

NEVIS ISLAND ADMINISTRATION

BUDGET ADDRESS

By

The Honourable Joseph Parry, M.N.I.A.

Premier and Minister of Finance

On

December 9, 2008

Madam President, I beg leave to move the second reading of the bill shortly entitled the Nevis Appropriation (2009) Ordinance 2008.

INTRODUCTION

2. Madam President, in this my third budget address to the citizens of Nevis, I can state categorically that the island of Nevis has progressed under the leadership of the Nevis Reformation Party (NRP) government. This has been a challenging year as a result of the global economic crisis but we have been able to continue with our agenda of people empowerment, infrastructural development, and energy independence. In just over two years in office, we have made significant progress. The physical infrastructure has been transformed with the completion of the island's main road and many secondary roads. An additional 1 million gallons of potable water per day were added to our supply to alleviate the water shortage that plagued the island due to a lack of investment by the previous Administration. The drag racing strip has been completed and is now regarded as one of the finest facilities in the Caribbean. Our young people, for the first time, have been given the opportunity to participate in a sport that could enhance their prospect to compete regionally and internationally. This investment will also be beneficial to the local economy in terms of generating business for vendors, and complementing horse racing as one of the activities that could add vibrancy to the tourism industry.

3. We have also introduced the school feeding programme, homework assistance programmes in the community centres, and various activities for the elderly in our communities. We have doubled the investment in training and consequently, more than 400 of our people have been provided training opportunities at home and abroad. The promotion of our cultural heritage has also been given top priority by this government. We have organized festivals in the communities and the Cultural Foundation has been established to provide the institutional framework to more effectively manage the annual Culturama Festival, coordinate the development and promotion of culture on the island, and fully integrate culture into the overall National Development Plan. The Foundation subsumed the Department of Culture and the Culturama Secretariat under one umbrella to maximize synergies in cultural development.

4. Perhaps the most important achievement is the signing of an exploration agreement with West Indies Power for the exploration of geothermal resources. This project has been very successful and already negotiations have begun with the assistance of consultants provided by the Organization of American States to fashion a power purchase agreement that will bring cheaper and cleaner energy to the people of St Kitts and Nevis and the other Caribbean islands.

5. Madam President, we have had to increase the debt of the Nevis Island Administration but we have been operating on the premise that the debt is necessary to enhance the infrastructure and the enabling environment to facilitate and nurture private sector growth and development. I believe that we are now poised to begin this thrust and already we have been able to generate significant interest by both foreign and local investors. The duty concessions that we have granted have also invigorated and energized the small business sector and as a result more Nevisians are seizing the opportunity to start businesses of their own.

6. With the foundation that we have laid in just over two years, I expect the private sector to take the initiative in generating growth in the economy. However, the greatest threat to our economic prospect is the state of the world's economy and the grim outlook for 2009. We will therefore have to exercise restraint in expenditure, work hard, and be persistent and determined in our efforts to achieve success. With this attitude, I am confident that the prospects for the future are bright.

OUTLOOK FOR THE GLOBAL ECONOMY

7. Madam President, I stand here today in the midst of a global financial and economic crisis that threatens to derail the gains made in wealth creation and poverty alleviation over the last decade. It was triggered by a mortgage crisis in the United States which has had spillover effects to the major capitals of the world. Prior to the collapse of many of the leading financial institutions in America, the former Federal Reserve Chairman, Alan Greenspan, in his book 'The Age of Turbulence' proclaimed that the US economy was robust and had demonstrated resilience in absorbing shocks despite its growing indebtedness and widening trade gap. Many other distinguished Economists also shared similar sentiments. They were therefore confounded when the collapse of the property market precipitated a global crisis without any warning or signals from the conventional mathematical models.

8. As a result of the deepening crisis, the economic outlook for the global economy is lackluster. According to the updated World Economic Outlook, published by the International Monetary Fund (IMF), world output is expected to slow from 5% in 2007 to 3 3/4% in 2008 to 2.2% in 2009. The downturn is expected to be led by the advanced industrialized countries which are all forecasted to contract in 2009. The growth will be driven by emerging economies which are expected to decline from 6.6% in 2008 to 5.1% in 2009 but still strong enough to sustain a small expansion in world output. Both the US economy and the Euro area will be jolted by tightening financial conditions, lack of consumer confidence and the depreciation of real and financial assets.

9. The rapid rate of contagion in the global financial system demonstrates the interconnection of the world capital markets. In the small island states we are particularly vulnerable and will feel the impact on our balance of payments from a fall off in tourism receipts, remittances from abroad, and foreign direct investments. In Nevis, the crisis has been compounded by the closure of the Four Seasons Resort which sustained serious damage as a result of the passage of Hurricane Omar. This is in fact a double whammy to the economy of Nevis which will not be solved easily. It will require the creativity, imagination and determination of our people and our leaders to chart a successful course forward knowing that it is through the darkness that we are able to see the stars.

10. The budget presented today must reflect the reality of the world in which we live and thus we have decided to more tightly control both current and capital expenditure and to be conservative in our revenue projections. I therefore call on the people of Nevis to exercise patience and understanding as we navigate the turbulent seas which are upon us. I must also encourage our people to more effectively manage their finances. This requires preparing budgets, limiting unnecessary expenditure, and increasing savings. There is no reason for us to be fearful. Throughout the history of capitalism, the economy has moved in cycles swinging like a pendulum from booms to slumps and vice versa. While this recession is predicted to be one of the worst since the end of World War II, it will not last forever. I am therefore encouraged by the words of Winston Churchill who said, “difficulties mastered are opportunities won.” Let us begin now to prepare ourselves so that we are strategically positioned to take advantage of the myriad of opportunities that will unfold from the recovery of the global economy.

11. This budget will reflect our desire to buffer the economy from the effects of present and future shocks to minimize the potential negative effects on our people. In conjunction, we must continue to grow the economy to provide the jobs and opportunities necessary to give our people a chance at a better future. Mother Theresa was correct when she said, “to keep a lamp burning, we have to keep putting oil in it.” The challenge lies, therefore, in being able in a time of crisis to match our limited resources with the many competing demands so that we can keep the light burning. We will therefore have to carefully prioritize projects and programmes as well as pursue appropriate and well targeted sectoral policies to keep the Nevis economy sound.

12. I will begin with a fiscal review of government performance before expounding on the plans and programmes for the future.

FISCAL REVIEW

13. Madam President, my government approached the fiscal year 2007 with optimism and the determination to overcome any challenges. In retrospect, we realized improvements in the overall fiscal performance. Current revenue for the year 2007 increased by \$7,006,157 or 7.16% over 2006, amounting to \$104,925,833. Similarly, current expenditure increased by 6.24% or \$6,258,014 recording a total of \$106,560,538 in 2007. This resulted in a negative current account balance of \$1,634,706; which is an improvement to the deficit of \$2,382,849 in 2006.

14. On the capital account, there were loan disbursements for the year totaling \$26,143,540 and an outlay of \$41,758,849. The increase in loan disbursements and capital expenditure over 2006 were \$25,434,057 and \$23,866,502 respectively.

15. Revenue collection was quite robust in 2007. Significant increases were seen in the following areas: Consumption Tax-Customs, increasing by 14.96% or \$2,321,552; Social Services Levy increasing by 14.82% or \$1,106,322; Offshore Financial Services increasing by 9.36% or \$1,059,810 and Hotel Room and Restaurant Tax, increasing by \$814,966 or 8.15%.

16. Madam President, records show that with the exception of the Ministry of Communications, which is not a major revenue centre, all Ministries realized increases in their collections and must be commended and encouraged to maintain high levels of efficiency.

17. The year 2007 was marked by several challenges in the external environment; namely the subprime mortgage crisis which led to the “credit crunch,” and the rising oil and commodity prices. The spillover effects continue to be felt in the local economy. The Administration thus realized a general increase in the expenditure of goods and services in 2007. Additionally, there was a federal mandate to increase salaries and wages by 5%, retroactive to January of 2007. This was paid during the month of September and has contributed to an increase in Personal Emoluments of \$4,116,792 or 11.01%.

18. Madam President, capital expenditure has more than doubled over 2006, contributing to an overall deficit of \$17,250,015 in 2007 which was an improvement over the deficit of \$19,565,714 realized in 2006 due to increased collections and higher loan disbursements in 2007. The construction of the island main road and secondary roads were the main source of the outlay. The total spent on these projects was \$28,472,163, which was 68% of total capital expenditure. Other areas of significant expenditure in 2007 were as follows: Additional Office Space at the Ministry of Finance \$524,581; Basic Education Project \$1,555,923; Airport Project \$703,740; Secondary Village Roads \$792,302; Water Service Upgrade \$1,501,707; Agro-processing Plant \$500,000; and Improvement to Community Centers and Recreational facilities \$699,989.

19. Madam President, as we approach another fiscal year, and seek to address the financial challenges, my government will implement the necessary measures to improve the fiscal

situation. In doing so, we will continue to promote transparency and accountability through regular financial updates via the media houses.

DEBT

20. Madam President, over the years there has been an accumulation of debt to finance deficits and major capital projects. As at December 31, 2007 the debt stock of Nevis Island Administration totaled \$240,643,802, representing an increase of 4.25% over the amount of \$230,822,655 recorded in 2006. Increases were realized on the domestic side, while foreign debt declined. The increase in domestic debt resulted primarily from the Bank of Nevis loan acquired in 2007 to finance phase III of the Road Improvement and Maintenance Project.

21. Debt servicing in 2007 amounted to \$32,686,359, representing a decrease of 3.51% over the amount of \$33,876,114 in 2006, and 31.2% of total current revenue. A ratio of interest payments to current revenue of 16% was calculated. This is slightly above the benchmark of 15% stipulated by the Eastern Caribbean Central Bank for the ECCU region.

22. Madam President, in consolidating the debt data for the government and the Public Corporations, a total public sector debt of \$344,500,000 was calculated and broken down as follows: \$169,380,000 external and \$175,120,000 domestic financing. This debt portfolio consists of bonds, treasury bills, loans and overdraft accounts.

23. My government realizes the need for prudent management strategies to maintain a sustainable level of debt. As such, a medium term Debt Management Strategy Paper was drafted and this will be used as a guideline for borrowing decisions. It provides comprehensive information as to the plans, objectives and strategies that will be used to manage the foreign and domestic financial liabilities. The main objective of the strategy is to seek financing for projects and programmes at the least possible cost, with the lowest degree of risks, while minimizing liquidity constraints. The key areas of focus include:

- ⇒ Implementing a risk management framework;
- ⇒ Maintaining a prudent debt structure;
- ⇒ Improving transparency and accountability; and

⇒ Implementing a proper legal framework to assist in the effective and efficient management of the government's debt.

24. Madam President, it is crucial in such a time as this, that the debt level be reduced. The lower the debt, the less is spent on debt servicing. Hence, more will be allocated toward the government's operations. The development of a comprehensive debt strategy is a clear indication that my government is serious about improving the monitoring and management of the public sector debt. It is our goal to generate overall surpluses on the government fiscal account within three to five years.

FISCAL PROJECTIONS 2009

25. The overall socio-economic outcome of Small Nation States is inextricably linked to the direction of their fiscal policies. The adjustment of taxes and expenditure, along with the related programmes and projects are fundamental instruments used to stimulate or suppress aggregate demand and can induce other favourable macro economic variables such as interest rates, unemployment and inflation.

26. Madam President, the fiscal year of 2009 presents both challenges and opportunities. The budget, as is often stated, is the action plan that outlines an organization's financial and operational goals. My government is ardently committed to ensuring the sustained standard of living for the people of Nevis within the fiscal period of 2009 and beyond. Consequently, such commitment will be very evident in the submission of the year's budgeted revenue and expenditure as we skillfully manage our resources during a time of crisis to prepare for the opportunities that will fall within our grasp.

27. The projected current revenue for the year is \$121,756,500 whereas current expenditure is \$117,687,000 resulting in a projected current account surplus of \$4,069,500. Capital expenditure is set at \$35,696,059. Subsequently, the total expenditure is \$153,383,059 and the overall deficit is \$11,180,500.

FINANCING THE 2009 BUDGET

28. Revenue generation and collection is of vital importance to the performance of the Nevis Island Administration. The level of taxes imposed on the country is also a critical determinant of the level of investment and saving that will take place in the economy. My government has thus taken the policy decision not to significantly increase the tax rates for the period and to be conservative in estimating revenue growth.

29. In light of the above, Madam President, budgeted current revenue for the 2009 fiscal period is \$121,756,500. This is in comparison to the \$115,396,000 committed to current revenue in 2008 and \$104,507,860 committed in 2007. The comparison of 2009 over that of 2008 represents an upward variance of \$6,360,500 or an increase of 5.51%.

30. The Ministry of Finance, in particular, is expected to raise \$104,635,000 in current revenue for the period, signifying an increase of \$6,313,600 over the estimation of 2008. Customs Department is projected to increase revenue by \$2,518,000 over the 2008 budgeted estimate partly as a result of our intention to aggressively collect arrears. The major indirect tax classifications within this department are all expected to increase. These include Import Duties, Consumption Tax and Customs Service Charge.

31. The Inland Revenue Department is also expected to witness increases in their tax collection. The estimated tax collection for this department was \$48,018,100 in 2008 whereas it is projected at \$50,919,000 in 2009. Direct taxes such as Corporate Income Tax and Social Services Levy are projected to increase by as much as 18.65%. Both taxes have shown significant signs of buoyancy in the 2008 fiscal period and have exceeded their projections. We anticipate the continuance of this trend in the 2009 period. Stamp Duty as an indirect tax is expected to increase due to the construction of villas on the island. On the other hand, the reduction in tourist activity will cause a corresponding reduction in the collection of Hotel and Restaurant Tax. The establishment of the Tourism Contingency Fund represents the commitment of this government in ensuring the continued viability of the tourism sector.

32. Financial Services Department – Regulations and Supervision, is the third most important arm of revenue collection within the Ministry of Finance. This department is expected to raise \$14,588,000 in current revenue for the period. In an attempt to delineate the effects of the

ailing international financial market on the activity of this department, the projected revenue has increased by a nominal 2.79% over that of 2008.

EFFICIENT & EQUITABLE FISCAL SPENDING

Current Expenditure

33. Madam President, total current expenditure is budgeted at \$117,687,000 for 2009, an increase of 11.01% from \$106,011,000 presented in the 2008 budget. Included in 2009 current expenditure is an amount of \$2,681,000 symbolizing transfers to statutory bodies and international agencies and \$115,006,000 for the operations of the Administration.

34. Personal Emoluments which include salaries, wages and allowances is allotted a total of \$54,293,017 for the fiscal year of 2009. However, the two (2) major categories of expenditure under this classification, salaries and wages, totaled \$53,546,812.00; an increase of 21.50% over the previous period budget. This encompasses the 12.50% increase in salaries and wages enjoyed by public sector workers for the 2007 and 2008 periods.

35. Madam President, the current expenditure allotted to the self governing departments of Deputy Governor General, Legislature, Audit and Legal Department totals \$2,278,000. Premier's Ministry is expected to increase by a minuscule 3.90% over the 2008 budget, which excluded a transfer of \$14,000 to the Nevis Historical and Conservation Society.

36. Current expenditure within the Ministry of Finance (MOF) is budgeted at \$49,515,000, an increase of 15.37% over 2008. Madam President, Debt Servicing will continue to be a critical expenditure item in 2009 and is budgeted at \$26,000,000, a reduction from the \$26,500,000 committed in 2008. The debt servicing to current revenue ratio is projected at 21.36%. The projected cost of debt (interest payment to current revenue) is 9.88%. Other major payments made predominantly by the MOF are retiring benefits and utilities. The utilities budget is \$7,017,000, which includes the 50% fuel surcharge on residential consumption subsidized by the government.

37. Madam President, the Ministry of Communications budgeted current expenditure stands at \$10,495,000. In 2009 the ministry will continue to improve on the customer service provided

by the Water Department and Post Office while simultaneously enhancing the technical capabilities of staff members.

38. The increase of agricultural commodity prices on the world market has been unprecedented. Such phenomenon underscores the critical role the Ministry of Agriculture plays in ensuring that imports are kept at its minimal by increasing the supply of high quality local produce. In 2009, the ministry is allocated \$5,072,000 in current expenditure, an expansion of \$1,212,000 when compared to 2008. The additional outlay of funds is expected to aid in the revitalization of the production of cotton, enhanced production of quality meat products and the continued training of staff.

39. \$13,532,000 is provided as current expenditure for the Ministry of Health for the fiscal period of 2009. The ministry in the new fiscal year will continue to work assiduously to enhance the quality of health care provided to the citizens and residents of Nevis. Two of the major objectives of the 2009 period are the convening of the biannual health conference and the introduction of new programmes in the schools and communities designed to reduce the incidence of chronic illnesses.

40. Madam President, the Ministry of Education's budgeted current expenditure is set at \$17,659,000. The amount includes \$115,000 as transfer payments and \$17,544,000 to be used by the ministry and various departments. The priority areas continue to be training of staff, improvement of facilities and equipping students with the prerequisite skills to function in a modern knowledge driven society.

41. Madam President, cognizant of the importance of the development of social capital in sustaining economic growth, my government has allocated \$3,705,000 to the Ministry of Social Development for 2009. The ministry will be relieved from the task of supervising the activities of trade, industry and consumer affairs. Resources will therefore be used to ensure the development of sports, culture and community related services.

Capital Expenditure

42. Madam President, spending on capital projects is imperative for any developing country to stimulate growth. It is with this in mind, that this government has pursued the extensive

renovation of roads and water development since being elected in 2006. Periods of major investment such as this is usually followed by a period of consolidation especially with the gloomy global economic outlook for the next fiscal year. In 2009 my government will seek to undertake such consolidation. Due to the fact that current expenditure consists mainly of Personal Emoluments and debt repayment, we have very little flexibility in its reduction and thus we have decided, in the short term, to make the adjustment on the capital budget. Capital expenditure is therefore set at \$35,696,059 representing a considerable decrease from the \$60,186,000 in 2008. Capital expenditure will be financed as follows:

- Revenue - \$15,250,000;
- Loans - \$19,000,000; and
- Development Aid - \$1,446,059.

43. Significant allocations to capital expenditure for 2009 are for the Water Drilling Project \$2,500,000; Land Settlement and Secondary Village Roads.

44. Madam President, I shall now turn my attention to a synopsis of the plans and programmes for the various sectors of the economy.

TOURISM

45. Madam President, we intend to expend \$2,577,000 at the Ministry of Tourism, inclusive of a subvention of \$1 million to the Nevis Tourism Authority. This represents an increase of 5.61% over 2008.

46. Madam President, with the state of the global economy and the closure of the Four Season Resort, we expect a decline in tourist arrivals for 2009. However, we will continue to aggressively market both cruise and land based tourism; improve airlift; expand the range of activities for tourists; and strengthen linkages with other sectors of the economy. We will continue to aim specifically for high-yield international visitors to maximize the expenditure from tourism. In addition to the usual familiarization and press trips to the island, we will intensify our marketing efforts through the use of the internet. This is especially important for the

attraction of the younger visitors who rely almost exclusively on the internet in making travel arrangements.

47. Madam President, we have continued to work with the local agents to provide quality service to Cruise Visitors in Charlestown. My government has recently been in discussion with a group of investors, who are interested in developing a new tourism shopping mall in the vicinity of the Charlestown Harbour. This development calls for a number of upscale shops offering high end products compatible with our marketing thrust promoting Nevis as an up-market destination. This project will beautify the harbour area, and provide employment for our people. It is expected that work on this development will begin in 2009.

48. One of the areas that have posed a serious challenge during 2008 is airlift. The high cost of fuel has pushed several airlines into bankruptcy and as a result the number of seats has been reduced. We have been affected severely by the reduction of American Eagle flights and the closure of Carib Aviation; however, new opportunities are unfolding for 2009. The British Airways will introduce weekly direct flights to St Kitts from January 2009. This will be a great benefit to our tourism industry since it will eliminate a stop over in Antigua which has been a source of concern in the past, due to the uncertainty and untimeliness of connecting flights. We have also entered into arrangements with LIAT and WINAIR for two daily flights into and out of Nevis, with onward connections to Virgin Atlantic and BMI. This will make Nevis more accessible and cost competitive with other island destinations.

49. Madam President, the Nevis Artisans Village has finally passed from conception to reality. This idea of a working commune where craft vendors and creators will gather to produce, sell and market their own locally made craft was a manifesto promise which has now materialized. Construction has already begun on the first phase of this attraction which is located at Old Hospital Road and the Ministry has set a time line for the displaying of local creations in the first quarter of next year. Contact has already been established with a number of local artisans to make use of the facility. This initiative will certainly add to the goods, services and experiences enjoyed by the tourists.

50. We will also continue to develop the New River Plantation Yard Museum to complement the Fothergill's Heritage Village as an attraction for our visitors who are interested in experiencing

the highlight of our rich history and culture. Next year's phase will see the planting of sugarcane and cotton in order to demonstrate the actuality of what took place during those historic times.

51. Madam President, we feel that with these initiatives and the fullest support from everyone in the tourism sector, we are journeying in the right direction to maintain tourism as our number one earner.

FINANCIAL SERVICES

52. Madam President, the global financial crisis has demonstrated clearly that the developed countries' regulatory infrastructure is not without flaws. This is surprising considering that the Organization for Economic Cooperation and Development (OECD) and the Financial Action Task Force (FATF) have exercised very little tolerance and patience in imposing their will on the small islands with financial centres to enforce very rigid regulatory standards. This crisis therefore highlights the urgency for a level playing field and for the poor and the emerging economies to have an active voice in the determination of global financial regulations.

53. In Nevis we will continue to give high priority to regulation. During 2009, we will work closely with the Federal Government to create a Single Regulatory Unit (SRU) similarly to what was obtained in many of the OECS islands. This Unit will be responsible for the regulation of all financial institutions with the exception of Class A commercial banks which will remain under the jurisdiction of the Eastern Caribbean Central Bank (ECCB). Its span of control will include offshore banks, service providers, insurance companies, credit unions and money service agencies and its mandate will include the power to grant and revoke licenses, and monitor closely the activities of these institutions to ensure compliance with the law.

54. The SRU will be established as a statutory body with two departments, one on Nevis and the other in St Kitts. It is proposed that the board will consist of two financial secretaries, one person recommended by the Premier, one person appointed by the Prime Minister and a Chairman appointed by the Prime Minister. Each island will continue to collect its own revenue from the financial sector and would contribute to a budget to run the SRU.

55. Madam President, during 2008, we launched the Nevis Investment Promotion Authority (NIPA) which is responsible for the marketing of financial services, investment advice, research,

and investment promotion. Through this Authority, we will be intensifying our efforts in the marketing of financial services in the Asian and South American markets as well as exploring new areas. We also intend to review and amend our existing legislations in order to become more competitive in the industry. We have already employed a consultant to assist the government with the development and implementation of a comprehensive strategy to advance the sector forward.

56. Madam President, through NIPA we will continue to pursue aggressively investment opportunities at home and abroad. In last year's budget, I highlighted several private sector projects including the Aman Resort and a telecommunication company that have been encouraged by this government. The financial crisis has slowed our progress as a result of the difficulties that have been encountered in raising financing on the international capital markets, but we are still very confident that these projects will be implemented in the near future. In the meantime, Paradise Palms and Live Nevis have begun construction and we expect that several other small villa and condominium projects will begin next year.

57. One of the top priorities of this government is to improve the business and investment climate in Nevis. To this end, we will establish a committee of public and private sector officials led by NIPA and the Ministry of Finance to assess government laws and administrative procedures with the objective of streamlining them to create a more business friendly environment. St. Kitts and Nevis received a very low ranking in the 'Doing Business Report' published by the World Bank and, consequently, we will take the necessary steps to ensure that we create an environment conducive to private sector growth and development.

58. Madam President, there are still many challenges from organizations like the OECD and FATF. Even though we have continued to make the necessary changes to meet the standards imposed by the FATF, the OECD countries which include members from FATF have recently put forward additional standards with the threat of black listing. Financial Centres are being forced to sign tax exchange agreements which only benefit the OECD countries, to remove banking confidentiality, and to amend the laws requiring offshore companies to file accounts with the Registrar. The changes being proposed will certainly have a negative effect on our jurisdiction and could cause the sector to contract significantly. However, we will continue to make the necessary changes to meet international standards to the extent that our constitution

allows, but we intend to continue promoting this sector as part of our strategy to diversify the economy. We will have to find innovative and creative ways to advance the sector but I can assure everyone that my government is up to the task.

EDUCATION AND TRAINING

59. Madam President, education and training have been an important part of our agenda for people empowerment. Consequently, we have continued to place considerable emphasis on the development of our human capital to ensure that every citizen is provided with the opportunity to realize his/her potential to be an active participant in the development process. Our top priority is to provide total access to early childhood, primary and secondary education by strengthening support systems such as improved science laboratories, upgraded homework assistance programmes, refurbished computer labs, expanded meals programme, the provision of free text books and increased support of sports officers and guidance counselors. Moreover, we are dedicated to promoting a safe and conducive learning environment for teachers and students and this may necessitate an increase in the attendance or the number of security officers at the schools.

60. The government will also continue its efforts in training teachers, principals, administrative and support staff to improve performance and efficiency at all levels of the education system, and to engage the participation of the private sector and social partners to ensure the sustainability of the various reform initiatives.

61. Madam President, the 2009 budget for the Human Resources Department will register an increase of 24.83% over the 2008 budget mainly to accommodate Nevisians pursuing higher education with regional and international institutions. In 2008 \$1.5 million was budgeted for training, but an additional \$400,000 had to be appropriated to meet the increasing demands of the department's training programme. My government will continue to commit some of its financial resources in developing the human capital. Training remains the key to real people development and to the realization of a people's full potential. This is in keeping with the philosophy that our people remain our nation's most celebrated resource.

62. An amount of \$2,000,000 has been budgeted for training in 2009 as we continue to provide financial assistance to over 100 new and continuing students pursuing higher education. The

areas being pursued include Medicine, Social Sciences, Natural Sciences, Law, Automotive Technology, Plumbing, Forensic Science, Engineering, Hospitality, Humanities and Business and Finance.

63. Madam President, due to the rising cost of overseas training and the increasing number of students requesting financial assistance, my government has been actively exploring opportunities to reduce cost. As a result of our persistence and determination, we have discovered that Nevisians can benefit from discounted tuition fees at the University of the Virgin Islands and at the University in Puerto Rico. I have also had discussions with the Cuban Ambassador who has indicated the willingness of the Cuban Government to offer additional scholarships to Nevisians. We will therefore give higher priority to these regional institutions and encourage more of our students to utilize these programmes. In 2009, we will be sending two students to Cuba to pursue studies in veterinary science.

64. Additionally, we must continue to ensure that our training programme facilitate a higher level of professionalism and efficiency in the workplace. To this end, there has been a number of training and awareness activities in Customer Care, Report Writing, Introduction to Computers, Basic Computer Skills, Financial Instructions, Being Healthy and Staying Healthy, Stress Management, Making Career Choices, General Orders and Effective Communication, just to name a few.

65. We remain indebted to the Government of Cuba, Korea, Taiwan, Russia and organizations such as the Organization of American States (OAS) and the Pan American Health Organization (PAHO) that continue to invest in our human resource.

HEALTH CARE

66. Madam President, my government will continue to invest heavily in primary health care, port health, and vector control. In primary health care, we will continue to focus on non communicable diseases and HIV/AIDS prevention by more aggressively targeting the workplaces to deliver various programmes. In this regard, we will intensify education sessions on HIV/AIDS during the upcoming year and expand screening programmes for cholesterol, diabetes and hypertension. We have already signed over 25 participatory agreements with business places that have shown a keen interest in these programmes. As part of our primary

health care initiative, we piloted the Men's Wellness Clinic at the Gingerland Health Centre. Due to the overwhelming response from the men in that area, we will expand the programme to the Butler's Health Centre to offer educational sessions and screening for non communicable diseases.

67. Madam President, this government through the Health Promotion Unit launched a major project over a year ago to assess the needs of adolescents. During 2009, we will commence the second year of a three-year regional survey entitled, "preventing diabetes and other non communicable diseases through schools based behavioural intervention in four Caribbean countries". The survey will involve adolescents in the secondary schools and based on the result, we will formulate initiatives to target Adolescents. In 2009, we will introduce an Adolescent clinic. We believe that this service is essential as access to health care for adolescent remains a challenge for a multitude of reasons including the fear of judgment by adults and family members at existing clinics.

68. Madam President, the Port Health Programme is still in its infancy stage, but will be expanded in 2009 with increased inspection of vessels at air and sea ports. This activity is an important part of our strategy of ensuring that infectious diseases not endemic to our island are kept at bay.

69. With regard to vector control, a pilot programme will commence in 2009 where bait stations will be erected at the Charlestown Port to control rodents. In addition, a mass media campaign highlighting source reduction and other initiatives will be heavily promoted to limit the breeding of mosquitoes, particularly with the resurgence of malaria and outbreaks of dengue in the Caribbean region.

70. Madam President, this is just a sampling of the important policy changes that will be instituted by this government as we continue our efforts to deliver high quality health care to our people.

DEVELOPING THE SOCIAL CAPITAL

71. Madam President, economic development can in no way take place in isolation of social development. My government has integrated both aspects of development in an attempt to adopt

a holistic approach in its policy decisions. The Ministry of Social Development is the integral arm of government responsible for the social policy development of the island. Through initiatives that facilitate the expansion of sports, community development and culture, this ministry is able to provide the necessary safety nets for the realization of many of the millennium development goals established by the United Nations.

72. In addition, we have vociferously echoed our emphasis in promoting greater equality of opportunities through education, the reduction of criminal activity and the provision of a comprehensive health care system which addresses the need of all our people. In our endeavour to develop practical strategies aimed at addressing the problem of crime and criminal activity, your government continues to work closely with the police and the Federal Government. With the increase in gang violence, my government has requested the Federal Government to utilize the Army in Nevis to assist with crime prevention. I therefore request the full support and cooperation of the people of Nevis with this initiative as we seek to restore peace and stability to this beautiful island.

73. Madam President, my government is cognizant of the role sports play in developing the youths of this country and consequently, we have invested heavily in this very important area. The Sports Department within the Ministry of Social Development has implemented and developed programmes in coaching and training, sports administration, sports tourism, participation in competitions coupled with the upgrade and maintenance of many sporting facilities.

74. The entertainment aspect of sports has now become a new thrust for the government, with the establishment of a Drag Racing Unit within the Department of Sports. This Unit seeks to assist the Nevis Drag Race Association, with the organization and management of the newest sport on Nevis, Drag Racing. The success of the inaugural meet in September is testimony to the support and enthusiasm it has generated amongst the youths, the community at large and the neighbouring islands.

75. Other youth development programmes are also ongoing. These include the Link Mentorship Programme, which covers three (3) Primary Schools; the Summer Job Attachment, which saw a record number of applicants this year; the three months Youth Skills Training Programme; and

the Pearls Girls Group, which has been established with two groups from the Charlestown Secondary School and the Gingerland Secondary School.

76. My government through the Department of Community Development will continue to provide strategic direction to facilitate more active community participation in self reliant and sustainable action programmes. These programmes will seek to reduce isolation and strengthen the bond between the Government and its people in an effort to bring about meaningful social change, to all throughout the island.

77. The recent establishment of a Community Cohesion Directorate within the Department of Community Development further signals the government's thrust in promoting safe, peaceful and prosperous communities in Nevis.

78. Madam President, this is one of the areas that the previous government had virtually ignored. In a very short time we have reversed the trend and are very proud of our achievement in advancing the social capital in Nevis.

TRADE, INDUSTRY AND CONSUMER AFFAIRS

79. My government has budgeted \$5,074,000 for the new Ministry of Trade, Industry, Consumer Affairs, Import and Export control. This ministry is responsible for Small Enterprise Development, the Craft House, the Supply Office, Trade, Consumer Affairs, and Industrial Development. These units were previously under the Ministry of Social Development, Youths and Sports, but we decided to make the separation to give greater attention to an area that is vitally important to our platform for expanding employment through bold initiatives in Trade and Industry.

80. Madam President, the ministry aims to:

- Reorient the operations of the Supply Office in a manner that will more efficiently tailor subsidies to meet the needs of the most economical challenged in the community;
- Act as the supervising body responsible for overseeing the suitability and sustainability of industrial development; and
- Educate the general public on consumer related matters.

81. With the successful exploration for geothermal energy and the expected expansion in the tourism industry, we anticipate significant spin offs in the creation of small businesses and industry. We are very much aware that small business plays an important role in the development and expansion of the economy and thus my government, through the Small Enterprise Development Unit (SEDU) will continue its aggressive approach of assisting them by providing more loans, technical assistance, and tax concessions where applicable. We will also give special attention to industrial development. In this regard, my government will designate additional areas for industrial development and they will be managed by this ministry. This will provide for less bureaucracy, greater efficiency, and a simpler process in establishing an industry. With cheaper and cleaner energy, we expect to attract industries in data processing, high value added assembly plants, and telecommunications just to name a few. These industries dovetail perfectly with my government's plan to attract Information and Communication Technology (ICT) industries which can generate high quality jobs and have minimum negative impact on our fragile eco system.

82. Madam President, my government will give greater priority to the Craft House and the Supply office. The Craft House is very important to both our industrial policy and tourism strategy. Consequently, we will continue to harness and develop the skills and creativity of producers and assist with the preservation and marketing of products. A more systematic approach will be utilized to improve quality, and marketing of products through the creative and innovative use of technology. With regards to the Supply Office, we will continue to meet our stated goal of providing the public with staple and utility products at the best possible prices in our quest to reduce the cost of living. However, the increasing cost of commodities over the past year has resulted in the Supply Office accumulating a significant deficit that the government is not able to carry anymore. Consequently, during 2009, we will restructure the operation to make it more efficient and rationalize the products to reduce our cost. We will also have to increase the prices of most of the products to cover the higher cost of importation and to stem the leakage at the Supply office. Other countries within the Caribbean, including St Kitts have had to revise their prices upwards to adjust for the increase in the price on commodities on the international market. The prices, however, will still stay below the market prices as we continue to control the cost of important staple items.

83. One of the important initiatives under this Ministry is the education and protection of consumers. We intend to make fully operational the Trade and Consumer Affairs Unit which will have the responsibility of developing trade capacity as well as providing consumer education and protection. This Unit will be critical in providing consumers with the kind of representation that will enable them to benefit from government subsidized products, and protection from unfair trade practices.

84. Madam President, this new Ministry is poised to bring greater focus and attention to all of the areas highlighted above and increase employment, productivity, and consumer protection as this government continues to strive to improve the lives of all Nevisians.

HOUSING

85. Madam President, this is an area where my government stands out. In just over two years, we have made tremendous progress in providing affordable homes to many Nevisians regardless of political persuasion. We have constructed over 140 homes at an approximate value of \$15 million. Our target is to construct a total 300 homes over the first five year term in office. Some of the homes are much larger and superior to those constructed by the previous Administration. We have even amended the policy to allow the Corporation to build on land already owned and also to give the owners greater flexibility in deciding the design of their homes. Included in the 140 homes constructed are homes for Civil Servants financed under a different scheme. My government signed an agreement with the Social Security Board to enable Civil Servants to access funding for building their homes. The Social Security Board provided a loan of \$10 million to the Housing and Land Development Corporation with the government as guarantor and the Nevis Co-operative Credit Union as custodian for the funds. A committee was appointed by the Minister responsible for Housing and Lands to manage the portfolio, and it consists of a representative from the Ministry of Finance, one from the Human Resource Department, one from the Social Security Board, one from the Nevis Co-operative Credit Union and the chairman, a member of the Nevis community. We have already approved 42 loans at a value of \$8,735,803 resulting in a balance of \$1,264,197. During the next fiscal year, we will seek to increase the funding to \$15 million so that we can continue to assist civil servants in these very difficult times

AGRICULTURE

86. Since this government took office in 2006, the people of Nevis have witnessed a renaissance in Agriculture. Our success did not occur by chance, but is a direct result of my government making significant investments in infrastructural upgrades, Human Resource Development, mechanization, crop development (export and domestic) and technological introductions since the 2007 budget. We took on this task with a new and invigorated mandate to execute our mission statement for the Ministry of Agriculture: “To transform and support the progressive and sustainable growth of Agriculture, Fisheries and Cooperatives so as to better prepare our population to meet the challenge of food security and to actively participate in and benefit from global trade”. Madam President, as a result of the Ministry’s work, all but one of the performance indicators, that is “cost of goods” have improved. Significant improvements have been seen in “net revenue/crop”, “marketable yield”, and “crop cycle/year”. It is expected that with improved training and deployment of new technologies and techniques, comparative production efficiencies will finally lower food prices.

87. Madam President, this government has committed itself to a programme of price control vis a viz imported staples. In the short term, that protection may also have to be extended for domestically produced goods. We feel strongly about this issue because of the broad scope of incentives afforded to our farmers, fishers and cooperatives both through established institutional policies and proactive departmental and divisional services. These include subsidies on all abattoir, veterinary, land preparation and marketing services as well as tax concessions on vehicles, equipment, water and various supplies. Although the monetary value of these incentives is yet to be systematically quantified, they are by far more generous than any other country in the region.

88. Madam President, this government has actively promoted ventures into value-added products, such as smoked meats, condiments and preserves, and we are witnessing an increase in sales of these items to both locals and visitors. Invariably further incentives will be required as more of these ventures are established, but I can assure everyone that we will continue to offer a strong shoulder to lean on.

89. Madam President, there is much to be done both in the medium and long term if we are to achieve a more balanced and sustainable development in this sector. Demands on our extremely limited land, water and marine resources, must not be allowed to limit or discourage, agricultural and fisheries development, but rather to transform and redirect them through the application of appropriate technologies. Green House production, marine culture, aquaculture, orchard development and intensive animal production system will be encouraged and supported.

90. Madam President, as Minister for both Tourism and Education, I am extremely pleased and excited by the Ministry's thrust to strengthen intersectoral linkages as witnessed by its support of NICHE and the Primary and Secondary Schools' Potted Gardens and School Attachment Programmes. These initiatives as well as the shared experiences will result in greater domestic production and consumption in the long run.

91. Madam President, the rebirth of the cotton-led export market must be applauded and mirrored by other commodities if we are to succeed in expanding and diversifying our country's economic portfolio. I am proud to announce that the first shipment in four (4) years, consisting of 9,500 lbs of sea-island cotton lint at a selling price of US\$95,000 has already left Nevis on its way to Japan. Cotton export has once again put Nevisian agriculture front and centre in the regional and global debate on the role of agriculture in development of small island states. This is just the beginning as we seek to increase cotton production as well as ensuring that our fruits, vegetables, meats and fish follow the same trend and once again grace the tables of not only Nevisians at home, but those abroad.

92. Madam President, while many of our neighbours were busy divesting out of agriculture, this government has remained steadfast in preserving its rich history and prominence in our natural development. We remain committed to its long term growth, a position which will be supported through enhanced budgetary allocation, sectoral incentives and other institutional support mechanisms.

INFRASTRUCTURE INVESTMENT PROGRAMME

93. Madam President I now turn to an important section of the Budget - the infrastructure investment programme.

Roads Development Programme

94. Madam President, the NRP led government continued in 2008 with its road development programme. After the Island Main Road Project was completed by Surrey Paving and Aggregate of Jamaica at the end of 2007, the government gave the company a second contract to construct and rehabilitate secondary roads in the Stoney Grove, Ramsbury, and Hamilton areas. These improved roads will have a significant impact on the lives of the people in the communities when completed by providing easy access to their homes, reducing the maintenance costs for their vehicles, and improving their overall standard of living.

95. Moreover, Madam President, National Piling Ltd was also granted a fifteen (15) months contract in April 2008 to reconstruct and rehabilitate roads in the Cox, Montpelier, Chicken Stone and Clay Ghaut areas at an estimated cost of EC\$15.9 million. This project will have a positive impact on the people living in these communities as we have seen from the Barnes Ghaut, Jessups, Paradise Estate and Cotton Ground link road projects. We have also incurred significant costs to construct and repair drains to reduce the erosion caused by the runoff of rain water.

96. Madam President, no one can deny that this government has revolutionized the road programme on the island. We have touched the lives of the people in St. Thomas' Parish, who were neglected for over fourteen (14) years; we are now impacting the lives of the people in St. Paul's and St. John's Parishes. The completion of the third phase of the island main road has also significantly improved the immediate communities of St. Georges and the St. James Parishes. Madam President, what I am saying is that in the two and a half years the NRP led government has been in power, we have touched the lives of everyone on the island through the implementation of an aggressive road improvement programme.

97. We again applaud the residents and people in the communities affected by road construction for their cooperation and understanding as we continue to work with them to improve and enhance their standard of living.

Water Development Programme

98. Madam President, in my last budget address, I mentioned that BEAD LLC was granted a drilling contract to explore, develop and supply potable water to alleviate the supply shortage. When we came into office, it did not take my government very long to realize that the demand for water had outstripped our capacity to supply. Hence, steps had to be taken to solve the immediate problem while developing plans to deal with the long term challenges. Madam President, I am pleased to report to the people that two large Wells were discovered and connected to our water system in 2008 at Maddens and Fothergills supplying the island with an extra one (1) million imperial gallons of water per day.

99. Madam President, further work is being pursued through assistance from the Caribbean Development Bank (CDB). A few months ago a company contracted by CDB was on the island to gather data, and to evaluate our water system with a view of developing a water master plan. Out of that plan, the Ministry of Communications and CDB will work together to formulate a project for water development on the island of Nevis.

100. In addition, it was agreed that CDB would provide technical assistance to conduct an institutional assessment of the Nevis Water Department (NWD) to determine an appropriate organizational structure for the supply of reliable water services. The terms of reference include the following:

- (a) Assess the financial and operational performance of NWD;
- (b) Undertake a detailed analysis of the institutional options for providing reliable water services on the island of Nevis, either as a single entity, or in cooperation with other existing utility companies on the island;
- (c) Determine the appropriate operating and financial framework, organizational structure, human resource requirements, ownership and rate structure, and capital structure for the proposed entity; and
- (d) Develop a detailed time-phased plan for implementing the recommendations of the Study.

101. It is expected that this work will be completed in 2009.

Geothermal Development Programme

102. Madam President, the whole world knows that Nevis has a high quality geothermal resource. When this government granted an exploration license to West Indies Power Nevis Ltd (WIPCo) there were those who doubted that it could be done. However, Madam President we are pleased to announce that the exploration stage in the geothermal development has been very successful with three exploratory wells at Spring Hill, Upper Jessups, and Hamilton Estate yielding high temperatures and producing steam. The project will now shift into the next stage of drilling production wells so that the resources can be harnessed to produce electricity for the people of Nevis and St. Kitts. Subsequently, production will be expanded to supply other islands in the Caribbean.

103. Madam President, when we visited Iceland in August 2008 we saw what geothermal did for the people of that country and I have no doubt that it can do the same and even more for this beautiful island. There are many economies in the world that have moved from a low GDP to a high GDP because they built their economy on a reliable energy platform. We can do the same in Nevis.

104. The benefits are wide and varied.

- i. The energy is renewable, that is, it will not be depleted provided it is properly managed;
- ii. It will generate significant revenue for the economy from the payment of royalties;
- iii. The fuel surcharge on the electricity bill will be eventually eliminated;
- iv. Employment will be generated from the construction and operation of the plant;
- v. The overall Balance of Payments for the economy will improve since the oil import bill will decrease;
- vi. The geothermal resource compliments and enhances the tourism product of Nevis;
- vii. It reduces the emission of carbon dioxide into the atmosphere and is thus environmentally friendly; and
- viii. It will form the base for the development of other economic activities that utilize a large amount of energy such as data processing and assembling, just to name a few.

105. We appeal to all the people of Nevis, at home and abroad, to embrace this project because it will bring manifold benefits to all of us. Let us prepare ourselves to take advantage of the educational and business opportunities available in the field of geothermal energy development so that we can enhance our disposable incomes. The first geothermal plant is expected to be completed and commissioned in the year 2010.

106. Madam President, I would like to express sincere thanks to the Organization of American States (OAS) for their advice and assistance so far with this project. They have been providing technical assistance to the Nevis Island Administration even before we granted a license to WIPCo to explore for geothermal energy. In addition, we must thank also the government of Iceland, the Icelandic International Development Agency (ICEIDA), the Energy Authority of Iceland and the United Nations University for their sterling contribution so far. We look forward to strengthening these relationships. We must also express thanks and appreciation to the United Nations Development Programme (UNPD) and United Nations Industrial Development Agency (UNIDA) for their technical assistance; and our local technical team led by the Ministry of Environment and Natural Resources. Without their help the project would not have advanced this far in its development.

Other Infrastructure Programmes

107. Madam President, we will continue to finalize the Physical Development Plan for Nevis in 2009. The Charlestown and Newcastle Actions Plans are being developed as part of the overall Physical Development Plan. We also constructed the St. James Drag Race Strip at a cost of EC\$3 million. This drag race strip was constructed by Surrey Paving and Aggregate Limited in accordance with international standards for the benefit of all the young people on the island of Nevis. We will continue with our inclusive development programme for the benefit of all the people of Nevis whether they are young or old, live in Butlers, Zion, Cotton Ground, Cox, Brown Hill, Hamilton, Fountain or Hanleys Road. Madam President, the quality of life of the people of Nevis is improving and it is now our duty as a people to unite and work together to continue and sustain it for generations to come.

FISCAL MEASURES

108. Madam President, with the constant disruptions to our economy from the passage of hurricanes, and the repeated shocks from the global economy, we have to act with urgency to cushion ourselves. With this objective in mind, during 2009, the government will establish two funds; namely, a Tourism Contingency Fund and a Coastal Protection Fund. An additional 1% will be charged on the Hotel Accommodation Tax and the receipts will be deposited into the Tourism Contingency Fund to be used to assist hotels that are under financial stress from external shocks or hurricanes. When hotels endure these challenges, they often request various concessions from government to aid in keeping their staff employed. Since the hotel sector is one of the largest employers, we have had to make tremendous sacrifices by granting subsidies at times when the government itself is also feeling the strain from those shocks. We will also utilize these resources in exceptional cases to guarantee flights to Nevis that are important to the tourism industry. It is expected that as we increase the room nights on the island, the need for these guarantees will be diminished. The fund will be kept separate from the general consolidated fund and the Ministry of Finance will be responsible for its management along with representatives from the Ministry of Tourism and the Tourism Authority. In consultation with the hoteliers, we will establish very strict criteria for access to the facility.

109. There is presently a coastal protection levy in place which is a head tax of US\$10 per night for visitors staying at the Four Seasons Resort. This tax was introduced to help the hotel recoup the cost of constructing the break water after the devastation caused by Hurricane Lenny in 1999. It is the intention to extend this tax to all of the hotels and pay the receipts into a coastal protection fund which will be used to protect the coastline of Nevis. In addition, the purchasers of properties on coastal areas will be charged a fee of 2% of the value of the property to be placed in the fund. This will only apply where the purchaser is given exemption from the alien land holding license fee. Our coastline and in particular our beaches have been eroding as a result of the passage of hurricanes, and if allowed to continue unabated will diminish our tourism product. It is therefore imperative that we begin to generate resources so that we could undertake the necessary remedial action to protect our coastal assets for future generations.

110. Due to the poor outlook for tourism arrivals and the closure of the Four Seasons Resort, we have projected conservatively at \$500,000 for the Tourism Contingency Fund and at \$104,000 for the Coastal Protection Fund.

111. While the creation of these funds will be useful in the long term, we have to provide immediate relief to small hotels during this difficult period. With effect from January 1, 2009, hotels on Nevis will be exempted from duty and consumption tax on food and beverage until further notice. They will be required to pay only the 12% customs service charge. We will also work with the Federal government to enact legislation to provide direct assistance to the small hotels. However, they will be expected to pay their taxes on time and demonstrate a willingness to improve marketing, training, and overall service quality. The legislation will be passed next year.

112. I have mentioned before that we do not have much flexibility on the current budget, but in addition to curtailing capital expenditure, we will tightly control employment, delay new initiatives, and create more value added from existing resources. With the plans and activities enunciated in this budget, we will overcome the challenges and continue to prosper Nevis for present and future generations.

CONCLUSION

13. Madam President, we will have to curtail our activities to cope with the financial difficulties that we are likely to face due to the global recession and the closure of the Four Seasons Resort during the peak period of this tourist season. However, I am an optimist by nature. I do not believe in defeat. My watchwords are hard work, faith and victory. My government is eager and ready to face the challenges head on in order to ensure that the people of Nevis continue to prosper despite the vagaries of the global economy. We will all be called upon in the short term to make sacrifices, but our efforts will not be in vain. The world economy will recover, the broken financial system will be restored, and opportunities will once again abound flowing even greater than before.

114. My government will continue to do its part in building the physical infrastructure, educating our people, and pursuing policies to provide opportunities for everyone. We will also continue to inspire and encourage the private sector to become the engine of growth in the economy so that in the long run, the government could focus on regulation and protecting the disadvantaged. However, it is the responsibility of all of us to prepare ourselves to grasp firmly the opportunities that will become available. While we will continue with the poverty alleviation programmes to protect those who are most vulnerable, I must remind everyone that the power is within all of us to improve our chances at a better life. We must never give up even when mistakes are made. Some of the wealthiest persons in the world today have had failures but were determined to forge ahead in their quest to succeed. There are also great men and women, past and present, who have achieved the impossible due to hard work, persistence and determination. Sir Isaac Newton gave us calculus and the laws of motion; Albert Einstein gave us the theory of relativity and the mathematics behind the atomic bomb; Adam Smith gave us the theoretical underpinnings of the capitalist system; and Bill Gates gave us Microsoft. These men are from different epoch but they had at least one thing in common- a passion for success which motivated them to toil through the night, while others were sleeping, to realize their dreams. They have all brought significant changes to our lives as a result of their persistence and dedication.

115. More importantly, an African American is set to become the 44th President of the United States of America. Barack Obama, the son of a white American female and a black man from Kenya, had the audacity to present himself to the American people as a candidate for the position of President of America. Even though Martin Luther King Jr. had the vision of a promise land where people would be judged by the content of their character rather than the colour of their skin, few believed that a black man could become President of America in this century. Mr. Obama has made history by establishing goals and pursuing them with a passion that is worthy of emulation. This is a story that we can all identify with. A black man barely knowing his father and being raised by a single parent has been elevated to the highest political office in the world. This is an important lesson to many of us including the school drop outs, the criminals, and those of us living in poverty. We do not have to take short cuts in life, nor should we throw in the towel easily. With hard work, determination, and a passion for success, we could achieve what is considered as impossible.

116. Madam President, this is the reason why this government has placed great emphasis on people empowerment through education and training, work experience programmes, small business development, and social and cultural development. It is our goal to provide people especially the poor and the young with the tools for success. Our efforts are already starting to pay dividend. During 2008, we were all made very proud by the performance of our students in the Caribbean examinations. A student from the Charlestown Secondary School became the state scholar, a student from the Gingerland Secondary School got the best result in the Federation in the Caribbean Secondary Education Certificate (CSEC) examination, and the Gingerland Secondary School got the best overall results for the Federation in the CSEC examination. This is a great achievement and the students, teachers and parents must be complimented for an outstanding performance.

117. This is a clear demonstration that our people have the talent and capability to perform at the highest level if we apply ourselves. My government will continue to ensure that Nevisians are a central part of the mainstream of economic activity; however, the attitudes and values, and the innate passion for success must come from within.

118. I therefore leave you with the words of Calvin Coolidge, the 30th President of the United States, “nothing in this world can take the place of persistence. Talent will not; nothing is more common than unsuccessful people with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent.”

119. I would like to take this opportunity to wish everyone a Happy Christmas, and to urge all Nevisians to make maximum use of the opportunities that will be provided by your very capable NRP led government.

120. Madam President, I so move.