2017.

A major sporting event next year will be our inaugural Kirani James International track and field meet, featuring international star athletes, whose names will be announced in January of next year.

An allocation of $34.1 million is provided for the continued development of youth and sports in 2017.

## Health Care

Mr. Speaker, since coming into Office, we have made steady progress in improving our health care system.

We have paid off the millions in backlog of claims for basic medicines and pharmaceuticals, while at the same time meeting our current commitments to the System. Basic medication is now in more regular supply.

Mr. Speaker, Government has moved decisively to resolve the staffing issues which existed at our various hospitals. To address the shortage of Nurses at the General Hospital and other facilities across the Country, the Government has, through an agency arrangement, hired 65 nurses;

some of whom have been unemployed for several years. This decision was seen as a critical first step in resolving the issue without affecting Government’s commitment in respect of the successful completion of the Home Grown Structural Adjustment Programme. These new hires complement the 114 Registered Nurses hired so far since coming into Office.

Mr. Speaker, in addition to these nurses, 87 healthcare professionals were hired, including specialist’s doctors, radiographers and pharmacists.

Mr. Speaker, with respect to health care facilities, significant progress has been made. Phase II of the General Hospital Project is at an advanced stage, with several sub projects already completed.

Some key areas of focus for next year will be:

* The completion of Phase II of the General Hospital Project; the commencement of the Gouyave Health Centre, with grant funding from the European Union; and, the retrofitting of four health facilities, (Princess Alice Hospital, Princess Royal Hospital, Central Medical Stores and Woburn Medical Station), with funding from the Department For International Development of the United Kingdom and implemented by Pan American Health Organization (PAHO).
* Mr. Speaker, plans are ongoing for the construction of a new hospital. Several proposals are being reviewed.
* Medical Insurance – Mr. Speaker, our efforts to deliver a sustainable system of health financing through a National Health Insurance Scheme to provide universal coverage for all citizens will continue in 2017. This effort is now led by Minister Emmalin Pierre.

The committee is at an advanced stage of consultations, designed to implement this long awaited initiative by the end of the first half of next year.

Furthermore, through a Public Private Partnership arrangement, construction on the Carlton Home will begin next year.

An allocation of $79.9 million is provided for health care delivery in 2017.

## Housing and Social Care

Mr. Speaker, housing is perhaps one of the most burning issues facing our population at this time. The demand for housing assistance is great and we must do what we can to address this issue.

For 2016, a number of key deliverables were met in the area of housing and social care. Among those:

* 119 families benefited from the Soft Loan Programme, at a cost of $3.3 million.
* Over $6.0 million, an increase of some $1.5 million, was spent under the materials assistance programme, benefiting some 1,265 families.
* 353 housing units, under the Chinese Low Income Housing Project, were distributed earlier this year and preparatory works to facilitate the start of the next Phase of housing units have commenced.
* Government gave approval for the Grenada Development Bank to borrow up to $10 million to provide low cost housing to ordinary Grenadians. Of this amount, $3.0 million was secured and disbursed in 2016.

The GDB has already received extremely positive feedback in its efforts to secure the balance to provide further support in this area during 2017.

* Mr. Speaker, in respect of Government’s flagship social safety net Programme, called the Support for Education, Empowerment and Development (SEED), a total of $14.0 million will be spent in 2016, with over 5,000 beneficiary households.

Government will expand its housing and social care programme in 2017.

* An initial allocation of $10.0 million is provided as part of the Soft Loan and Home Improvement Programme. With the additional grant funding expected from the National Transformation Fund, Government intends to spend significantly more in this area.
* Intense work on the second Phase of the Chinese Housing Programme, which will provide homes for 647 families and will be constructed in Beausejour in St. George’s, Corinth in St. David’s, Diamond in St. Mark’s, the Villa in St. Patrick’s and Dumfries in Carriacou.
* Additionally, support under the Needy Assistance Programme for educational, medical and other purposes will be expanded in 2017.
* Mr. Speaker, it pains me to know that our elderly, our poor and vulnerable citizens, have to travel great distances to collect their stipends at the Treasury and sub offices. As a caring Government, we plan to work with revenue offices around the country to have the monies delivered in their communities. This will not only make their lives easier, but it will help to protect their dignity and save on their already scarce resources.
1. Investing better for Inclusive Growth and Sustainable jobs

## Introduction

Mr. Speaker, despite the strong economic recovery and the reduction in unemployment, too many Grenadians are still without work. Reducing unemployment therefore remains a key priority for us going into 2017.

I will now proceed to outline the specific areas of interventions that will lead to faster, job rich, inclusive and sustainable growth.

## Ongoing Structural Reforms

Mr. Speaker, critical to achieving faster, job rich, inclusive and sustainable growth is progress on our ongoing efforts to enhance Grenada’s business and investment climate and productivity.

Accordingly, resources will be allocated to sustain efforts in the following areas.

* **Several legislative and administrative reforms are being implemented:**
	+ The Grenada Investment Development Corporation Act and other administrative reforms;
	+ The Physical Planning and Development Control Act and the Building Code;
	+ An online business register;
	+ An online title search facility for the deeds and land registry;
	+ Strengthening our interagency collaboration through the ASYCUDA System to facilitate improved transaction time and lower costs;
* Building a modern tax payer system that is economic growth friendly and robust will remain a priority.
	+ At Customs, we will expedite the roll out of ASYCUDA System and implement stronger risk management.
	+ With support from the CARICOM Development Fund, several initiatives will be undertaken, including training in fraud prevention and investigation, the upgrade of the Customs Operational Manual and the purchase of a marine pilot craft.

The Inland Revenue Department (IRD) will commence implementation of a tax compliance strategy.

## Citizenship by Investment Programme

Mr. Speaker, since the start of the Citizenship by Investment Programme in 2014, we now have a pipeline of thirteen Approved projects in key sectors of the economy, such as agriculture and tourism—of which seven have started implementation. More details can be found in Annex IV of this Statement.

Mr. Speaker, during 2017, we expect to see the start of construction on several more of these approved CBI projects, with several hundred new jobs estimated.

To further safeguard the security and integrity of the CBI Programme and the Country in general, a modern Readable Passport Machinery System will be procured in 2017 at an estimated cost of $3.0 million.

Mr. Speaker, the main source of resources from the CBI Programme to the Government is capital grants through the National Transformation Fund (NTF). Mindful of our efforts to maintain fiscal discipline, we have adopted extremely conservative assumptions for NTF receipts for next year of $32.4 million.

Notwithstanding this, we are extremely confident that the CBI Programme will deliver as much as $50 million in NTF grants, which will help Government to further invest in critical programmes.

## Agriculture and food security

Mr. Speaker, agriculture is the bedrock of our economy.

I wish to highlight several achievements in this area for 2016:

* The provision of vehicles and equipment to strengthen the Praedial Larceny Programme to support the hard-working farmers of this Country.
* A total of fifty nine families benefited from the land tenure registration programme during the course of this year.
* Mr. Speaker, a milestone was achieved this year with the licensing of four new surveyors, for the first time in 20 years, to facilitate effective business transactions.

In 2016, there was significant improvement of fish quality assurance which helped to in maintain Grenada’s List 1 status for exporting to the EU and other international markets. Additionally, Mr. Speaker, we reconstructed the Victoria Fish Market to improve service to the fishing community of St. Marks.

More details of the 2016 performance can be found in the printed copy of this Statement.

I now turn to our plans for the sector in 2017.

Government will continue to work toward stamping out the scourge of Praedial Larceny, through the upgrading of laws and the introduction of motion sensors and other technologies.

With assistance from the Chinese Government, work is underway for a multipurpose center and greenhouse at La Sagesse; and completion is scheduled for October 2017. Some 50 constructions jobs are being created.

* We will work toward the accreditation of the Produce Chemist Laboratory to support research and development in areas of pest and diseases.
* In December and January, the United States Department of Agriculture is facilitating a food safety training course for 20 of our citizens, from various sectors in the industry. This training is designed to boost Grenada’s exports to the US market, and ensure compliance with FDA regulations. This course is being offered to our locals free of cost.
* I wish to make the point here, Mr. Speaker, that cheques are being prepared to compensate the farmers and homeowners of St. Andrews and surrounding areas that were adversely affected from the freak weather system last month. The cheques will be distributed in time for Christmas, as promised.

We will continue working to develop an early warning and emergency response system to improve the safety of fisherfolk; implementation of the national management and control programme for the invasive lion fish, and the implementation of ongoing activities under the Marine Protected Area Programme.

Efforts to upgrade equipment at the MBIA and secure more airlift to facilitate fish export will be sustained.

Mr. Speaker, in 2017, we will revamp the agricultural idle lands Programme. Accordingly, there will be no tax on agriculture idle lands in 2017.

The commercialization process of government's agricultural estates will continue. Early in the new year, operational details on Limlair Farm in Carriacou, which will focus on sour sop and other fruit production, will be announced. This is in addition to the previously commercialized  Belle Vue and Grand Bras estates.

Belle Vue continues to expand, with an innovative commercial collaboration with Winfresh and the soon to be commissioned state of the art agro-processing  plant at La Sagesse. When brought into full production, the La Sagesse plant will create significant opportunities for our local farmers and boost Grenada's agribusiness exports.

The total allocation for Agriculture, Forestry and Fisheries is $27.4 million.

## Tourism and Culture

Mr. Speaker, the past few years have seen relatively strong growth in the tourism industry with positive spin offs in various other sectors.

For the period January – July, 2016, the number of tourists visiting our shores grew significantly by 21.9% relative to the corresponding period in 2015.

Mr. Speaker, it is well known that tourism’s contribution to GDP is estimated at over 25% and it provides as much as 5,000 direct jobs to the economy.

In 2016, efforts were made to enhance and develop new and existing attraction sites and activities to bolster the industry.

In 2017, we intend to invest better and smarter in marketing the destination to increase visitor arrivals.

A new feature of our marketing campaign in 2017 will be our inaugural Dive Festival. This event is expected to attract hundreds of visitors and dive enthusiasts.

Starting January 2017, airlift to Grenada will increase with the introduction of Jet Blue’s Mint service; as well as the addition of another regular flight which will bring the total number of Jet Blue flights to five (5) weekly.

An approach has also been made to the Government of Trinidad & Tobago and several charter companies, with a focus on increasing airlift service on regional routes.

During the first half of 2017, work is expected to commence on an Airport Hotel at MBIA. Other critical airport projects include the runway rehabilitation works, resurfacing of the bye-pass road, and construction of cargo facilities.

Mr. Speaker, with our planned investments in tourism and culture, we project our visitor arrivals to continue on its strong growth path. Our hoteliers, our taxi operators, our vendors, as well as other stakeholders in the industry, including employees in the sector, will all benefit.

An initial allocation of $22.3 million is provided for Tourism, Civil Aviation and Culture in 2017.

## Energy Development

Mr. Speaker, I wish to now turn to developments in the energy sector, in particular electricity reform and renewable energy.

We cannot seriously talk about sustainable development without fundamentally addressing the high cost of energy and energy security in our Country.

Mr. Speaker, we intend to continue to engage GRENLEC and other stakeholders in the implementation of this important reform which is a clear testimony of Government’s willingness to work with all investors, local and foreign, in the best interest of Grenada.

In June of this year, we held a series of consultations with stakeholders to present the results of extensive technical studies into Grenada’s geothermal potential, which was undertaken with the assistance of the Governments of New Zealand and Japan.

The studies revealed that there is very high possibility of geothermal energy in the Mt. Saint Catherine area. Several donors have expressed iinterest in providing grants and low cost funding to implement the next phase of the project, including the drilling of testing wells.

Mr. Speaker, we are also coordinating with CDB on a pilot project to put solar systems on at least two Government buildings next year—the General Science building at the TAMCC and at her Majesty’s Prison. In addition to reducing Grenada’s carbon footprint, this will contribute significantly to reducing on utility costs.

## Carriacou and Petit Martinique Affairs

During the course of this year, achievements on the Sister Isles include a further upgrading of equipment and facilities at the Lauriston Airport.

Key features were the construction of a roadway for the launch of rescue boat operations, the purchase of a rescue boat, a fire truck and a ground service vehicle.

Several roads were also rehabilitated.

Total expenditure for 2016 amounted to $10.9 million.

In 2017, $14.0 million is allocated to meet the recurrent and capital needs of Carriacou and Petit Martinique.

Mr. Speaker, a major initiative will be the construction of a passenger and cargo port facility at Harvey Vale. Jiangsu Construction & Engineering Co. Ltd won the bid for this project at a cost of $3.4 million. A key condition of the contract is that as much local labour as possible be utilized.

This Project is expected to break ground before the end of this year with an estimated 15 – 20 local construction jobs.

Mr. Speaker, this project will significantly contribute, not only to the safety and security of passengers, but will be an important addition to the infrastructure stock of Carriacou.

Another initiative of note on Carriacou, Mr. Speaker, is the $1.0 million dollar expansion of the Tyrell Bay Marina Project, to start in January.

This Phase will see the acquisition of additional marine equipment; the construction of a full service kitchen, and the refurbishment of a four-bedroom cottage of international standards.

This will create further job opportunities on the sister isles, Mr. Speaker.

## Information and Communication Technologies (ICT)

Mr. Speaker, Information and Communication Technologies hold great promise for employment and economic growth and development in Grenada. During the course of this year, we have made important advances in this area, as follows:

1. Under the Caribbean Regional Communications Infrastructure Programme,
	1. We have provided Business Incubator Support and Grants to 21 entrepreneurs to encourage and support the development of small businesses in IT enabled services.
	2. We have established a Centre of Excellence at the T A. Marryshow College, which provides training opportunities in medical billing & coding and in animation.
2. Mr. Speaker, Government is partnering with a major IT company out of India, Multi-Group Relationship Management (“MGRM) to develop and roll out in 2017 a Government-wide IT platform that will assist in the delivery of services through the internet, such as making payments, filing application for services, and information sharing.

## Trade and Export Development

Mr. Speaker, increasing Grenada’s share of exports to the rest of the world remains a top priority next year. Our share of total exports this year, compared to the corresponding period of last year, grew by 2.0% to $650.5 million.

In 2016, the Bureau Analytical Chemistry Laboratory became the first laboratory in Grenada and the first national laboratory within the National Standards Body in the OECS to receive ISO accreditation.

This is for a specific set of tests that are geared at supporting Grenada’s export Sector.

This accreditation will directly benefit manufacturers in gaining access to regional and international markets including the US and EU.

With assistance from the Caribbean Development Bank, the Marketing and National Importing Board Pack House will be upgraded to help increase export earnings.

Mr. Speaker, Grenada is now poised to begin exporting coca cola and other beverages to other regional countries with the recent investment by KOSCAB Holdings, in the Grenada Bottling Company.

## Support to Small Business Development

Mr. Speaker, Government will continue its support for small business development in 2017 given its significant impact on job creation and income generation.

The Grenada Development Bank currently has access to $8.1 million through funding from the CARICOM Development Fund to support existing businesses.

Under the Small Business Development Fund administered through the Grenada Development Bank, a total of 494 loans, with disbursement of $4.8 million, have been granted so far, helping to create some 836 jobs.

Mindful of the complaints about the Small Business Programme, Government is actively seeking to restructure the administrative arrangements of the programme to make it more efficient and meet the needs of the ordinary Grenadians it is intended to benefit.

Through the Small Business Development Centre at the Grenada Investment Development Corporation, Government will continue to provide handholding support, such as business traning and guidance to start ups and existing businesses so as to continue to bolster job creation.

More details on the key results and focus of Government’s small business support programmes can be fund in Annex XIV.

## Major Public Sector Projects

Mr. Speaker, this Section will now address the major public sector projects and Programmes, with a focus on creating the right infrastructure and social landscape that will help to propel our people to seek and create opportunities for themselves.

**St. Patrick’s Road Network Upgrade – XCD$27.0 million**

Mr. Speaker, the contract for this important project which is funded by a loan from the OPEC Fund for International Development (OFID) is expected to be awarded in early 2017, and work started shortly thereafter.

This Project will see the rehabilitation and upgrading of two road sections in St. Patrick’s, measuring 16 kilometres or 10 miles from Duquesne to Sauteurs and from Mt. Fendue to Pointzfield; the construction of four (4) bridges; and the rehabilitation of 12 smaller bridges and proper drainage facilities.

This project will provide 150 jobs.

**Construction of the Grenada Houses of Parliament - XCD$29.0 million**

Mr. Speaker, the construction of the Parliament Building is now well underway and expected to be completed in 2018. Employment on this facility, now at 80, is expected to increase significantly in 2017.

As reported, grant funding for this project has been secured from the Government of Mexico and the United Arab Emirates.

An allocation of $10.4 million has been provided in the 2017 Estimates of Revenue and Expenditure for this project.

**Regional Disaster & Vulnerability Reduction Project (RDVRP) – XCD$94.5 million**

Mr. Speaker, this is an ongoing project, designed to build resilience to the impact of climate change and reduce vulnerabilities to natural disasters.

During 2016, we are happy to report that we have delivered on several major sub-projects under this Project. Those are outlined in the written version of this Statement.

Mr. Speaker, during 2017, the focus will be on the completion of the Rebuilding of the Hubble and Lance Bridges in St. Johns; the reconstruction of the Holy Cross R. C School in Munich, St. Andrew, and the start of the St. John’s River flood mitigation project in River Road in St. George’s.

Mr. Speaker, this project which started in 2011 is expected to be completed in 2018. It is financed with a grant from the Climate Investment Fund, under the Pilot Program for Climate Resilience and a loan from the World Bank.

An allocation of $4.6 million is provided for the continuation of this Project, which will provide 130 jobs.

**Reconstruction of Gouyave Health Centre - XCD$7.0 million**

Mr. Speaker, Grant funding for this project from the European Union under the 11th EDF is expected to become available in early 2017.  All the preparatory works have already been completed and construction is expected to begin very early next year.

Mr. Speaker, $4.1 million is allocated for this project in 2017, and 16 jobs will be created during the construction phase.

**Projects Under the UK-Caribbean Infrastructure Fund - XCD$81.0 million**

Mr. Speaker, Grenada is thankful to be among the nine Caribbean countries benefiting from this £300 million in grant funds provided by the United Kingdom Department for International Development,

under the UK Caribbean Infrastructure Facility, to assist in building climate and disaster resilient economic infrastructure.

 These resources have been allocated to two major projects, which will see over 120 jobs created:

* The Grenada Water Supply Expansion and Sewerage Disposal Improvement Project (XCD$34 million), which would involve the expansion of Concord Storage Facility, distribution to South St. George, and the upgrading of the Sewerage Disposal System in St. George; and
* The Grenada Western Main Road Corridor Upgrade Project (XCD$48 million), to enhance climate change resilience in the Western Road Corridor.

**Road Rehabilitation and Maintenance Programmes - XCD$106.7 million**

Mr. Speaker, our road network will receive a significant boost in 2017 and beyond. The total estimated expenditure over the next three years is in excess of $100 million, which will create over 4,000 short-term job opportunities.

These projects and programmes include regular road maintenance such as debushing, asphalt works, drainage, concrete works, rock fall and landslip at various sites, and agriculture feeder roads.

Mr. Speaker, we are moving speedily to address the recent episodes of falling rocks along the western main road. We have already written to the Caribbean Development Bank for emergency funding to the tune of US$750,000.

This will enable us to undertake immediate preventative works in critical areas throughout the country. There are already indications that our project will be favorably received.

Mr. Speaker, we are pleased to report that the Kuwaiti Fund has, only last month, approved a grant of some $1.4 million to undertake a feasibility study, environmental protection study and preliminary designs for the rehabilitation of the main road connecting Gouyave city to the town of St. George.

Mr. Speaker, this project will pave the way for serious road rehabilitation works on the western side of Grenada in the coming months and will provide dozens of short term job opportunities for our citizens.

**Special Projects Programme - XCD$5.0 million**

Mr. Speaker, these small, community-oriented projects are administered through small contractors and continue to be instrumental in helping to address the basic needs of families and communities.

In 2016, a total of $6.7 million was spent, creating in excess of one thousand jobs.

Mr. Speaker, for 2017, an initial allocation of $5.0 million is budgeted, and estimated to create over 800 short-term jobs. We intend to increase this allocation, should the CBI programme perform as expected next year.

**OECS Regional Tourism Competitiveness Project- XCD$16.2 million**

Mr. Speaker, 2017 will see the commencement of this tourism-based project, which is supported by a loan from the World Bank, to target the following:

* The Development of Fort George as a key tourist attraction site to be managed through a Public Private Partnership arrangement;
* Development of a Ferry Service Facility of international standards, at the Harvey Vale Port in Carriacou, to promote inter-regional movement of visitors.

To accommodate the national component of this project, we plan to relocate the Police Headquarters to a new location.

An allocation of $0.25 million is provided in 2017 for its commencement.

**Basic Needs Trust Fund (BNTF) Programme (BNTF 7&8 – XCD8.2 Million)**

Mr. Speaker, BNTF is a CDB grant-supported project with contributions from the Government of Grenada.

In 2016, several sub-projects under BNTF 7 & 8 were started or completed.

These details are provided in the Annex XI to this Statement.

Mr. Speaker, several other projects in various stages of implementation, or commencing in 2017 include:

* Darvey Fishermen Locker in St. Patrick’s
* St. Theresa/Vincennes Pre-School Construction
* Telescope Resource Centre Construction
* TAMCC Building Construction
* Construction of Water Treatment and Distribution Plan in Munich.

Mr. Speaker, these 19 projects listed above have created over 171 jobs to date.  The estimated cash injection into the economy is $7.7 million.

The implementation of BNTF 9, will see a further injection of over XCD 6 million dollars into the economy and in excess of 150 jobs created.

Mr. Speaker, BNTF 9 will be expanded to include a Livelihoods component. The focused areas include:

* Access roads
* Education
* Renewable energy and energy efficiency

An allocation of $4.4 million is provided for the completion of Phase 7 & 8. In respect of the new Phase (BNTF 9), an initial allocation of $1.2 million is provided.

**Market Access and Rural Enterprise Development Programme (MAREP) – XCD22M**

Mr. Speaker, the MAREP is a poverty reduction programmme with funding support from the Caribbean Development Bank,

the International Fund for Agricultural Development and counterpart funding from the Government of Grenada.

**Key results for 2016 include:**

Vocational and skills training of some six hundred young people in various disciplines, including cruise ship services, agro-food processing, early childhood development, computer repairs, motor vehicle engine repairs and allied geriatric health care.

Over one hundred and fifty young people received certification at the Caribbean Vocational Qualification (CVQ) level. As a result of this training, 69 young persons have already secured permanent employment.

An MOU was signed with the University of the West Indies to provide professional development for beneficiaries of the Programme.  Eleven young people have received scholarships to pursue studies in events, project and stores management.

The following farm access roads/bridges were completed:

* Ghutt Road in St. Andrew’s
* Grand Bras Bridge in St. Andrews
* Fountain Road in St. Patrick’s
* Chambord Road in St. Patrick’s
* Ahoma Road in St. Andrew’s
* Mt. Pleasant/Mt. Dor Road in Carriacou

A total of 62 persons were employed with some 389 farmers directly benefiting from improved access to their lands for agricultural production.

A total of $1.5 million was spent this year.

The MAREP programme is scheduled to end in March 2017 but a proposal for an extension is currently under consideration by the CDB and the International Fund for Agricultural Development.

Further details of MAREP’s achievements can be found in Annex XII

For 2017, a total of $2.4 million is allocated for MAREP’s critical interventions.

**Sauteurs Breakwater Project - XCD$4.8 million**

Mr. Speaker, we wish to thank the people of Sauteurs for their patience and understanding and to reiterate Government’s commitment to protect the homes and businesses currently being affected by the erosion of the shoreline.

This ongoing Sauteurs Breakwater Project has created between 15 and 20 jobs to the benefit of the local community, with an estimated completion date of June, 2017.

**Integrated Solid Waste Management Project - XCD$40.9 million**

Mr. Speaker, our Government has secured $29.0 million from the Caribbean Development Bank to support the implementation of this important project, which entails the construction of new landfill at Perseverance, the renewal of equipment, among other components.

Preparatory works are currently underway and the project will take approximately 30 months to complete, providing at least 25 jobs.

**Extreme Rainfall/Gouyave Flood Mitigation Project: XCD23.3 Million**

Mr. Speaker, this project aims to reduce the risks of landslides and flood hazards in the parishes of St. John and St. Mark.

Key activities include road rehabilitation works, the reconstruction of the middle river bridge, and flood mitigation works in the town of Gouyave, St. John.

Work was delayed but will be accelerated with the contracting of the Project Supervisor and satisfying outstanding conditions. This project is expected to generate 20 construction jobs.

**Global Environment Facility (GEF) Ridge to Reef Project: XCD8.5 million**

Mr. Speaker, the Grenada “Ridge to Reef Project,” which is funded through a Global Environment Facility Grant, aims to ensure that biodiversity and ecosystems functions within and around marine and terrestrial Protected Areas in Grenada are better protected from threats.

Project activities started in April 2016 and include:

* Construction of a Visitors Centre at Morne Gazo;
* Extension of the Forestry Department Head Office at Queens Park;
* Construction & deployment of 5 Fish Aggregating Devices on the Western side of Grenada;
* Commencement of work on Coral reef restoration & propagation initiative.

An amount of XCD1.2 million is budgeted for the continuation of this project in 2017, which will provide 25 jobs.

Mr. Speaker, Government is actively pursuing a major initiative which is expected to start by June of next year. Instead of relying on Government cash flow to reconstruct and rehabilitate Government offices destroyed after Hurricanes Ivan and Emily, Government will raise concessionary funding to restore several Government offices nationwide.

This Project will provide significant opportunites for small contrators across the length and breadth of Grenada, Carriacou and Petit Martinique and provide several hundred construction jobs.

## Major Private Sector Projects

Mr. Speaker, there is no doubt that investor and business confidence in Grenada has risen significantly over the past few years. There is no doubt too, that Government is diligently working to create the right environment in which the private sector and our local citizens can thrive. We cannot talk about improved doing business ranking if we have no businesses to show for it.

Mr. Speaker, while there is still work to be done, since coming into office, the number of projects on stream or scheduled to start paint a picture of an investment climate that is robust and getting better.

Through the Grenada Industrial Development Corporation, a total of twenty seven (27) new investments were approved for incentives support, with total proposed investment of $138 million, and the potential to create 1,618 jobs. Many of those projects are already underway at various stages of implementation. I will now highlight a few:

* **The Point at Petite Calivigny Resort** – Phase 1 of this Project, estimated to cost $43 million, started in January and is expected to be completed by the third quarter of 2017. The project currently employs over 80 construction workers.
* **Horseshoe Cove in St. David’s** – Launch of Phase 1 of this Six- Star $40 million Hotel and Villas is carded for February. It is expected to provide 300 construction jobs and 250 permanent jobs upon completion.
* **A $5.4 million bowling alley** and entertainment lounge in the south of the Island is over 80% completed, currently employing 35 workers and expected to provide 14 permanent jobs during operations.
* **FCR Enterprises Ltd**, a 300 seat Call Centre Operation, located at the Spice Basket, became operational this year, currently employing 80 workers and is expected to add 90 more by the end of March 2017.
* **Clear Harbour Call Centre** – This facility currently employs over 600 Grenadians. Another 200 employees are expected to come on board by the end of March 2017.
* **Silver Sands Resort Development** – This US$63 million luxury resort hotel is expected to be completed in 2017 and has so far created in excess of 175 jobs for Grenadians. Upon completion, permanent employment will be available for over 60 Grenadians.
* **The Rivera Hotel** –Site preparation works have already started on this $35 million project. Once operational, permanent employment will be created for approximately 260 Grenadians.
* **True Blue Project** (Kawana Bay) – Mr. Speaker, this multi-phase $160 million project, commences in the first quarter of 2017, and is expected to provide in excess of 120 construction jobs and over 150 permanent jobs.
* **Levera Development** – Mr. Speaker, this $150 million Project was re-launched last month and is expected to generate over 75 jobs in the St. Patrick’s and surrounding areas.
* **Solamente Villas** - This villa development project is currently underway, at an estimated cost of $23.6 million; providing 20 construction jobs.
* **HoneyComb Apartments in True Blue**: This $16 millionproject commences in January.

80 construction jobs will be created and 15 long-term, upon completion.

* **D.A.M. Enterprise**: A $10 million, 40-room apartment building in True Blue is estimated to start in January, and will provide approximately 36 construction jobs.
* **SpiceLand Mall Expansion** project is well underway, at a total cost of 16 million. Approximately 25 workers are involved in construction currently, and upon completion, 180 to 200 jobs will be generated.
* **Independence Agencies**: $3 million expansion of the facilities. Work is well underway with about 15 construction workers, and technicians to come on board soon. It is scheduled for completion in 6 months.
* **Grenfresh** – Implementation is underway on this $12 million dollar investment agro-processing plant, with 17 construction jobs created.
* **Clarkes Court Marina** – Phase I of this $42 million project, is 85% completed, with about 100 workers. Phase 2 & 3 will be rolled out in early 2017, including the restaurant facility.
* **Mt. Cinnamon Expansion** – Mr. Speaker, the construction of 32 additional villas commenced in July, at an estimated cost of $180.9 million. 50 construction jobs are being created, with a further 75 upon completion.
* **Grenada Marine** – Construction on the $3.5 million expansion of the current boat yard facility is underway.
* **Sandals**: Dozens of workers are engaged in this USD 4 million dollar ongoing expansion project.
* **Hideaway True Blue Inc**: This USD9.1 million apartment condominium building will commence next year, providing 50 construction jobs and 40 indirect and permanent jobs when completed.
* **Commercial Complex** at True Blue: EC$80 million, and employing 80 nationals.
* **St. George’s University**: USD40 million in capital improvement is slated for the next several years, to include new dorms, teaching and other facilities, with tremendous employment opportunities.

Mr. Speaker, there are other developments that will create several hundred more jobs, including the La Luna Villa Resort Development, the Tri-Services Communications Ltd Call Centre, the Sanctuary in Carriacou, the Palm (Grenada) Ltd. (36 bedroom apartment complex in True Blue), the Good Guy Apartments (54 bedroom apartment building in Lance Aux Epines), Pizza Hut in Grand Anse, and the Pointe in Hope St. Andrews.

## Real Estate Development

Mr. Speaker, in the area of Real Estate development, there continues to be a stark increase, as is evidenced by the projects outlined above.

Mr. Speaker, the experts have given the numbers. We are pleased to announce that the annual Grenada Real Estate Report from Century 21, which will be officially released at the end of this month states, and I quote:

***“Last year, 2015, had remarkable improvement in real estate sales, with sales volumes surging by 71%. As 2016 comes to a close, the Grenada real estate market is projected to set a new high, with a nearly 20% increase over 2015.”***

This growth, Mr. Speaker, is reportedly enhanced by the purchase of development properties by international investors and a strong showing in the number of buyers from Caribbean countries.

**Public Private Partnerships:**

Mr. Speaker, Government maintains that in order to bridge the gap between limited public sector capacity and the ongoing demands for development and opportunities, Public Private Partnerships are critical. We therefore continue to explore all avenues to enhance this area. I wish to highlight two major developments in this area:

* **The Grenville Commercial Complex**: We are engaged in negotiations with Cooperative Bank for a Private Public Partnership to construct and manage the Grenville Commercial Complex that will house the Grenville Revenue office, a branch of Cooperative Bank and other businesses. I am pleased to announce that the company is now registered; and once up and running, this project is expected to be completed in two years, and provide scores of jobs for the residents of St. Andrew’s and surrounding areas.
* **Gravel, Concrete and Emulsion Production Corporation**: After publicly inviting proposals, Government has approved the pursuance of a PPP arrangement to facilitate capital development, restructure operations and restore profitability at Gravel and Concrete. The selected private investor will make a significant capital investment into the company and be required to cover the entire operations, and assume the debts of Gravel & Concrete.

1. Cross Cutting Issues

## Law and Order

Mr. Speaker, the maintenance of law and order remains one of our biggest assets and we must protect it. Grenada continues to be regarded as one of the safest places in the world.

In 2016, some of the key results in the area of Law and Order included:

* Additional manpower - A total of 48 new recruits were taken on board to support the operations of the RGPF.
* Significant investments were made in transport, equipment and supplies, such as a command vehicle, fire truck, 14 mobile units and the retrofitting of the Coast Guard Vessel.

More details on this critical area will be provided in the full Statement.

In 2017, we will be spending $50.3 million for further strengthening of the Royal Grenada Police Force.

## Environmental Management

Mr. Speaker, Government continues to build our Country’s defenses against the negative effects of climate change. The recent weather events in St. Andrew’s, St. Patrick’s, and surrounding areas are fresh in our minds.

Grenada’s recent assumption of the Chairmanship of the World Bank Small States Forum presents a golden opportunity for our Country to champion the challenges of small states at the international level to help build resilience, address inherent vulnerabilities and achieve the sustainable development of our citizens.

Mr. Speaker, Grenada stands to benefit significantly from additional concessional funding from the World Bank and other donors as the issues of small states vulnerabilities receive greater recognition.

More details on environmental management can be found in the printed version of this Statement.

Mr. Speaker, I wish to pinpoint that there are also several other critical areas which are captured in the printed version of my Statement; including Foreign Affairs and Disaster Management.

## Fiscal Relief Measures

Mr. Speaker, I now wish to address fiscal measures that will likely touch every citizen and sector of our society.

Mr. Speaker, our fundamental philosophy of putting more disposable income in the hands of the people has never changed. Without the decisive response by this Government and the sacrifices of our people, to confront the fiscal challenges, the situation today would be unthinkable.

We have built a solid foundation and are now in a better position to pursue this philosophy.

During our consultations on the way forward after the Programme, there has been consensus on two points: Protect the gains and Ensure the benefits are more widely spread.

Mindful of this consensus and our commitment to fiscal responsibility, we propose to implement the following relief measures in 2017:

1. **A Tax Registration Amnesty** for the period January to March 2017, which will facilitate the registration of tax payers with the IRD, without the imposition of the penalty for failure to register.

**2. A Tax Filing Amnesty for Annual Stamp Tax** for the tax period 2013 to 2015, without the imposition of the filing penalty. The period of this Filing Amnesty will be from June to August, 2017.

Further, we have heard the request from the business community for a relief on the rate of Annual Stamp Tax. We will therefore reduce the rate from 0.75 to 0.7%. This reduction will take effect for tax period 2018.

**3. The reduction in the price of the 20 pound cylinder of LPG** from $42.00 to $40.00 from January 2017.

**4. The reduction of the personal income tax rate** from 15% to 10%. This takes effect in the new fiscal year.

**5. The removal of all income tax on pension income.** This takes effect from January 2017.

Mr. Speaker, additional tax relief based on the performance of Government’s finances and a comprehensive review of the tax system, will be considered in the new fiscal year.

Mr. Speaker, the timing of these adjustments is to ensure we meet our obligations under the Programme and the Fiscal Responsibility Law; as well as make the requisite administrative arrangements in Inland Revenue.

Mr. Speaker, I also wish to make the point that even before we implement these new relief measures, our tax effort is among the lowest in the ECCU. In fact, the only other country lower is Antigua.

More details on this can be found in my full statement.

Mr. Speaker, our record shows that we continue to build a responsible and progressive economy for the benefit of all Grenadians.

## Wages, Salaries and Pension Reform

Mr. Speaker I wish to turn to the Public Service.

Mr. Speaker, I will be remiss if I do not recognise and pay tribute to the exercise of patriotism and commitment to national interest that our public sector unions have demonstrated.

Mr. Speaker, in my many years in public office, I believe that we are seeing significant opportunity for partnership and dialogue.

In light of this recognition, Mr. Speaker, as we are addressing the legitimate concerns of our public officers, we will have to balance these efforts by requiring higher levels of performance and value for money for the people of Grenada, Carriacou and Petite Martinique.

In this regard, Mr. Speaker, there are two priorities.

Government is in the process of designing a long term comprehensive approach to human resource management and development in the Public Service.

This new approach will set the direction for the strategic management of the Wage Bill, as framed by the Fiscal Responsibility Legislation that was previously passed by the Parliament.

While there has been initial dialogue on the Fiscal Responsibility Legislation, the future success requires deeper engagement and collaboration with the Public Sector Unions and other key partners to advance the design and implementation of the New Human Resource Management and Development approach for the Public Service.

This thrust is critical to safeguard and build on the gains realized during these last years.

We will focus on:

1. Resolving long standing industrial relations issues with public officers, including compensation and terms and conditions, in a sustainable and responsible manner, including the phased regularisation of public officers and teachers;
2. Commissioning the first ever Public Service Training Centre, a building which is in the advanced stage of refurbishment, and will be completed so that the operations will start by the middle of the year.

**Pension Reform**

The second and ongoing priority, Mr. Speaker, is to address the long outstanding issue of public service pension. Mr. Speaker, this issue was created in 1983 and has evaded a workable solution.

We are committed that, before the end of 2017, there will be a framework to provide a just, equitable, adequate, affordable and sustainable retirement income for Grenada public officers.

A critical success factor will be constructive engagement with the unions.

In preparation for this process, we have secured technical assistance to conduct a comprehensive review of the status and to identify options. A time-bound task force has been proposed. The task force will be made up of representatives of all public sector unions and the Government, and with appropriate technical support from the National Insurance Board and other entities.

We have shared the road map with the public sector unions and have recently received a response to proceed. We proposed to start implementing the recommendations of the task force as they become available.

Mr. Speaker, I am committed to solving this issue before I leave office. If we talk about legacy, Mr. Speaker, this is the legacy of which I will be proud.

**Wages and Salaries:**

I will now turn to what is on the immediate horizon for all public servants.

Mr. Speaker, our Public Officers have carried their share of sacrifice during the period of adjustment. It is for these reasons, Mr. Speaker, that Government will redouble its efforts to address their concerns, even within the context of our constraints.

We have already brought increment payments current for 2016, and we will maintain current payments going forward.

Mr. Speaker, I am pleased to announce that by next Friday, December 16th, we will pay, not one, but two installments of increments, specifically for 2014 and January-June 2016.

And we will continue honoring all outstanding payments on increments to public officers, to be completed by mid-February 2017.

We are in negotiations on salary increases and fringe benefits for the period 2017 to 2019. It is our hope that those negotiations will be completed by the end of this year.

Once agreement is reached with our union partners, the new salaries will be implemented with effect 1st January, 2017.

Mr. Speaker, for the first time ever, we are working toward a one-off payment agreement to every public officer who would have served a substantial portion of the period 2013-2016, in recognition of their contribution and shared sacrifice during the Homegrown programme. Discussions with the various unions have begun, and we are confident that we will reach a satisfactory agreement and be able to meet all those payments by February, 2017.

Mr. Speaker, my administration has always been guided by the belief that there is a time for sowing and a time for reaping. We did promise that with shared sacrifices, will come shared benefits. And we are delivering.

#

1. Acknowledgements

Mr. Speaker, on behalf of the Government and People of this Nation, I would like to thank all those who have contributed in putting Grenada Carriacou and Petit Martinique back on its feet once more. Also, I am also indeed extremely grateful to the many individuals who have contributed to the preparation and delivery of this year’s Budget. A detailed listing of acknowledgements can be found in the full Statement.

Permit me, however, to single out a few:

Mr. Speaker, I am deeply appreciative of my Cabinet Colleagues for their ongoing sacrifices.

They are perhaps the only public servants who did not receive any increases since 2013.

I wish to specially recognize former Permanent Secretary, now Governor of the ECCB, Mr. Timothy Antoine, for his sterling contribution to the success of the Home Grown Programme and to the Ministry of Finance over the years.

I would also like to take this opportunity also to express my commendation to the Permanent Secretary, Ministry of Finance, the Deputy Permanent Secretaries, Accountant General, Chief Budget Officer and members of the Budget Unit, Head of Policy and members of the Policy Unit and Macroeconomic advisor, Head of Debt Management and members of the Debt Unit, Head of Corporate Communications and other members of the Core Management team, staff of the Customs and Inland Revenue Departments, and other general staff of the Ministry of Finance and Energy as well as the manager and staff of the Government Printery.

Mr. Speaker, I am particularly pleased with the leadership of the Inland Revenue Department and Customs & Excise Division and the overall leadership of the Ministry of Finance. They have risen to the occasion when it mattered.

I would also like to thank the Secretary to the Cabinet, Permanent Secretaries, Heads of Non Ministerial Departments, Press Secretary, Communications Advisor, managers and staff of Statutory Bodies and State owned enterprises and all other public officers who have also contributed to the preparation and delivery of this Budget.

Mr. Speaker, I would to once again thank the Committee of Social Partners, the groups and individuals who participated in the consultations. Your contributions have enriched today’s presentation.

Finally, Mr. Speaker, I wish to thank you for permitting the use of technology to support my presentation today.

1. Conclusion

Mr. Speaker, four years ago, our Nation was lacking in courageous and unified leadership.

Our economy was in economic freefall and many of our people had lost hope.

Today, four years later, effective leadership has been restored.

Economic growth has been restored.

Confidence has been restored.

Hope has been restored.

The turnaround of the Grenadian economy over the past four years is a remarkable story of courageous leadership, national unity, sacrifice, resilience and results.

Our Government did not shirk responsibility, Mr. Speaker. We took responsibility.

The Scriptures declare: “**unto whomsover much is given, of him shall much be required**“. (Luke 12.48, KJV)

Humbled by the overwhelming mandate given to us by the people, we did not set about to rule. Instead, we reached out.

We reached out to our Social Partners, to our people and to our development partners.

Mr. Speaker, the naysayers were vocal and contentious.

They said, we did not have the discipline for a Homegrown Programme. We do.

They said, we could not stay the course. We have.

They said, the economy will not grow. It has.

What they forgot is this: “**with man, this is impossible, but with God all things are possible.**“ (Matthew 19.26, NIV)

We have shown that we can rise above whatever negatives there are out there.

We have remained steadfast in our message.

We continue to reach across the aisles.

We have demonstrated it through our work with the Social Partners; our bipartisan calls to facilitate constitutional reform; our support and endorsement of our fellow Grenadians in their work with regional and international organizations—regardless to their political affiliation.

We have remained resolute in our calls to work together.

Working together has not been for us an idea, but a reality. It is a way of life that we embrace and promote.

This is why, in going forward, we have to stay with steady hands, for the future is too crucial to risk it with wild experiments and unproven theories.

We understand too well that we cannot build an economy on saying no to every idea for development;

nor can we allow discord to be a currency in which we should constantly trade.

No one wins when we lose opportunities that are designed to improve the governance and development prospects for the future of this country.

Instead of celebrating and promoting failure, we must applaud initiative and vision, and work together to achieve more.

Working together means resisting attempts at grandstand and gallery, in favour of resolve and results.

For when we fail to work together, it affects the least among us the most.

When we fail to work together, we keep our young people back; and the disabled back, and the women back.

When we fail to work together, we hold justice hostage, and poison hope with cynicism.

Mr. Speaker, the psalmist says:**”Behold, how good and pleasant it is when brothers dwell in unity.”**

Mr. Speaker, working together means building a united front in Belmont and Belair, Douglaston and Dudmar, to solve the real problems of real people.

Over the past four years, we have tackled those real problems.

We have shared in the sacrifices and now we are sharing in the benefits.

If anyone is in doubt, I say: just ask.

Ask public servants who have received their salaries on time, every month, since we assumed office.

Ask public servants and pensioners who have received close to $50 million in retroactive payments.

Ask the hundred of contractors who were unpaid but have now been paid or are being paid.

If anyone is in doubt: just ask.

Ask the hundreds of young people who have received scholarships to pursue their dreams.

Ask the children of La Filette School who finally have their new school.

Ask the youth who now have a second chance through the Bacolet Juvenile Centre.

Ask our young and promising athletes who can now compete with the best, and see the best at the new Football and Athletics Stadium.

Mr. Speaker, if anyone is still in doubt: just ask.

Ask the farmers in Clozier and Concord, Mamma Cannes and Munich, who now have easy access to lands because of new farm roads.

Ask the homewowners in Mt. Gay and Soubise who now have a place of their own to call home.

Ask the thousands of persons who now have a permanent livelihood and hope.

Ask the hundreds of people who have received help to start or expand their small businesses.

Our work is not finished but we give thanks, for together, much has been achieved.

You came to hear. Now, go and tell.

Tell the story of recovery, reconciliation and results.

Together, we say: To God be the glory, great things He has done!

There is no doubt we can go further and higher – if we do it –TOGETHER.

May God continue to bless this beautiful Nation—Grenada, Carriacou and Petit Martinique.

I thank you.