

NEVIS ISLAND ADMINISTRATION

BUDGET ADDRESS

By

The Honourable Vance Amory, M.N.I.A.

Premier and Minister of Finance

On

Wednesday 6th December 2000

1. Madam President, I beg leave to move the second reading of the bill shortly entitled the Nevis Appropriation (2001) Ordinance, 2000.

INTRODUCTION

2. Madam President, it is a distinct honour for me to give account of the stewardship of this Administration over the past 8 years and to chart a course for the continued growth and development of this small island state. We have achieved considerable success despite the challenges that we encountered along the way. When Hurricane Hugo struck in 1989, we were completely unprepared for the serious threat to our economies that the decade of the 90's would have ushered in. Since that time, we have been bombarded with Hurricanes Luis, Marilyn, Georges, José and Lenny resulting in the devastation of our physical infrastructure and serious challenges to our livelihood.

3. Madam President, the region as a whole has had to continue the transformation of their economies to deal with the challenges of globalization. Firstly, we had to make fiscal adjustments to deal with the rapid decline in development assistance, and now Caribbean countries are being further debilitated by the erosion of preferential access to the market of developed countries for their traditional crops. Here in Nevis, our two most important sectors, Tourism and Financial Services are being placed under pressure by the establishing of international environmental standards for tourism and the unilateral black

listing of our island by the Organisation for Economic Cooperation and Development (OECD) as this organization seeks to determine the tax policies of small states.

4. The threat of natural disasters and globalization for small states was so serious that the United Nations declared the 90's as the International Decade for Natural Disaster Reduction in recognition of the severe losses sustained around the world and the inability of nations to implement effective disaster mitigation strategies. The year 1994 was also declared by the UN as the year of Small Island States and a global conference on Small Island Developing States (SIDS) was convened to discuss strategies aimed at promoting the sustainable development of these countries.

5. Madam President, despite the many difficulties, this Administration has achieved considerable progress for the people of Nevis. Over the past 8 years we have witnessed tremendous success with the public sector investment programme. This includes construction of the Cotton Ginnery Mall at a cost of \$1.2 million; Charlestown Seaport project at a cost of over \$8 million; Long Point Port project at a cost of approximately \$25 million; Airport Extension project \$23 million; and the expansion of the Charlestown sea wall at a cost of \$5 million. Madam President, presently, construction work is progressing on the Terminal Building which is estimated to cost \$13.5 million; Basic Education Project, which involves the upgrading of several schools on the island, at a cost of \$5.5 million; and the Solid Waste Management project which is estimated to cost \$3 million. During the Financial year 2001, we expect that the road rehabilitation project will commence and the expected cost is \$28 million. We have also completed the tendering process for the hospital rehabilitation project, construction of which is expected to commence early in 2001. The cost of this project is estimated at \$3.1 million.

6. Madam President, we have also witnessed significant growth in the private sector with the construction of several commercial buildings, and the expansion of several hotels on the island. There is no doubt that this Administration has created the enabling environment for growth and development and that the private sector has responded positively to the lead taken by government.

7. Madam President, the achievements of this Administration, by any measure, speak volumes for the quality of leadership that this Administration has provided for the people of Nevis. However, Madam President, we shall not rest on our laurels. The same threats that pervaded the environment for the past 8 years have not receded but instead have become more intense. The same resolve we have demonstrated as a people over the years will be necessary to help us overcome the challenges that lie ahead as we continue to develop our economy both quantitatively and qualitatively.

8. We recognize that while economic growth is an imperative for social development that growth by itself is not sufficient to facilitate a human development agenda. Accordingly, the corner stone of our economic development strategy for 2001 and beyond is to place greater emphasis on the human dimension and in this regard we will ensure that our policies and programmes are people centered and redound to the benefit of a broad cross section of the society.

9. To facilitate this objective our strategy will focus on the following:

- Diversifying the economy to reduce reliance on tourism, by expanding the Offshore Financial Services – Agriculture – E-commerce and by seeking other areas of manufacturing suitable for Nevis.
- Promoting investment through fiscal incentives to maintain a high growth rate
- Alleviating poverty through effective social development programmes
- Increasing access to high quality basic education
- Incorporating the views of the private sector and civil society in the formulation of policies
- Maintaining a low rate of inflation
- Increasing the number and quality of jobs
- Improving the quality of health care
- Preserving our stock of natural resources
- Empowering the people of Nevis especially women, young people, and the elderly to make a positive contribution at the community and national levels.

10. Madam President, I am confident that the policies outlined will receive national consensus as we work together for the betterment of our people. Later in my presentation I shall highlight some of the specific policies and programmes that will move this island closer to the goal of improving the standard of living of all of its people.

EXTERNAL ENVIRONMENT

11. Madam President, we continue to monitor the performance of the major industrialized countries since there is a strong positive correlation between their performance and that of the smaller states. Most of our visitors travel from the United States, Canada and the United Kingdom and when these economies begin to show signs of slowing, this could have a negative impact on our economy. However, we expect that as we develop our Tourism Industry to target the higher end of the market, we would still have a steady market because the persons with high incomes and high net worth will always be willing to travel.

12. The United States economy continued its high growth rate with G.D.P. increasing by an annual rate of 5.4% in the first half of 2000 reflecting the strong investment in the economy by the business sector. However, there was a decline in spending by households and the construction subsector as a result of an increase in interest rates. The Canadian economy has been growing rapidly with a first quarter G.D.P. growth rate of 4.9%. This trend is expected to continue for the remainder of the year. Exports remained high as a result of increasing US demand and the economy remained buoyant as a result of business investment and consumer expenditure. The United Kingdom grew by an annual rate of 3% in the first half of 2000 and a similar trend is expected for the remainder of the year.

13. The high growth rates in the developed countries augurs well for small states that rely on tourism receipts and exports. However, the gains from the high growth rates have been tempered to some degree because of the movement in exchange rates. The US dollar has

appreciated against both the Euro and the Sterling. Since the EC dollar is tied to the US dollar it means that it is more expensive for the tourist from Europe to travel to Nevis. While tourist arrivals from the European market have been growing steadily over the years persistently high exchange rates may result in Nevis not realizing its full potential in this market unless we give greater attention to marketing and promotion.

14. One of the trends in the International Environment that has impacted our economy most adversely is the sharp increase in the price of oil. Crude oil prices rose to an all time high of \$38 per barrel in September of this year. Initially the Administration attempted to buffer the impact on the people of Nevis by absorbing the increases through a reduction in the gasoline levy. However, to stave off any deterioration in the fiscal position of the Administration, the price of fuel and electricity had to be increased. Notwithstanding, I must also mention that even with the increase, the rate for electricity is still being subsidized by the Administration, and is amongst the lowest in the Caribbean region.

15. Madam President, despite the many obstacles, it is our firm conviction that small states like Nevis can survive even though the external environment is becoming more challenging. With prudent macroeconomic and social policies we can carve out a place for ourselves in the New World Order.

LOCAL ECONOMY

16. Madam President, this year has been an extremely difficult year for the economy in Nevis. The coastline was severely battered by Hurricane Lenny in November 1999 resulting in the closure of the Four Seasons Resort. As a result, tourism arrivals up to November 2000 declined by approximately 50% when compared to the same period in 1999. Over 400 workers were laid off from the Four Seasons Resort between February and May of this year resulting in a decline in employment. However, some of these workers were able to find employment in other areas and, consequently, the impact was not as great. This was reflected in the employment data from the Labour Department which revealed that total employment decreased from 4,929 in the last quarter of 1999 to

4,786 in the first quarter of 2000 representing a decline of only 2.9%. Furthermore, between the second and third quarters of 2000 there was a modest increase of 1.53% as a result of the reconstruction and renovation of the Four Seasons Resort.

17. Despite the difficulties, the construction sector remained fairly robust. Up to the ending of November 2000, the Building Board received 202 applications for building permits and 32 applications for Additions to Buildings. Anticipating the down turn in the economy the Administration borrowed approximately \$ 25 million to invest in the economy. Consequently, several ongoing infrastructure projects were allowed to continue and new ones were started. This investment helped to generate employment and to reduce the impact of the closure of Four Seasons on the economy. The Private sector also continued to invest in the economy despite the down turn and as a result approximately 10 commercial buildings commenced construction at an estimated cost of \$ 6.3 million, resulting in the continuous employment of our citizens and at the same time dampening the effect of the down-turn in the Tourism Sector.

18. Madam President, consumption of vital services continued to increase despite the down turn in the economy during 2000. The number of electricity consumers increased from 5093 in 1999 to 5287 up to the ending of November 2000 representing an increase of 4%. Water consumers increased from 4005 in 1999 to 4255 up to the ending of November 2000 representing an increase of over 6%. The number of registered vehicles continued to increase. For the year to date, that is, up to the ending of November 2000, in excess of 90 vehicles were registered bringing the total number of registered vehicles to 3199. Madam President, while we do not have any disaggregated data on the GDP of Nevis, the statistics highlighted give a fairly accurate indication that the island is progressing and the people are enjoying a higher standard of living.

19. Madam President, with the reopening of the Four Seasons Resort tourist arrivals are expected to increase significantly for the next season. We expect that the economy will continue the rapid growth rate experienced over the past 8 years and that the employment statistics will show an increasing trend. However, we will continue to promote policies

aimed at economic diversification to reduce our reliance on tourism, and at mitigating the effects of natural disasters.

20. Madam President, I shall now briefly highlight some of our programmes and sectoral policies aimed at expanding the economic base of the island and creating wealth for all of the people of Nevis.

TOURISM

21. The Tourist Industry is the chief generator of foreign exchange and the largest employer in our economy. Confronted with quite difficult circumstances for most of the year, the Administration through the Ministry of Tourism continued nonetheless to expand its scope of productive policies, programs, projects and strategies, all geared towards achieving product excellence and maximum sustainable development of the industry.

22. Nevis suffered along with several of our neighbouring islands from the unexpected appearance of Hurricane Lenny at a time when the hurricane season was thought to be over. Consequently, what was emerging as a most promising tourist season turned into perhaps one of the leanest years on record. Notwithstanding, it is important to note that there was still a modest increase of 7% in stay over visitors when one compares the last six months of 1999 to the same period in 1998.

23. Madam President, the Administration intends to spend \$2,235,079 on the development of Tourism during the fiscal year 2001. The resources will be utilized to undertake activities aimed at increasing the number of visitors to our shores.

24. One of the most critical areas for the development of tourism is marketing and promotion. The realities of modern promotion have caused some changes in the way we conducted Tourism Marketing this year. Early in 1999, the Caribbean Tourism Organization (CTO) statistics highlighted the Caribbean region as the second largest

source of tourists for Caribbean destinations, behind the U.S.A. and in front of Europe. Acting on this information the Ministry of Tourism this year launched a program to target the Caribbean Market in order to tap into this resource. Ministry representatives undertook marketing tours to Anguilla, St. Maarten, Statia and Puerto Rico and the French islands of Martinique and Guadeloupe. Positive results can already be seen from these overtures in the form of an increase in Saturday and Sunday day trips to the island.

25. During last year's address, mention was made of the creation of a Marketing Authority for Tourism. This is now a reality, Madam President. The Authority will assume responsibility for all promotional and marketing activities for Nevis Tourism. The Board which directs the affairs of the Authority is a marriage of public and private sector interests and is expected to greatly enhance and better coordinate tourism standards, attitudes and strategies.

26. Madam President, increasingly the discerning public is turning to the Internet for information and for making travel and holiday plans. To take advantage of this, the Tourism Department now has its own website on the Internet. The website features information on hotel accommodations, entertainment, places of interest as well as items of a more general nature. This will greatly assist potential visitors as well as potential investors to access information about Nevis at the touch of a button. The information superhighway goes through Nevis.

27. As a result of our new, more aggressive thrust in the area of marketing, Nevis is far better known in the international tourism market place than ever before. Perhaps even more significantly for name recognition, Nevis has been featured by the world's top media including CNN and Black Entertainment Television (BET). By the end of this year over one hundred travel agents, travel editors and tour operators from North America and Europe would have visited our shores.

28. Madam President, we are confident that our efforts will bear fruit. While all arrival figures were down this year, we anticipate that in the future the island will experience a

significant increase in visitors from the major markets with the UK ranking behind the USA and ahead of the Caribbean. There is no doubt that Nevis has become a premier destination and that tourism will continue to play an important role in providing jobs and opportunities for our people.

29. Madam President, our history and our culture are inextricably bound with our touristic appeal. Thus the Administration will continue to vigorously pursue the continued development of our historical sites, especially at New River and Fothergills. Proposals for further development of these sites were also outlined last year. These two projects are still for us a matter of great urgency. Unfortunately, as with every other sector, our plans had to be scaled back as a result of financial constraints. We intend to proceed in 2001 with the development of the New River site as a plantation theme park, with sugar and cotton production as its focal point. Fair progress has been made at the Fothergills Heritage Site. The site has been cleared, certain aspects of landscaping, fencing and infrastructure have been done, and it is still expected that this site, the only one of its kind in the Caribbean and a major addition to our Tourism product will be open for the start of the 2001 season.

30. Madam President, the Administration remains firmly committed to its plan to utilize the Pinneys area for hotel development. We are presently negotiating with investors from the United States and Canada and we are very optimistic that at least one large hotel will break ground during the upcoming year. Two of the existing hotels on the island are presently expanding. The Oualie Beach Hotel has already commenced construction of an additional 12 rooms, and the Mount Nevis Hotel has almost completed construction of a mini convention center. Both developments are welcome additions to our tourism plant and indicate beyond any doubt that despite last year's setbacks, investor confidence in the industry remains high.

31. This is why we will continue to channel significant resources to the development of this very important sector of the economy. With the assistance of the European Union, administered through the Caribbean Tourism Organisation, we have implemented a new

statistical programme in order to be able to better provide reliable information for analysis of the industry and for reporting to the public. We have also continued to conduct training seminars for our tourism staff, taxi drivers and small hotel operators in important areas such as customer service, computer applications and the Internet.

32. Madam president, there are tremendous opportunities in tourism for linkages to other sectors which could result in significant spin offs for the people of Nevis. However, we need to equip ourselves with the skill and knowledge so that we could maximize the economic benefits from this industry. I therefore encourage our people especially the young people leaving school to become entrepreneurs in this very important sector of our economy.

CULTURE

33. Madam President, we regard culture as an extremely important component of our economic development strategy. We continue to make significant strides in this area with our programme of teaching drama, folk and contemporary dance, folk music, drumming and folk singing in the schools and communities throughout the island. The high quality of cultural performances at the schools, in the communities, and at national celebrations has proved beyond any doubt that the policies of this Administration are reaping significant dividends for the people of Nevis.

34. During this year over 60 artistes from Nevis made this island proud by their excellent performance at CARIFESTA VII in both St. Kitts and Nevis. The people of the Caribbean and wider world were enchanted with high quality productions depicting Nevis' rich cultural heritage through music, dance, poetry, folk medicine and visual and literary arts. Another significant achievement was the establishment of the Nevis Cultural Centre. The Administration leased the Paramount Cinema and converted it into a modern arts centre, a symbol of national pride and cultural inspiration to all of our people. There is great demand for the use of this facility to stage performances and we are confident that it will inspire existing and prospective cultural practitioners to become

more involved in the arts. We intend to further develop this facility early next year by equipping it with sound and stage lighting equipment as well as acoustic buffers and other amenities at a cost of approximately \$125,000.

35. Madam President, in addition to our existing programmes in cultural development we will implement the following programmes in 2001:

1. Organize and host the Leeward Island Drama Festival and seek to make it an annual fixture on the Nevisian Cultural Calendar.
2. Organize several forums with Nevis' Cultural Stake-Holders with a view towards formulating and implementing a Cultural Policy to guide cultural development, preservation and promotion in Nevis.
3. Work towards the presentation of a one-hour Cultural Showcase of ALL of the past and present Nevisian folk art forms as one of the highlights for CULTURAMA 2001.
4. Collaborate with the Education Department, schools, youths, community and cultural organizations to organize and implement contests in poetry, monologue and storytelling for children and adults.
5. Organize Summer Courses in dance, drama, music and creative writing for school children.
6. Work closely with the CARIFORUM Cultural Centres Project to participate in the regional cultural information system linking cultural institutions in all CARIFORUM member countries in one web site on the Internet. In addition to this site which will provide vital information on the projects, cultural activities, events, organizations and industries in the region, the Administration will also seek to create its own home page through assistance from CARIFORUM.

36. Madam President, this Administration can feel very proud of its achievements in the area of cultural development. The high quality entertainment that our people especially the young are able to produce in the form of music, dance and poetry did not occur by chance. It is this Administration's unstinting support for the artforms that is now bearing

fruit. With the platform provided by this Administration, and the sustained efforts and determination of our people, I am confident that in the near future Nevisian entertainers will produce quality performance on par with that found anywhere else in the entire world, and we will see major economic benefits accruing to our people. We will therefore continue to give high priority to cultural development by spending a total of \$821,649 from the recurrent budget on this program.

OFFSHORE FINANCIAL SERVICES

37. Madam President, the international financial service industry has become increasingly important to the economy of the island and has provided an opportunity for economic diversification and growth. It has contributed significantly to government's revenue and to the overall gross domestic production. It has generated high quality employment and the resultant spin-off effects to other sectors of the economy.

38. However, Madam President, the entire offshore industry, particularly within the small Caribbean island states are facing significant challenges. These challenges emanate from the unilateral actions of the larger and wealthier countries, which are documented in various reports, blacklists, advisories and classifications. Of notable mention are the following:

1. The Financial Stability Forum (FSF) Classification in May 2000 of offshore jurisdictions in three groups namely:
 - a) Jurisdictions having a high degree of supervision
 - b) Jurisdiction having procedures for supervision cooperation but below international standards
 - c) Jurisdiction having a low quality of supervision and/or being non-cooperative with offshore supervisors. Most of the Eastern Caribbean Countries including St. Kitts and Nevis were listed in this category.
2. Financial Action Task Force (FATF) listing in the middle of June 2000 of some Caribbean countries as "Non-cooperative jurisdiction." This list alleges that the

named islands are not doing enough to fight money laundering. Fifteen Caribbean countries were placed on this list.

3. Organization for Economic Cooperation and Development (OECD) Blacklist issued on 26th June 2000. This list states that the named centres are tax havens that offer preferential tax regimes and confidentiality that are deemed as harmful to tax competition.

39. Madam President, these lists were drawn up by the larger nations of the world without giving the victimized countries the opportunity to dialogue with them. Furthermore, these unilateral actions are based in large measure on mis-perceptions of a number of issues regarding the jurisdictions and are viewed as unnecessary attempts to pressurize and weaken the economies of the small developing nations.

40. These reports and lists led to various advisories against some Eastern Caribbean countries whereby banks and other financial institutions in the developed countries were advised to scrutinize transactions coming from or routed through these jurisdictions. Two of these advisories were:

1. The Financial advisory issued on 7th July 2000 by the US Treasury against five Caribbean nations
2. The Canadian advisory also issued in July 2000.

41. These advisories presented a serious threat to our financial system in that some of our financial institutions faced the possibility of losing their corresponding banking relationships with banks in the developed countries.

42. Madam President, the issuance of the lists and advisories has resulted in a noticeable slowdown in the number of new company registrations during the last quarter of this year and has placed a severe strain on our limited resources. However, through our marketing efforts, the sector has still remained vibrant and viable. As of 31st October, 2000, the number of International Business Companies (IBC) increased by over 16%; limited

liability Companies (LLC) increased by 1178 to 3000 representing an increase of 54%; and International Trusts increased by almost 400 to 2400, representing an increase of over 19%. These results equate to an overall growth of over 20% in total registered entities for the year.

43. As of 31st October 2000 revenue collected for the first 10 months of the year from registrations and annual renewal fees amounted to \$6.3 million. This amount has already surpassed last year's total revenue and is expected to surpass the \$7.00 million estimated for the year. Direct revenues from this sector now represent approximately 11% of the recurrent revenue for the island.

44. Madam President, based on the importance of this sector to the economy of Nevis, the Administration will continue to do everything in its power to ensure that the sector continues to flourish. We are therefore seeking to comply with international standards in an effort to have the advisories lifted. The first initiative taken by the Administration was to separate the function of marketing and promotion from regulation and supervision. On October 1, 2000, Dr. Agatha Jeffers-Gooden who served as Director of the Financial Services Department for two years was appointed as Director of Development and Marketing. She is charged with identifying new markets and products aimed at increasing Nevis' competitive advantage and market share in the international Financial Services Industry. Also, on 1st October 2000, Mr. Thomas Peacock was officially appointed as Regulator of the Division of Regulation and Supervision. He is a Canadian lawyer with experience in offshore finance, securities, and corporate and trust management. He is charged with implementing a sound regulatory framework and ensuring that all service providers on the island adhere to strict professional standards. The separation of duties was undertaken in an attempt to address potential conflicts of the two functions and thus protect the jurisdiction and the clients of the industry.

45. Madam President, in response to the challenges from the developed countries, a Joint Task Force was established comprising representatives from Nevis, St. Kitts and the Central Bank to develop a comprehensive legislative framework aimed at meeting

international standards and removing the two jurisdictions of Nevis and St Kitts from the various black lists and advisories. Accordingly, the Task Force drafted the Financial Service Commission Act and the Proceeds of Crime Act, which were recently tabled in the Federal Parliament. The Financial Services Commission Act establishes a joint regulatory superstructure for both St. Kitts and Nevis to tighten the supervision and monitoring of financial institutions. To protect the constitutional powers of the Nevis Island Administration, however, it was agreed that each jurisdiction appoints its own regulator and retains responsibility for the licensing of service providers and financial institutions. Both regulators will be members of the Regulatory Commission which will have the responsibility to ensure that all financial institutions comply with the laws.

46. The Proceeds of Crime Act was expanded to include anti money laundering provisions. The bill provides for the freezing, forfeiture and confiscation of the proceeds of crime, and procedures to combat money laundering. A Financial Intelligence Unit Bill was also passed to establish such a body to investigate criminal proceeds and suspicious transactions. It also outlines the functions and powers of such a body and provides procedures for cooperation with similar units in other countries. Members of the Task Force are expected to meet with United States Treasury officials in Miami on December 13, 2000 to discuss the actions taken by both the Federal Government and the Nevis Island Administration to combat money laundering. We are extremely confident that the legislative and regulatory changes will satisfy the concerns of the international community and pave the way for the lifting of the US and Canadian financial advisories.

47. Madam President, the Administration will continue to do everything in its power to ensure the continued development of this very important sector. To this end, our goals for 2001 are as follows:

- To ensure that the high level of confidence that has been developed between the Government and the Financial Services Providers on the island continues to exist;
- To continue the aggressive marketing strategy aimed at developing new markets and new products to ensure that Nevis remains an attractive Jurisdiction in the Financial

Services Industry. This will necessitate that the Government and the service providers work together to chart the best course forward; and

- To conduct a programme of training, educational seminars and mini conferences with the aim of enhancing training and development within the public and private sectors. Accordingly, the Nevis Financial Services Department is presently planning to host two conferences. The first will be an Anti-Money Laundering conference in conjunction with the United Nations Drug Control Programme (UNDCP) in the early part of 2001; and second, a conference on related topics through the Anti-Money Laundering Programme (CALP). Both conferences will be open to Government employees, Registered Agents and other private sector persons.

48. Madam President, as the global community continues its journey into the new millenium, Nevis has reaffirmed its commitment to facilitating legitimate financial activity and maintaining the highest degree of standards in the international Financial Services Industry. The Government of Nevis is committed to responding dynamically to the needs of the International Financial community and firmly believes that the jurisdiction will continue to grow, while at the same time, keeping in mind its watchwords of quality, integrity and confidentiality.

AGRICULTURE AND COOPERATIVES

49. Madam President, there were many successes for Agriculture in fiscal year 2000, but five activities stand out. These were the creation of the Department of Fisheries, the conduct of the Agricultural and Fisheries Census, the organizing of the Agricultural Exhibition, the hosting of the Second Caribbean Beekeeping Congress, and the joint venture initiative of this Administration and the Nevis Co-operative Credit Union to re-introduce Junior Co-operative Societies in the Secondary Schools.

50. Madam President, notwithstanding the devastation of Hurricane Lenny and particularly the destruction of the natural habitats of our fishing grounds and the corresponding decline in the harvesting of fisheries stock, this Administration upgraded the Fisheries Division into a full fledged Department during the first quarter of 2000 in

order to spotlight the fisheries sub-sector. We have facilitated a number of training exercises in the use of Global Positioning Systems (GPS) and Trolling. Additionally, the Administration has extended concessions to fishers for the acquisition of larger boats and has responded, with the support of the Food and Agriculture Organisation (FAO), to provide relief from the devastation of the hurricane. In January 2001, this Administration will distribute a quantity of fish pot wire to those fishermen who lost their traps in the recent hurricane.

51. However Madam President, this Administration recognises that every success raises new challenges. It is not enough to merely have the potential, one must experience and live the reality. We are cognisant of the shifting emphases in the economy as we embrace and promote the services sector. Notwithstanding, we must continue to produce and exploit the opportunities as the Administration intensifies its effort to improve the quality of life for our people. We must become more competitive and entrepreneurial. We must not only grow more crops and eat more of what we grow but we must accelerate the diversification of the agricultural sector. The real challenge, Madam President, is that we need to focus on our strengths in order to significantly reduce our food import whilst stimulating economic growth.

52. To accomplish this goal, this Administration will spend \$3,624,253 during the next fiscal year on this program to maintain the thrust in Agriculture and to facilitate the implementation of new activities and programmes some of which are as follows:

1. We shall develop a package of fiscal incentives to encourage the introduction of larger boats specifically to enable our fishers to spend extended periods of time at sea so that they can harvest the larger migratory fish species beyond the immediate sea shelf.
2. With technical assistance, we shall undertake the mapping of fishing banks specifically to identify the location, quantity and quality of fish that could be harvested.
3. Training courses will be organized for our fishers in critical areas such as long line fishing, gear fabrication, repairs and maintenance and disaster mitigation.

4. We shall continue to focus on crop production placing greater emphasis on the production of onions, tomatoes, cabbages, sweet peppers and carrots in our continuing effort to reduce the vegetable import bill. Our target is to increase production of these crops by at least 50 %. Accordingly, we expect the production of cabbage will increase from 26,000 lbs in 2000 to 40,000 lbs in 2001; sweet peppers from 8,000 lbs to 12,000 lbs, onions from 62,000 lbs to 92,000 lbs, tomatoes from 26,000 to 40,000 lbs, and carrots from 12,000 to 18,000, as increased acreages are brought under cultivation.
5. In the area of fruit crop production, we shall give urgent attention to the cultivation of avocado, citrus, mango, papaya and pineapple. We have committed ourselves to providing 1500 improved varieties of citrus, 1200 improved varieties of mangoes and 600 improved varieties of avocado at the Prospect Station during the course of 2001.
6. We shall continue to upgrade the quality of livestock on the island by the infusion of high quality stocks from abroad. We will also encourage our people to produce more meat locally for consumption, and thus reduce our reliance on importation.
7. We shall strengthen the teaching of agriculture in schools with support from the Department of Agriculture to create an awareness among our young people of the importance of this Sector in the economy.
8. Your government will appoint at least two forest rangers to monitor and manage the rain forests and to protect the ecology of Nevis.

53. Madam President, the objective of these initiatives is to expand the production of our farmers to ensure there is a greater output of locally grown food for local consumption. There is a great potential for all farmers and producers of livestock to make a good living, and the government has made a definite policy to give incentives to bona-fide farmers to encourage them to invest more, produce more and earn more.

54. Madam President, in addition to the activities highlighted above, we will continue to give attention to the development of Cooperatives. Consequently, during the course of

the fiscal year, the Administration through the Co-operative Department shall provide the necessary support to expand the cooperative movement in Nevis. Parents of Primary Schools can testify to the benefits their children have derived as members of the Primary School Apex Co-operative Societies. Recognising this fact, the guidance and support that have been provided by the Co-operative Department to the Primary Schools will be replicated to facilitate the re-introduction of Junior Co-operatives in the Secondary Schools, a programme which was launched in October of this year as a joint initiative between the Nevis Cooperative Credit Union and the Nevis Island Government, to develop thrift and greater awareness of the importance of money and resource management among our young people.

55. Madam President, the task that we have set for ourselves is challenging. We recognise that in order to achieve our goals, we will require both financial and human support. There is no doubt that the programmes that I have enunciated adhere to our commitment of providing a better quality of life for all of our people. It is on this premise that your government remains resolute that the agriculture, fisheries and co-operatives sectors are viable vehicles for economic and social development and we shall continue to give our fullest support to these pillars of our economy.

HEALTH

56. Madam President, this Administration continues to make considerable progress in its plans to expand both curative and preventive health care for the people of Nevis. Our progress to date is remarkable, with the employment of several professionals, the expansion of laboratory services, and the acquisition of modern medical equipment including X ray and Ultrasound machines. More Nevisians are now accessing high quality health care right here in Nevis and are travelling abroad less frequently for expensive treatment. For the Fiscal year 2000, your government budgeted \$7,716,867 for Health Care Services. However, this amount had to be increased to expand the programme and to cover the increased payments to our Nurses. Consequently, during 2001 we shall spend \$ 9,143,514 to further improve the delivery of Health Care Services in Nevis.

57. I am also very pleased to inform this Assembly that the Alexandra Hospital Rehabilitation Project is currently at the mobilization phase. We have waited more than Seven (7) years for this project to come on stream. The project involves the construction of a new wing, which will house the Outpatient and Emergency Department, and the Radiology Department, and also the construction of additional facilities, a sewage treatment system, replacement of the roof, rehabilitation of the first floor, and cosmetic works on the main floor. Provisions will also be made for the mentally ill patients to be adequately accommodated after the completion of the rehabilitation of the hospital. The commencement of the project comes at a time when the Ministry is in the process of widening and deepening its services by providing specialized consultancy services in a number of different areas. The Ministry of Health and the University of the Americas have established a “Memorandum of Understanding” whereby specialists, who are attached to the Medical University of the Americas will be allowed to consult with patients in their respective fields periodically, virtually free of cost. Already, patients at the Alexandra Hospital have been the beneficiaries of such services in the area of orthopedics, cardiology and psychology. The presence of a pathologist will greatly enhance the capabilities of the Laboratory and provide us with more accurate diagnostic results. These specialists will not only increase the availability of specialized services within the Health Sector but will be involved in conducting training courses for the nurses and other medical technicians here in Nevis.

58. Madam President, Education, Screening and Immunization are strategically the only measures that can be used to aggressively prevent and control the spread of diseases. Recognizing this fact, the Nevis Island Administration became proactive and fully funded the training of a Health Educator to spearhead our education programme in the area of preventive medicine. Furthermore, the Ministry of Health is already preparing to expand its health education and screening programme in 2001 for diabetes, hypertension, sickle cell anemia and other serious diseases. Specialized clinics will also be held in various districts as a follow-up to ensure that persons are properly screened, and treated where the need arises.

59. Madam President, the Nevis Island Administration was successful in encouraging the Medical University of the Americas (MUA) to acquire a Hyperbaric Chamber which will be of tremendous benefit to our divers should any of them get into difficulty and require decompression chamber services. At the same time this initiative will open the door to the introduction of hyperbaric medicine on Nevis.

60. Madam President, this Administration will also spend \$600,000 to establish a Dialysis Unit in 2001. Already, preliminary discussions have been held with a representative of Baxter, the manufacturer of “state of the art” dialysis machines. The manufacturer will train the technicians, while PAHO will provide financial assistance for the nurses, who will be responsible for managing the Unit, to be trained at the Queen Elizabeth Hospital in Barbados early in 2001. With the construction of this Unit on the grounds of the Alexandra Hospital, Nevisians who presently travel abroad for treatment for renal failure will have access to more affordable and convenient services right here at home.

61. Madam President, in the area of solid waste management, I am happy to report that considerable progress has been made. Clean-up work and aesthetic improvement have already started at the dump site at Long Point to facilitate the construction of the Sanitary Landfill. The implementation of the OECS Solid Waste Management Project will be expedited during 2001 now that the Federal Government and the Nevis Island Administration have signed a “Memorandum of Understanding” authorizing Nevis to establish its own Solid Waste Management Entity. Subsequently, an office was established and an operations manager employed. Construction of the Landfill is due to commence shortly and is anticipated to be completed in June 2001.

62. Madam President, the Administration has made significant strides in the provision of good quality Health Care on this island. Over the past five years there has been a major transformation in our health care system making health care more accessible and affordable to all the people of Nevis. Our success to date was not achieved easily, but is

a direct result of this Administration's huge investment in this sector over the years. I therefore appeal to the people of Nevis to make maximum use of these services as a healthy population is an important prerequisite for the continued economic development of our island.

COMMUNITY AND GENDER AFFAIRS

63. Madam President, the people of Nevis are demanding more and varied types of social services and this Administration is prepared to take on the challenges that lie ahead for the coming year. The Administration is in the process of making several changes to the Department of Community and Gender Affairs in an effort to enhance its effectiveness and responsiveness to the needs of the society. Consequently, we are in the process of recruiting a number of individuals experienced in and who have a love, perhaps a passion, for social work to help develop suitable programmes and projects to cater for the social needs of the vulnerable groups within our population. Up to the ending of October 2000 we spent \$460,432 and in 2001 we will spend \$690,913 on the development of community services.

64. Special attention will be paid to our growing elderly population who will tax both our human and financial resources as time goes on. The Administration intends to meet this particular challenge head on by expanding the Senior Citizens Division with respect to the range of services that are offered and the number of officers assigned thereto. One of the new policies that will be introduced during 2001 is the granting of free medical and surgical treatment to senior citizens and to those persons who are blind. This initiative will provide much needed relief for the blind and their families. It is the view of this Administration that the elderly persons in our society have contributed significantly to our present state of wellbeing and therefore we will ensure that they are comfortable and happy in the golden years of their lives.

65. Madam President, this government recognises the important role that women play in the development of this country. Whether we agree with the findings or not, the CDB-

sponsored Survey of Living Conditions discovered that women experienced higher levels of vulnerability than men. To address this problem the Administration intends to provide greater training opportunities for women and to attract enterprises and industries where women could obtain continuous employment. We are also concerned about the incidence of domestic violence and will continue to work with the Change Centre and other social partners to provide shelter and counseling for abused women, children and men where necessary. We will also continue to work closely with the Federal Government and the OECS legal reform project to improve family laws and support legislation to provide further protection for all women in Nevis and the region.

66. Madam President, your government fully subscribes to the philosophy that investment in young people today will generate significant returns in the future. We will therefore continue to focus on youth programmes to equip our young people with the skill and discipline to become productive members of our society. Students leaving school will be able to enhance their skills by enrolling in classes in Cake Decorating, Sewing, Computer Science, Plumbing, Masonry, Carpentry, Refrigeration, Air-conditioning, Electricity and Art in ever increasing numbers. The Administration is already in the process of establishing a technical training institute to provide training and programmes in the areas highlighted above. We are also seeking development assistance to construct and equip a modern educational complex to offer accredited courses in technical areas especially in the field of computer science. The objective here is to promote life long learning and to prepare our people especially the young for the opportunities that will be created in Nevis as we meet the challenges of globalisation in the 21st Century.

67. Madam President, perhaps one the most innovative programmes that has been introduced during this year is the Excellence in Music Awards aimed at promoting and honouring music excellence in Nevis. We recognized that the people of Nevis and especially our youth are very talented and we needed to provide an avenue for them to showcase their talent. The programme so far has been extremely successful and I am very heartened and encouraged by the support that the people of Nevis have been giving to this initiative. I have also been moved by the tremendous talent that exists in the

schools, churches, and communities throughout Nevis, and I am confident that this music award activity will become a springboard for the development of musical talent and high quality performances in our island. This programme will be an on-going one and will add variety to the entertainment available in Nevis for our own people and our visitors as well.

68. Madam President, greater emphasis will be placed on the organization and coordination of sporting activities to enhance the physical and social well being of our young people. To this end, the Sports Division of the Ministry of Planning and Development, Trade, Industry, Labour, Youths and Sports will be strengthened and mandated to ensure local leagues and championships are more efficiently organised in the field of Netball, Cricket, Cycling, Junior Golf and Tennis. The management structures of sport clubs and organisations will be strengthened and emphasis will be placed on fundraising activities to make the associations financially sound. We will also upgrade existing recreational facilities around the island and construct new facilities including tennis courts in as many communities as possible. Special mention must be made here of the proposed development of the Grove Park Facility at a cost of \$2.2 million. I therefore challenge the youths in this island to become involved in at least one sporting activity and ensure that the large investment that is being made in Sports by this Administration is effectively utilized to develop positive attitudes and good discipline among the young people within our society. Up to the ending of October 2000, this government spent \$105,324 on the promotion of sports among our young people. Included in this sum was over \$45,000 in direct contributions to teams and clubs participating in competitions within and outside of the region. During the next fiscal year, the government is budgeting to spend some \$666,096 for the youth and sports development programmes in Nevis.

STATISTICS

69. Madam President, the Administration is still very committed to the establishment of a full fledged statistical office in Nevis to provide reliable and timely data to inform decision making in both the public and private sectors. We have experienced difficulties

in finding trained personnel to man the office. However, we have already established a small unit within the Ministry of finance and employed a senior statistical officer who is presently being trained to manage the office by attending various courses overseas. The Officer has also been involved in coordinating several surveys on the island, which will provide useful statistical information for the general public. In 2001 we expect to put in place the support staff to fully establish the office.

70. This Statistics Unit will play a very important role in the provision of significant data to enable the government to plan more effectively the programmes necessary to continue the economic development of Nevis. The Unit will work closely with all of the relevant agencies and organizations in the public and private sectors to ensure that there is a harmonious collaboration in the collection of data. This Unit has just completed the Country Poverty Assessment Survey in conjunction with St.Kitts and other countries in the OECS. The findings of this survey will create a critical database which will enable the government to focus the necessary resources to help the most vulnerable persons in our communities.

71. In 2001, the Statistics Unit will conduct a Population and Housing Census which will generate essential demographic data such as the total population in Nevis – providing a breakdown by parishes, age and so on. I encourage each person in Nevis to cooperate in this very important initiative

72. Madam President, during the year under review, the Statistics Unit did some groundwork based on the Household Budget Survey that was undertaken two (2) years ago. One of the projected outcomes is a price monitoring system. This will yield a periodic price index which is a traditional and international indicator of the extent of inflation. By systematically measuring price changes over time we will be able to determine the impact of price changes on the incomes of our people and devise strategies to mitigate the effects of inflation.

HUMAN RESOURCES DEVELOPMENT

73. Madam President, we have come to the end of the 20th century. The 21st century will make serious demands on our people to acquire knowledge and information. The ability of our people to process this information efficiently and effectively will determine whether we succeed or fail. We must continue to place emphasis on the development of our human resource. Our people must be equipped with the requisite skills to make them more marketable in this technological age and more competitive in the global economy. We will therefore continue to focus on improving the quality of and access to Primary, Secondary, Tertiary and Adult and Continuing Education, with a focus on technological systems and skills training for all.

74. Over the course of the year under review the achievements of this sector have been outstanding. I wish to briefly highlight some of these achievements.

- We have successfully completed the first year of the Distant Education classes of the University of the West Indies held at the Marion Heights Building. September of this year marked the commencement of the second year of this programme and we have witnessed a significant increase in the enrollment of students for the degree programme, from 5 to 15.
- The Administration has established a state of the art Computer Lab at the University of the West Indies Site at Marion Heights Complex. For this we extend thanks to the Embassy of China here in the Federation for funding this project.
- The CXC results in both high schools were encouraging especially in the area of Mathematics where Nevisian students performed better than both the regional and federal averages.
- We successfully piloted the teaching of Spanish at the Primary Level.
- The Alliance Francaise Language Resource Centre was established in Nevis to enhance the teaching of French.
- A student discipline policy has been drafted for the schools and is now being discussed with teachers and parents before implementation.

- We have revised upwards the salary scales of untrained teachers and during next year a similar decision will be taken for sport officers.
- A Tourism Resource Officer was employed by the Ministry of Education to spearhead a Tourism Education programme in the schools.

75. Madam President, during 2001 the Administration will continue its developmental programmes to ensure that our children are given the same opportunity as the children in the developed world. To this end we are presently negotiating with a company out of Barbados to equip all of the schools in Nevis (Primary and Secondary) with modern state of the art Computer labs. The project is expected to cost over \$1.3 million and will involve the training of teachers and the installation of hardware and software to make learning easier and more interesting for students. This project will ensure that all students acquire considerable computer skills before leaving school for the work place and are able to successfully compete in this information age.

76. Madam President, this Administration is concerned about the total development of our young people. The entertainment industry is rapidly expanding and Caribbean Countries are working assiduously to maximize the opportunities available in this industry. Accordingly, opportunities will be given to our students to develop talents in the performing arts, theatre, music and dance. We intend to have the schools making full use of the facilities of the Nevis Cultural Centre. In the field of music, preparations are being made to introduce the CXC music programme at the Gingerland Secondary School initially and eventually at the Charlestown Secondary School. We intend to increase the number of music teachers in the schools to strengthen this programme and to nurture the development of the talent in our children.

77. Madam President, we will continue to ensure that the physical environment at the schools is conducive to learning. During the year we constructed the Combermere Primary School at a cost of \$2 million and extensive work was carried out at the Gingerland Secondary School at \$1.9 million. During 2001, under the Basic Education Project, the Charlestown Secondary School and the Charlestown Primary School will be

expanded, and a new school will be constructed in the St. John's Parish. The two projects will cost some \$4.95 million. In addition, we will also construct a new Special Education Unit at a cost of \$700,000. It is the intention of this government to provide the best possible environment for all our children within the scope of our resources.

78. Madam President, this Administration continues to assist students to undertake studies abroad. Presently, forty-one of these students are benefiting from government financial assistance in the form of partial or full scholarships. We have also provided concessionary loans to some students who were unable to procure the resources to finance their studies abroad. During the course of this year we spent well over \$500,000 on training overseas and the amount allocated for 2001 is \$950,000. This is a significant investment which this Administration will make in the next financial year to show its commitment to the development of the people of this country. I therefore, appeal to the private sector to forge partnerships for the development of our people. We record our thanks to those agencies and organizations that have assisted us in the development of our human resources and ask for their continued support and assistance as we try to make our people competitive locally and globally.

79. Madam President, in light of the extreme importance of this sector to the economy of Nevis, we have allocated nearly 18% of the total recurrent budget to Education and Human Resource Development amounting to \$11,689,981.

TRADE AND INDUSTRY

80. Madam President, the impact on the Nevis economy as a result of the closure of the Four Seasons Resort has given the Administration greater impetus to further diversify the Nevis economy. We have already started the process by seeking to formulate a dynamic Strategic Development Plan for the island of Nevis. Under the Ministry of Planning and Development, a Strategic Planning Committee was formed to spearhead this initiative. The committee has met with members of the public, private sectors and civil society in an effort to canvass a wide spectrum of ideas and seek national consensus on the way

forward for the development of this island. The consultations will continue into January 2001 after which time the information gathered will be analysed and strategies formulated. We have also finalized arrangements to receive technical assistance from the United Nations Commission for Latin America and the Caribbean (UNECLAC), in the form of the attachment of a consultant to the Ministry of Planning and Development for a period of six months. The Strategic Development Plan will be completed by June 30, 2001.

81. Madam President, the underlying theme throughout the discussions is the need to diversify the economy to make it more resilient to external and internal shocks. We have to continue to generate employment so that our people could increase their disposable incomes. With the decline in development assistance, there is the need for the government to generate surpluses on the recurrent account to finance capital projects. We will therefore provide incentives to encourage the development and expansion of the private sector to generate employment opportunities for our people, and to ease the pressure on government to become the employer of last resort.

82. To diversify the economy and increase employment we will intensify our efforts to develop the Informatics sector. According to the Harvard Business Review (Summer 1999) “revolutionary changes in information technology and particularly in the Internet, have rapidly become a driving force in international business.” Madam President, this Administration is of the view that technological innovation will result in companies outsourcing or farming out several ancillary and back office activities through the Internet and World Wide Web, while they focus on their core activities. With the liberalization of the telecommunication’s industry in the OECS, small island states like Nevis will enjoy a comparative advantage in this very new exciting business of e-commerce. We intend to prepare our people not only to provide data entry services but also to operate at the higher end as programmers. I foresee a future where a Nevisian could stay in Nevis and write a software programme for a company in Europe, provide architectural service for a building in the USA, and accounting work for a real estate company in Germany. To facilitate this objective, the Administration has held

discussions with a reputable legal firm in Canada about the possibility of drafting legislation to make Nevis an E-commerce Centre. We have also had requests by two interested companies to provide telecommunication services as soon as the liberalization comes into effect.

83. Madam President, another important area that we are presently studying is the development of an Export Processing Zone in the Long Point Area. It was the Nobel laureate Sir Authur Lewis in his theory of economic development who suggested that the state should become the catalytic agent for growth by way of offering generous incentives to foreign investors to set up production export, and thereby provide employment. In the past the Caribbean was not very successful in this area because of the comparatively high cost of labour and other inputs including utilities. However, there is likely to be a resurgence in this area with the introduction of the Caribbean Single Market and economy, the United States – Caribbean Basin Trade Partnership Act (CBTPA) and the Free Trade Area of the Americas (FTAA). In Nevis we have received applications for permission to establish high value added export oriented operations. Recognising the potential of this industry, the Administration has decided to make the Long Point area the location for these types of businesses. We believe this trend will continue and consequently we are presently seeking financial and technical assistance to formulate a plan for the development of an Export Processing Zone at Long Point.

84. Madam President, one of the very important components of the strategy of this Administration is the development of the informal small business sector as a source of employment and poverty alleviation. During this year, the Administration through the Small Business Development Unit featured television programmes to sensitize the public about the importance of the small business sector and also to provide publicity for those in the service and productive sectors. We conducted several workshops in the areas of Basketry, Balata making, and Tie Dye/ Batik, and arranged attachments for some of our craftsmen overseas. During 2001 we will repeat some of these workshops in addition to organising training in Advanced Basketry, Curtain Making, and Jewellery Making. With the expansion of the tourism industry, the small business sector is likely to become very

lucrative, and provide employment and income opportunities for our people. With the continued training and attachments that our people will receive, I believe that some of these small businesses will eventually develop into profitable and productive entities. I would therefore encourage our people to enroll in the workshops and acquire a skill that has the potential to generate rewarding economic returns in the future.

85. Madam President, earlier in my presentation, I included the control of inflation as an important strategy of this Administration. I have already spoken about the development of the price index to monitor movement of prices. In addition, this Administration intends to take very concrete steps to control prices of essential items to ensure that there is no undue pressure on our people. In an effort to re-activate Price Control in Nevis, a proposed Price List was prepared and discussed with the Nevis Division of the Chamber of Commerce. The Chamber recommended that we allow market forces to determine prices and that we monitor price movements over a period of (4) months before taking any further action. However, in order to protect the small man and woman in our society, from price-gouging, your government has decided to control the prices of staple food items which will be imported by the Supply Office. To achieve this objective, a Price Control and Consumer Affairs Officer will be assigned to the Department of Trade during the next fiscal year to monitor prices. In addition, the officer will also check for expiry dates and conduct public awareness programmes to educate the general public about their rights as consumers.

86. Madam president, Trade and Industry are a very important components of the economy and this Administration will do everything in its power to expand this sector in an effort to diversify the economy, create high quality jobs for our people, and offer greater opportunities for the low income earners in our society.

HOUSING

87. Madam President, this Administration recognizes access to housing as a basic need of our people and an important component of our strategy to improve the quality of life for all our people. To facilitate this objective, the Administration through the Nevis Housing and Land Development Corporation is negotiating with a financial institution for a loan of EC\$13.2 million to construct approximately 200 low-income homes in Nevis over a period of 2 – 3 years. Each home will consist of two bedrooms, a kitchen, a bathroom and a living room and is estimated to cost EC\$65,000 excluding the price of the land. To make the mortgages affordable to the low-income earners, we propose to amortize the loan over a period of 25 – 30 years. This project is expected to commence during the year 2001 and will make a significant impact on the economy of Nevis and the lives of those in the low- income bracket. The homes will be constructed throughout the various parishes and the application process will be transparent to ensure that the most deserving members of our society benefit from this major initiative of the Administration.

NATURAL RESOURCE MANAGEMENT

88. Madam President, while this Administration is initiating policies aimed at increasing the rate of economic growth and development, we are also conscious that financial and economic indicators alone should not be used to determine the viability of investment activities. There is therefore the need for an integrated approach to planning that embraces economic, social, political and environmental considerations. Our island is not endowed with oil and minerals, but our beautiful beaches, pristine environment, magnificent flora and fauna are assets that could be leveraged as we carve out a place for ourselves in the global economy. However, we have to ensure that these resources are properly managed.

89. Madam President, we will intensify our efforts to ensure that major investment projects undertake the necessary Environmental Impact Assessment before implementation. Through the Physical Planning Unit we will continue to assess

development applications to ensure that they conform to zoning standards, that siting of development is on suitable land and that any environmental or physical issues are addressed. We will also continue to give planning advice to clients so that important environmental issues are adequately addressed before final drawings are submitted for planning approval.

90. Madam President, in the near future we intend to undertake several activities aimed at making the Physical Planning Unit more effective and efficient in sustainable planning and in producing reliable information to the public. Included in the activities planned for the financial year 2001 are the following:

- An aerial fly over will be undertaken by the middle of next year. This is a highly technical process that incorporates remote sensing, photography and cartographic techniques to produce information on ghauts, roads, tracks, building location, quarries, vegetation, reefs and other land forms. Maps will be produced that will assist the Administration in identifying areas of concentrated development and out of this exercise we will be able to update zoning plans, produce land use maps, and population density maps. We will then be in a better position to develop land-use policies that are environmentally sustainable.
- The zoning plan ordinance will be updated to reflect changes in land usage and zoning classification.
- The Physical Planning legislation will be completed and enacted into law.
- Local plans will be designed to address issues at the community level. This will give members of the community the opportunity to make a contribution to the economic and physical development of the area in which they reside.
- A survey will be undertaken of collection, treatment and disposal of sewage in Nevis. Due to the fact that 90% of our potable water is from underground aquifers, measures must be implemented to ensure that the water source is protected from sewage contamination. The survey will identify potential problem areas so that remedial action could be taken by the Department of Planning, the Department of Health, and the Water Department.

- The Administration intends to formally adopt a new building code and guidelines by passing the necessary legislation. This will ensure that all developers and contractors comply with the guidelines in order to minimize the impact of natural disasters on our infrastructure.

91. Madam President, small island states are extremely vulnerable to environmental degradation and consequently must continue to promote policies that protect and conserve our limited resources. Notwithstanding the constraints, we have been able to make significant achievements as a result of the serious approach of this Administration to environmental issues. Our success was also due in part to the continued assistance of the donor community including the United Nation Development Programme (UNDP), the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC), the Organisation Eastern Caribbean States (OECS), the Natural Resource Management Unit (NRMU) and the Coast and Beach Stability in the Caribbean (COSALC). I must therefore extend our thanks and appreciation to these agencies for their continued technical and financial support.

92. Madam President, I now turn to the fiscal performance of the Administration for 1999 and the fiscal projection for financial year 2001.

FISCAL REVIEW

93. Madam President, actual recurrent revenue for 1999 amounted to \$60.6 million which is \$3.9 million or 7% more than the actual recurrent revenue for 1998. However, the recurrent revenue outturn was 4% less than the targeted estimated revenue for year 1999. Actual recurrent expenditure amounted to \$60.3 million or 15% more than the actual recurrent expenditure for 1998, and 3% less than the estimated recurrent expenditure for 1999. The recurrent account therefore realized a small surplus of \$242,381 in 1999 when one compares the situation with the \$4.3 million surplus generated in 1998. The significantly reduced surplus came about as a result of the large increase in recurrent expenditure which was necessary to meet rising non-discretionary costs, and the extra

month salary for 1999. There was also a fall off in revenue collections associated with the natural disasters of 1999, in particular, Hurricane Lenny.

94. Madam President, despite the decline in economic activity in some areas for the last few months in 1999, there were good performances in certain key revenue areas. Collections from international trade transactions at the Customs Department increased by 15% over 1998. Out of the revenue collected from international trade, consumption tax and import duty increased by 21% and 12.5% respectively. Consumption tax represented 44% of the total collections from international trade transactions, while import duty represented a share of 45%. Moreover, collections from consumption tax – Inland Revenue increased by 142%, Agriculture Department 29%, Financial Services 13%, Hotel Room and Restaurant tax 9%, stamp duty 8%, Business and Occupation licenses 32%, Post Office 16%, Water rates 4%, and Social Services Levy 2%. These revenue heads, Madam President, realized high returns because of the strong performance in key sectors of the economy for the first 8 months of 1999.

95. However, Madam President, there were significant declines in certain revenue areas. Travel tax declined by 24%, Wheel tax by 22%, Licenses – Motor Vehicles by 51%, Income tax by 9%, House tax by 6%, and electricity services by 12%. Most of these taxes were affected by the fall off in revenue for the last few months of 1999 largely due to the passage of Hurricane Lenny. However, in the case of Wheel Tax and Motor Vehicle licenses, the sharp drop was due to the change in the licensing system in 1998 which resulted in a disproportionately higher amount of revenue being collected in 1998.

96. Madam President, debt service payment for 1999 increased by \$2.2 million over 1998. Interest payment for 1999 increased by \$447,098, while payment on principal increased by \$1.8 million. Debt service payments for 1999 was 12% of recurrent expenditure and 13% of recurrent revenue, and in 1998, 10.9% of recurrent expenditure and 10% of recurrent revenue.

97. Madam President, in the 2000 budget address, it was estimated that the impact of Hurricane Lenny would cause the Government to lose between \$10 to \$15 million in revenue due to the temporary closure of the Four Seasons Resort and the expected downturn in consumption and economic activity. Consequently, as at 31st October 2000, total recurrent revenue amounted to \$44.1 million, while recurrent expenditure amounted to \$49.6 million resulting in a deficit on the recurrent account to date, of \$5.6 million. Moreover, Madam President, actual Capital revenue for the same period amounted to \$13.3 million while actual capital expenditure amounted to \$20.5 million resulting in a deficit of \$7.2 million on the capital account, and an overall shortfall of \$12.7 million when combined with the recurrent account figure. Although, Madam President, the financial gap has widened over the last ten (10) months, the revenue loss as a result of the effects of Hurricane Lenny is still well within the projections made by this Administration.

98. Madam President, the actual capital expenditure for 1999 amounted to \$12.4 million, and actual capital revenue amounted to \$467,107 resulting in a deficit on the Capital account of \$11.9 million, and an overall deficit of \$11.7 million.

99. This deterioration in the fiscal account for the period under review is due to a number of factors which include the revenue lost from the closure of the Four Seasons Resort; the increased expenditure due to the rehabilitation of the infrastructural plant damaged during the hurricanes of 1998 and 1999; and the ongoing financial obligations that the Nevis Island Administration (NIA) had to meet for major capital projects some of which have been highlighted already. Madam President, the expenditures on capital projects were necessary to keep the economy of Nevis buoyant and to build an economic bridge to the future for the long term benefit of our people.

100. We now turn to fiscal projections for fiscal year 2001.

FISCAL PROJECTIONS

101. Madam President, recurrent revenue for fiscal year 2001 is estimated at \$66.4 million. Recurrent expenditure is estimated at \$65.4 million resulting in a projected surplus on the recurrent account of \$815,110. The moderate increase in estimated recurrent revenue of \$206,789 and the 3% decline in estimated recurrent expenditure are due partly to the establishment of a public company (NEVLEC) in September 1999 to manage the Electricity Department. The estimated recurrent revenue for the Electricity Service in 2000 was \$9.1 million, while recurrent expenditure was estimated at \$8.4 million. With the privatization, these projections were excluded from the budget.

102. Madam President, a small surplus is projected on the recurrent account because of the expected improvement in economic performance in 2001 especially with the reopening of Four Seasons Resort and the anticipated increase in private sector activity. Moreover, we are very optimistic that should the year 2001 be free of natural disasters, the fiscal situation will stabilize and larger surpluses will be generated on the recurrent account beginning from the fiscal year 2002.

103. Capital revenue is estimated at \$58.8 million, which is \$3.2 million or 5%, less than the estimated capital revenue for 2000. Capital expenditure is estimated at \$79.2 million, which is 8%, less than the estimated figure for 2000. Madam President, this reflects a deficit on the capital account of \$20.4 million and an overall deficit of \$19.5 million for the fiscal year 2001.

104. Madam President, the estimated deficit on the fiscal account is due mainly to the intention of this Administration to continue with its extensive public sector investment programme which is vital for the laying of a strong infrastructural foundation to energize all sectors of the economy, to foster economic growth and development, and ultimately to enhance the standard of living of all the people of Nevis. We cannot be afraid of the

future. This Administration must continue to take the initiative and implement programmes that will secure the future for our people and build a strong economic base that would be attractive to domestic and foreign investors to enable the creation of jobs for all our people.

105. Madam President, debt management continues to be an important area of expenditure control. The debt service payment is projected to increase by 6.3% over the 2000 fiscal year. The increase will go mainly towards the servicing of foreign debt as loans acquired in the past become due and payable. Madam President, we have no choice but to borrow funds from multilateral and bilateral institutions to fund the projects that are of vital importance for the economic transformation of Nevis. With the decline in development assistance, more and more we have to either borrow externally or rely on our own resources. However, we recognize that the high costs of servicing the public debt could become onerous for the people of Nevis and consequently, we will continue to implement appropriate measures to contain the public debt within acceptable limits.

106. Madam President, there are important increases in recurrent expenditure allocations for a number of ministries for fiscal year 2001.

107. Recurrent expenditure allocation for the Ministry of Finance increased by \$1.2 million or 9.4% over the estimated expenditure for 2000. This is mainly due to the projected increase in expenditure associated with the establishment of a new unit within the financial services program to accommodate the separation of the functions into Regulation and Supervision, and Development and Marketing. Recurrent expenditure for financial services increased by \$387,045. Furthermore, the Nevis Island Administration will establish a Statistics Unit with an estimated budget of \$218,106. There is also an estimated increase in foreign debt service payment of \$500,000.

108. Moreover, Madam President, recurrent expenditure allocation for the Ministry of Health, Community Affairs, and Women's Affairs increased by \$1.4 million or by 11% over the 2000 estimated figure. This is mainly due to the expansion of the Public Health

Services Program by \$374,330, and the Hospital Services Program by \$1.1 million. Madam President, this is indicative of your government's commitment to the continued enhancement of the health and social well being of the people of Nevis.

109. Recurrent expenditure allocation to the Ministry of Education increased by \$1 million over 2000. This is due mainly to increases in expenditure in the primary and secondary education programs by \$552,216 and \$541,879 respectively. This is done mainly to ensure that there are adequate financial resources to fuel educational programs and hence improve the academic performance of students in all primary and secondary schools on the island.

110. Madam President, expenditure for the Ministry of Tourism, Culture, Government Information and Public Relations, and Telecommunications increased by \$720,049 due to the expansion of the services provided by the Ministry in particular the restructuring and strengthening of the Government Information and Public Relations Program.

111. The allocation to the Ministry of Agriculture increased by 4% or by \$123,558 due mainly to the expansion of services in the newly established Fisheries Program.

112. Madam President, recurrent expenditure allocations for the Ministry of Planning and Development, Trade and Industry, Labour, Youth and Sports increased by \$981,361 or by 20% over the 2000 estimated amount. Most of the increase occurred in the Ministry Administration Section and will be utilized to expand the role of planning and development, and provide meaningful programs for the development of youths through sporting and social activities. These programmes will be vital to our young people in encouraging good discipline and generally enriching their lives.

113. Madam president, in the case of capital projects, I have already highlighted the major projects that will be implemented during 2001. However, I must make mention that a total of \$600,000 has been allocated for the repair and surfacing of secondary roads in order to improve the network of roads in our communities. I must also point out that

negotiations have begun with a reputable contractor for the start of phase 1 of the Road Improvement and Maintenance Project which will involve the construction of 31½ miles of road from Newcastle to Cotton Ground. The project is expected to cost \$ 10.8 million and construction works will begin in January of next year. We also expect to receive tenders in January 2001 for phase 2 of the project which will involve the reconstruction and upgrading of the road network from Market Shop to Cotton Ground. This phase will be financed by the Caribbean Development Bank (CDB) and is expected to begin in the second quarter of 2001.

114. Madam President, Charlestown Waterfront Extension Project (Phase 2) has already started and is expected to be completed by April 2001. This project consists of the construction of a bypass road, adequate drainage systems, parking lots, repairs to Charlestown main pier and extensive landscaping. The project will cost \$ 2.9 million and is being financed and constructed by National Piling Company.

115. There is no doubt, Madam President, that the massive infrastructure programme undertaken by this Administration over its eight years in office is way beyond the achievements of any other period in our history, and has laid a strong economic foundation for the progress and prosperity of this island.

FISCAL MEASURES

116. Madam President, in view of the negative impact arising from the devastation of Hurricane George in 1998, Hurricanes Jose and Lenny in 1999, and the subsequent closure of the Four Seasons Resort, this concerned government has decided not to impose any additional tax burden on the people of Nevis. We will instead concentrate on implementing policies geared towards controlling and curtailing expenditure, prioritizing capital projects, and improving the administration and efficiency of tax collection. In the year 2000, a modernized Standard Integrated Tax Administration Computer System (SIGTAS) was implemented at the Inland Revenue Department and already we have seen improvements in the collection of some taxes. However, I will continue to appeal to all

current and potential taxpayers to comply with the laws of the land and pay what is rightfully due to the people and government of Nevis. In so doing, the Administration will be more empowered to implement the policies and deliver the programmes that will enhance the economic well being of all of our citizens.

CONCLUSION

117. Madam President, as the trend towards globalization picks up momentum, the impact on developing countries and small states in particular has sometimes resulted in a dampening of the gains achieved. While countries like St. Kitts and Nevis have graduated from access to external aid because of improvements judged on the basis of traditional indicators such as per capita G.D.P., the reality has been that some sectors of these economies have not kept pace with the overall pace of economic progress. According to the ECCB National Accounts Digests 1997 and 2000, per capita G.D.P. (at factor cost) grew from EC\$6880 in 1987 to just over EC\$13,000 in 1999. This is quite an impressive statistic. But while G.D.P. has virtually doubled in a 12 year period, there is still the need to continue our efforts to bring more and more Nevisians into the mainstream of economic activity.

118. Madam President, there is no doubt that the Nevis economy has made significant strides over the past 8 years, but this Administration recognizes that while economic growth is a necessary prerequisite for wealth creation, growth by itself does not provide an equal distribution of wealth across the population. This is the reason why the Administration expressed a keen interest in the Survey of Living Conditions in Nevis, to determine the areas of greatest need among our people.

119. The information gathered is extremely useful for this Administration as we chart the course for the future to develop programmes to stimulate employment among the most needy and to provide such assistance as necessary for the most vulnerable persons in our country.

120. Madam President, we have come a long way from the 60's, 70's and 80's when our people were dependent on remittances from abroad. Our young and talented people migrated abroad in large numbers in search of employment and a better standard of living. Madam President, the Nevis of the 90's has taken on a new complexion with a reversal of the exodus of earlier periods. Nevisians are now returning home to develop their country, and people from other Caribbean countries and even the developed countries are being lured to Nevis by the peace and tranquility and the many opportunities that abound.

121. Madam President, the transformation that is taking place is a direct result of the sound macroeconomic policies of this Administration. We have witnessed a massive infrastructural development programme; improved access to affordable and high quality health care; expansion in the social safety nets with the introduction of feeding programmes for the elderly and school children; generation of high quality employment in expanding sectors such as Tourism, Financial Services, and Agriculture; greater access to education and training at the primary, secondary and tertiary levels; expansion in the construction of private homes and commercial buildings; enhancement of the public buildings; expansion in hotel room capacity; and the creation of some 2000 jobs over the past eight years. The success of this Administration is clearly demonstrated by the manner in which we have improved virtually every school on the island. I note the following:-

The construction of a new school at Combermere.

The renovation of St Thomas's Primary School.

The rehabilitation of the Charlestown Secondary School and the addition of a new administrative quarter and computer lab.

The renovation of Prospect Primary School.

The renovation of the Gingerland Secondary School and the addition of a new section for laboratories and additional classrooms

122. Madam President, these achievements are remarkable when one considers that our traditional donor governments and institutions have not been as generous as in the earlier periods referred to above.

123. Madam President, while we will continue to provide social safety nets through our social policies, it is the view of this Administration that the people of Nevis are not looking for handouts. Nevisians have made considerable progress over the years as a result of their hard work and determination. What our people really want Madam President are opportunities. They want the chance to earn a decent income so that they can adequately provide for themselves and their families. Madam President, I am convinced that the policies and programmes put forward in this budget to expand Tourism, Financial Services and Agriculture; to generate new areas of employment in Export processing and Informatics; to make computer education available to all age groups; and to expand social services in the various communities will provide the necessary training for the development of our people and will also create the opportunities for them to propel this beautiful this island forward to a new level of economic and social prosperity for all.

124. To the people of Nevis, I express thanks and appreciation for their continued support and encouragement. Please be assured that this Administration will continue to fight for the benefit and well being of all the people of Nevis. We will not be overwhelmed by the challenges ahead. With the help of Almighty God we will strive to achieve our highly cherished goal of improving the standard of living of all the people of Nevis. This will be achieved through the implementation of the programmes highlighted in this budget, to create opportunities for employment, to provide opportunities for the training and development of our people, the improvement in health and social services, and the improvement in housing and infrastructure.

125. Madam President, this is a budget which takes every single man, woman and child into consideration and provides something for all of them.

126. Madam President, I know it's a little early, but this is the season and I wish the people of Nevis a Happy Christmas and a productive, healthy, peaceful and prosperous New Year as we continue to work hand in hand for the development of this our beloved country. It is my hope that we can face this new millenium with courage, with strength and with the confidence that the people of Nevis under the CCM government can and will continue to find success for ourselves and our children.

127. As we prepare ourselves to face the challenges that the new year will bring, I leave you with the words of FRANCOIS DE LA ROCHEFOUCAULD -
“ Nothing is impossible; there are ways that lead to everything, and if we had sufficient will we should always have sufficient means. It is often merely for an excuse that we say things are impossible.”

128. Madam President, I so move.