

## NEVIS ISLAND ADMINISTRATION

### BUDGET ADDRESS

By

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

Premier and Minister of Finance

On

December 7, 2005

1. Madam President, I beg leave to move the second reading of the bill shortly entitled the Nevis Appropriation (2006) Ordinance 2005.

### INTRODUCTION

2. Madam President, it is a great honour and privilege for me to address this honourable assembly as Premier and Minister of Finance. In 1992 when the Concerned Citizens Movement came to office we campaigned on a platform in which we set out a definite programme for development and growth for the future of Nevis. While the island of Nevis had experienced some degree of improvement in the eighties, there was a visible lack of direction and sense of purpose that threatened to rollback the gains that had been made. From the CCM platform, we have promulgated a vision of hope which has engendered confidence and enthusiasm in the people of Nevis. Lewis P. Johnson in his book, Seeking the Spirit Path, February 1987, emphasized the need for a vision when he wrote, **“the idea is to seek a vision that gives you purpose in life and then to implement that vision. The vision by itself is one half, one part, of a process. It**

**implies the necessity of living that vision, otherwise the vision will sink back into itself’.**

Madam President, this quotation exemplifies the philosophy, goals and aspirations of the CCM Administration. I can proclaim confidently, that the CCM Party was established with a clear and definitive objective to advance the standard of living of all the people of Nevis, and our record as the government has demonstrated without any doubt a model of economic growth and development of which we can be proud.

3. Madam President, for this reason, I have decided to speak to this Assembly on the theme, **“Living the Vision – Prosperity for all”**. In doing this, I must pay tribute to our foreparents who toiled to lay the foundation for the future of our country’s development. I cannot erase from my memory the period of colonialism when our people struggled for the freedom to establish a Caribbean civilization. I can still remember the many intellectual debates by distinguished economists about the viability of small island states in a challenging external environment. This is the historical context which has given the CCM Party in Government the energy, fortitude and dynamism demonstrating to the world that small island states can in fact survive and achieve relatively high standards of living for their people. I am not by any stretch of the imagination suggesting that we have reached the pinnacle of success. In fact, success is never an absolute. Success requires continuous effort to counteract cyclical factors, manmade and natural disasters, and the vagaries of the global economy. It is imperative therefore that we maintain the present course and continue to implement sound and prudent macroeconomic policies in order to cope with the changing nature of both the internal and external environment. I am confident Madam President that we can continue to set and achieve developmental goals, and with the guidance of the Almighty and the support of the people of Nevis, we will continue to overcome challenges and build on the achievements we have made so far.

4. Our vision for this country is one in which we can continue to see a steady stream of investment from both foreign and domestic sources, to increase employment at all levels, to ensure that everyone who wants to work can have a job equal to his or her training and competence and is able to provide for his family an improved standard of living, over the long run and to remove any remaining vestiges of poverty from this country.

5. Our vision is to see everyone who so desires owning his or her own home and to see those who have business ideas, translating those ideas into productive enterprises and developing their entrepreneurial spirit. We have made significant strides towards the transformation of this country and have seen a number of our people empowered by the policies of this CCM Government. We have seen a number of our people become business owners and owners of their own property, thereby enhancing their dignity and belief in themselves and engendering the spirit of independence and patriotism among Nevisians.

6. It is in this context that I shall review the performance of this Administration and put forward a sound economic and social development strategy for the betterment of our people as we continue to translate our vision into action.

## **THE GLOBAL ECONOMY**

7. Madam President, we have continued to survey the external economic environment for opportunities and threats. The nexus between the small island developing states and the developed economies is well established in the textbooks on economic development. In the case of Nevis, the most important industry in terms of contribution to Gross Domestic Product is Tourism and its success is dependent on the performance of the larger economies from which we derive most of our tourism business. The offshore financial sector is also very sensitive to trends in the developed countries, as any weakening of these economies will undoubtedly reduce the need for the services that we offer.

8. According to the World Economic Outlook published by the International Monetary Fund (IMF), following the temporary slow down in mid – 2004, global GDP growth picked up through the 1<sup>st</sup> quarter of 2005 with robust service output more than offsetting the slowing of global growth in manufacturing and trade. While the leading indicators have now picked up and global manufacturing and trade are showing signs of strengthening, the increase in oil prices is having some debilitating effect on most economies in the world. The United States which is our most important market for tourism and financial services is projected to maintain the highest growth rate among the G7 countries despite the negative effects of Hurricane Katrina, Cindy and

Wilma among other factors. While the growth rate is expected to drop from the level of 4.2 % achieved in 2004, projections are still very good at 3.5 % in 2005 and 3.3% in 2006. Canada is also expected to achieve moderate growths levels of 2.9% in 2005 and 3.2% in 2006. While growth rates in the Euro Area have been subdued, the United Kingdom is expected to perform better with projected growth rates of 1.9% in 2005 and 2.2% in 2006.

9. On the downside, the US trade deficit is expected to rise to 6% of GDP by the end 2005. In fact, the trade deficit in September of this year was at an all time high of US\$ 66.1 billion, 11.2% higher than the month of August. In particular, the deficit with China was at a record high. The huge trade deficit in the US reflected increased imports of oil and also continued high domestic demand. After Katrina, crude prices topped \$70.00 per barrel. However, with the Gulf Coast production facilities coming back on line, prices have moderated somewhat even though they are still well above levels of a year ago. With limited spare capacity and the increasing demand by China for oil, prices are expected to remain high in the medium term. Despite the rise in the current account deficit, the US dollar appreciated modestly over the last eight months. This has made our island more expensive to European travelers since our EC dollar is pegged to the US dollar. We have also witnessed an increase in interest rates in the US and in some other advanced economies in response to inflationary pressures. This situation is likely to continue and will increase the cost of our external borrowing to fund the public sector investment program.

10. Madam President, I have mentioned before that the economic progress of small island states like Nevis is linked to the global economy. With the volatility of financial markets and other macro economic variables, the onus is on us to continue to implement responsible macro economic and fiscal policies. I believe that our record of achievement will illustrate that Nevis is on the right path and we are progressing satisfactorily despite the odds.

11. It is imperative that we maintain Nevis as a high-end tourism destination and as a reputable jurisdiction for financial services– to attract persons of high net worth who will continue to travel and do business even if there is a slow-down in the world economy. It only requires that our people, in both the public and private sectors, provide high quality service with

professionalism and efficiency, to ensure satisfaction for those persons who come here to enjoy our hospitality and to do business.

## **SUMMARY OF ACHIEVEMENTS**

12. Madam President, if I were to catalogue the achievements of the CCM Administration since assuming office in 1992, I could write several volumes. I have said before and it must be repeated again in this Assembly, that the island of Nevis has experienced the fastest pace of development in its entire history over the past 10 years with the CCM party at the helm of government. There are detractors who have tried to diminish, in the eyes of citizens at home and abroad, the outstanding contribution of this Administration to the economic transformation of Nevis, but they have failed because the evidence is clear for all to see.

13. We have upgraded the Charlestown port to an attractive and modern facility. Visitors to Nevis have been captivated by the alluring beauty of the port facility as they approach Nevis on the inter island ferries and the various luxury yachts. We have constructed a state of the art deep-water port facility at Long Point. We have extended the airport runway to over 4000 feet and have constructed an attractive international terminal. We now have direct flights between San Juan and Nevis which has led to an increase in tourist arrivals to Nevis. It is our hope that over time, we will see additional flights to further enhance the development of our Tourism and Offshore Sectors and the economy generally.

14. Madam President, the road network has been radically transformed. We have reconstructed and resurfaced over 12 miles of the island main road. In addition, we have constructed new roads including Marion Avenue, Samuel Hunkins Drive, the Charlestown Bypass Road, the Long Point Road and many village roads, to facilitate residential, commercial and tourism related development.

15. The Alexandra Hospital has been upgraded and the services have been expanded. Many Nevisians can now enjoy high quality health care right here in Nevis at an affordable cost. The old Infirmary is undergoing reconstruction together with the construction of a new Senior

Citizens Facility at a cost of over EC\$ 4.0 million. This complex will be completed very soon and when fully equipped and operational, it will be one of the best facilities for senior citizens in the Caribbean. We have also made tremendous strides in the area of cultural development with the reviving of our traditional folklore, and the teaching of indigenous music, drama and dance in the schools and communities.

16. Our record is outstanding in every sector of the economy. In 2004, the Nevis economy grew by some 6.4% and is expected to grow by 5% in 2005. In 2006, the strong growth performance is expected to continue and could be as high as 5%. The GDP per capita is US \$8889 indicating that the economy has performed consistently very well over the years and that the standard of living is very high compared to several other islands in the Caribbean.

17. Education is another area which has been given serious attention. We have equipped most of the schools with computer labs, and several schools are undergoing improvements under the Basic Education Project. Our efforts have been reaping significant dividends with the high schools in Nevis consistently achieving over 70% pass rates in the CXC examinations surpassing a number of other schools in the Federation and the Caribbean as a whole. The performance in the CAPE examination was also very impressive with a pass rate of over 70%, and this year, a native of Nevis and a student of the Charlestown Secondary School Sixth Form, Ms Rhenese Herbert, made Nevisians proud by winning the State Scholarship with the best performance in the CAPE examination. I believe that this is just the beginning of greater things to come and that we will witness more Nevisian students excelling and propelling Nevis further into the limelight of educational excellence, as we prepare our human resource for the future responsibility of guiding and managing the development of an independent Nevis.

18. Madam President, the public sector could not have done it alone. We have created the enabling environment to catalyze development, and the private sector has responded positively to the challenges by increasing its own investment in job creation and capital formation. The expansion in the housing stock and commercial buildings has been massive. Of particular significance is that the small man has not been left behind. Through government's affordable housing program, many Nevisians have been able to own their own homes. We have also seen

the establishment of hundreds of new businesses throughout Nevis the majority being small businesses owned by Nevisans with the result that employment has increased considerably. During 2006, we intend to undertake a labour force survey to determine accurately the level of employment in Nevis. However, we estimate that well over 6000 persons are in full time employment. This is just a brief synopsis of some of the achievements over the period since the CCM party took over the reins of government. I have given these examples to illustrate the point that the people of Nevis have been living the vision established by the CCM party. This is not just talk. This is indeed the vision of the CCM party put into action.

## **THE NEVIS ECONOMY**

19. Madam President, I have pointed out some of the challenges in the global economy. The increase in the price of oil has continued to impact our economy negatively. The risk of inflation is high which could slow the growth we have been experiencing. Along with the Federal government, the NIA has had to take the decision to increase the price of oil at the pump to EC\$10.50 per gallon, significantly below the price levels in all OECS countries. The NIA has been paying heavy subsidies to the oil companies to keep the price of oil below the market price. This was done to protect the consumers in Nevis recognizing the importance of this commodity in the consumer household expenditure budget. However, this subsidy has placed extreme pressure on government's resources and, consequently, could not be sustained any longer. The real market price should be in the region of \$12.00 but the NIA in conjunction with the Federal government, decided not to pass on the full burden to the people. The electricity company, NEVLEC, has been running at a loss for some time now due to the large increases in the price of fuel. In order to maintain the quality of service and avoid government having to underwrite large losses, a decision has been made to impose a fuel surcharge. However, the government will use its best endeavours to minimize the negative impact on customers. It must be noted also that if the price of oil decreases significantly in the future, the surcharge will be adjusted accordingly.

20. Despite the uncertainty and volatility in some of the larger economies of the world, the Nevis economy has continued to perform relatively well. This growth in the economy was due to the fact that the tourism industry has rebounded after the shocks of 1999, 2000 and 2001. In

2004, a total of 35,390 tourists visited our shores and up to October of 2005, we have already recorded total arrival of 23,331 just through the airport here in Nevis. When the data for the Robert Bradshaw International becomes available this number is expected to increase significantly. We have now returned to the pre September 2001 visitor arrival levels, and with the Caribbean now increasingly perceived as a relatively safe area for tourists, the upward trend is expected to continue. We recognize that we will have to increase our room capacity to reap maximum benefits from the resurgence that we are experiencing and that is why your CCM Government has entered into an agreement with Newfound Developers to construct a 150 room, five star hotel and villas and a golf course, to further enhance the Tourism product in Nevis.

21. Madam President, we are all aware that the offshore financial services sector has gone through some very turbulent times with the blacklisting of the jurisdiction by the Financial Action Task Force (FATF). The threats have not entirely receded as we are still being subjected to extreme pressure from the FATF and the Organization for Economic Cooperation and Development (OECD). Despite these challenges, the sector has stabilized and is now showing signs of growth. We now have a total of 16,777 entities registered in Nevis. In 2004, we collected total revenues of \$9,339,026.70 which reflected a 4.8% increase over 2003. Up to ending of October 2005, we have already collected \$8,938,014.70 in revenue. If we assume conservatively that the collections for the months of November and December will at least be equal to that in 2004, then the revenue collected for 2005 will increase by 13% over 2004. This is a significant achievement and demonstrates that the marketing efforts of the NIA are making a notable impact. With the new products that have already been introduced, we expect that revenues will continue to increase during 2006.

22. Madam President, the construction sector has continued to be a driving force in the Nevis economy. For the first ten month of the year, construction was started on 98 residential and 12 commercial buildings at an estimated investment value of over EC\$ 30.00 million. The construction sector has also continued to be a major source of employment for our young men. At the ending of the first quarter of this year, the labor department reported total employment of 5,491 with the construction sector representing 13.7%, second to Hotels and Guest Houses which



accounted for some 21%. With the proposed plans of this Administration for 2006, this sector will remain vibrant and will continue to be an important source of employment for our people.

23. Madam President, notwithstanding the continued growth in the economy, your government has been able to keep the debt level in check. The total debt as recorded by the Treasury up to the ending of November 2005 is \$150 million excluding the overdraft at National Bank and represents a reduction of some \$24 million when compared to the same period in 2004. During this year, the NIA curtailed its public sector investment program in an effort to control debt accumulation. Consequently, the stock of debt was reduced as existing debts were repaid. Recognizing the impact of the public sector investment program on the rate of growth of debt, the Administration with the assistance of CARTAC, has implemented a new management and monitoring system at the Statistics and Economic Planning Unit for capital projects. With this initiative, projects are now properly screened and prioritized to match the available resources. In the future, we intend to implement multi-year budgets for the public sector investment program which will involve the sequencing of projects over a three year period for better management of the process.

24. I must mention that while this Administration will continue to prudently manage the public debt, the position of the NIA is still better than several countries in the Caribbean. In fact, according to the World Bank Publication, *A Time to Choose*, “the very high debt has placed 7 Caribbean countries amongst the 10 most indebted countries in the world, and 14 among the top 30.”

25. Madam President, Nevis is not at the critical point in respect of debt accumulation as some would want us to believe. Over the years, the government of Nevis has paid its debts and has gained a good reputation in this regard. Matter of fact, the Nevis Island Administration has successfully negotiated with AIC a \$15m US loan to fund the RIMP III Programme. We are only awaiting a Federal Government guarantee to finalize the agreement with Surrey Paving to commence the road construction which is vital to overall development of Nevis. While are well aware that unsustainable debts could impede the progress we have made over the years, your government will continue to source funds to carry out its public investment to ensure the growth

in the economy continues and consequently, we call on the people of Nevis to exercise patience as we seek to meet your demands for good quality social and physical infrastructure such as roads, schools, water and health services.

26. Madam President, this is the situation in Nevis. I believe that we are on the right path and that with the continuation of progressive policies, the standard of living of the people of Nevis will continue its present growth trend. I now turn to the highlight of the fiscal performance of your government.

## **FISCAL REVIEW**

27. Madam President, despite the many challenges faced last year, the revenue position of the government has started to demonstrate a gradual upsurge which I am confident will continue into 2006. The actual recurrent revenue outturn for 2004 amounted to \$77.70 million, a significant increase of \$12.16 million or 18% over 2003, mainly due to increased efficiency in revenue collection at the Customs Department. On the other hand, total recurrent expenditure amounted to \$83.13 million an increase of \$9.85 million or 13% over 2003. This resulted in a deficit on the recurrent account of \$5.43 million due mainly to the 10% increase in salary and wages which was granted to all public servants.

28. Madam President, capital revenue declined from \$43.44 million in 2003 to \$10.83 million in 2004, a reduction of 75%. This is the direct result of a fall off in grants and developmental aid as well as the Administration's conscious decision to reduce its borrowing to bring down the debt levels, without jeopardizing the government's investment programme. I believe your government has done a good job of balancing this equation without jeopardizing the economic growth in the economy.

29. Madam President, in 2004 there were some strong performances in a number of revenue items that are worth mentioning today. Hotel and Restaurant Tax has continued to be one of the key players in revenue generation recording a 13.72% increase over 2003. Consumption tax from both Inland Revenue and Customs also recorded a 21.79% and a 23.62% increase respectively. As was explained earlier, revenue from financial services increased by 4.8% as the sector begins to show signs of growth. Additionally, Travel tax increased by 78.65% and Environmental Levy by 66.82%. There are other areas that recorded marginal increases which could be determined from the estimates.

30. On the other hand, Madam President, there were noticeable declines in a number of essential revenue areas. The Water Department recorded a further decline of 18.98%. The Premier's Ministry, Madam President, recorded a decline in the number of passports and permits issued in 2004 which resulted in a reduction in revenue of 11.05%. The Ministry of Health also experienced a slight decline of 6.57% in hospital fees.

31. Madam President, due to the 10% increase in salaries and wages; Personal Emoluments, wages and retiring benefits recorded a significant increase of 12.14%, 12.77% and 38.30% respectively in 2004. These increases impacted the overall recurrent expenditure significantly. The government also instituted a policy which provided that the minimum wage for full-time weekly paid workers was increased to at least \$250.00.

32. Madam President, expenditure on operating and maintenance services increased markedly by 16.95% and is attributable to the increase in cost of repairing vehicles and the maintenance of other government's machines and equipment. The Administration is presently upgrading its machines and equipment in an effort to arrest this increasing maintenance cost. Grants and contribution also increased by 58.68% in 2004, which is justified due to Government's commitment in meeting subscription fees to international bodies in which we are members such as the Commonwealth Parliamentary Association and the Caribbean Water Association. In addition, a large portion, Madam President, was also granted to local sports associations to assist with their participation in regional sporting competitions. This gesture,

Madam President, demonstrates and underscores Government's commitment in creating opportunities for the country's youths and supporting the programmes for their development.

33. Madam President, we have also witnessed an increase of 33.54% in the area of Production and Marketing expenses. In an effort to strategically position ourselves as a tourism destination coupled with the advantage of being able to conduct offshore financial business, much emphasis has been placed on marketing. During 2006, we will seek to maximize the use of our marketing resources by establishing closer linkages between Tourism and Financial Services.

34. Madam President, Debt service payments have continued to be very high accounting for about 25% of recurrent expenditure despite the fact that the overall debt has declined. While there was a 44.4% decrease in loans from domestic financial institutions, this was offset by a 45% increase in the sale of treasury bills. In addition, foreign debt service payment increased moderately by 10.91% as the moratorium on principal ended on some of the foreign loans.

35. Madam President, up to September 30<sup>th</sup> 2005, recurrent revenue totaled \$72.09 million representing an increase of 21% over the same period in 2004. In the case of the recurrent expenditure, we have witnessed a marginal increase of 6% over the same period in 2004 which in absolute terms increased from \$58.92 million to \$62.63 million. The year so far has realized a surplus of \$9.47million on the recurrent budget, all of which has been applied to the capital budget of \$10.14m resulting in a small overall deficit of \$670,490.

36. Madam President, the thrust in 2006 is not to introduce any new taxes but to improve efficiency in tax administration and the collection of outstanding arrears. The restructuring and training program undertaken by Crown Agents at the Customs Department will continue next year and we are hoping to replicate a similar program at the Inland Revenue Department as well. Madam President, it is only with the collection of the relevant taxes and duties that the Administration could sustain its programs and fulfill its vision - 'prosperity for all'.

37. Madam President the fiscal position of the Nevis Island Administration has strengthened over the past year. Revenue collection has improved markedly and this has helped the government to keep its debt level in check. We are very optimistic that the economy will continue to strengthen and will continue to show signs of buoyancy in 2006 and beyond, as the government implements its development policies and programmes to increase employment and investment throughout the economy.

### **FISCAL PROJECTIONS**

38. Madam President, the recurrent revenue for fiscal year 2006 is estimated at \$97.87 million forecasting an increase of 18.15 % over the amount estimated in 2005. Recurrent expenditure on the other hand is estimated at \$88.86 million, an increase of 9.0% over the amount budgeted for 2005 resulting in a projected surplus of \$9.00m on the recurrent account.

39. Madam President, Capital Revenue derived from Loans and Developmental Aid for 2006 is projected at \$55.40m while Capital Expenditure is estimated at \$69.92m, indicating the need to finance \$14.52 million of the capital budget from current revenue. This is more than the surplus projected on the recurrent account and thus is expected to result in an overall deficit of \$5.52m. Despite this shortfall, Madam President, it is important to note that the overall deficits over the last five years, after the shocks of 1998, 1999, 2000, 2001 have been declining gradually, as a result of government tightening of its fiscal policies.

40. Madam President, I shall now focus on the most important policies, programs and capital projects that will receive significant resources during 2006.

## **TOURISM DEVELOPMENT**

41. Madam President, the Tourism Industry will continue to figure prominently in our plans to place our country on a higher development path and secure a better future for our citizens and our children. The importance of this industry to the economy of Nevis cannot be overstated. Your government will therefore allocate significant resources for the marketing and development of our tourism product. During the course of 2006, we will spend in excess of EC\$3.0 million on marketing through the Nevis Tourism Authority, including direct subventions of \$1.3 million from the NIA. In addition, the Ministry of Tourism will receive a total allocation of \$4,230,870 which will include an amount of \$498,870 for research and development. There is no doubt that Tourism has been the driving force behind the high GDP growth rates that we have achieved and consequently, your government will continue to give top priority to the growth and development of this vital industry building on the gains we have made.

42. In 2005, the Ministry of Tourism was host to two international events which have helped to promote Nevis as a top quality destination. The Administration through the Nevis Tourism Authority organized the first Nevis International Culinary Heritage Exposition, NICHE during the month of October 2005. The purpose of this event was to showcase the foods, cuisine, and culture of Nevis. During a period of one week, the top chefs in Nevis and visiting chefs prepared dishes using products from Nevis such as meat, seafood, vegetables, fruits and seasonings. The event attracted tourists from several countries around the world who wanted the opportunity to experience Nevisian cuisine and culinary skills. This will be an annual event and is expected to become a major attraction for tourists and locals interested in the culinary arts. We also intend to use NICHE to encourage more Nevisians to take a greater interest in the development of new dishes and to become expert chefs themselves. During 2006, we will place a greater focus on students from the secondary schools to ensure that they participate in these activities, thereby providing our young prospective chefs with opportunity to develop a skill for the hospitality industry.

43. Madam President, another important international event, was the climax of the launch of TEMPO in Nevis. TEMPO is the name of a new international television station that was

initiated by MTV production out of the USA to showcase Caribbean music, culture and heritage. The launch in Nevis featured popular international artists as well as local artists and was hailed by many as a great success. The international exposure that Nevis has already received and will receive from this event, which will be relayed throughout the Caribbean and the United States, will certainly enhance the awareness of Nevis as a country and raise out profile as a tourism destination. The Nevis Island government is already looking to develop an event with regional and international musical appeal to be hosted around the same time annually, as an additional attraction for visitors.

44. Madam President, earlier this year the Administration finalized negotiations with Newfound Developers Group out of Canada, to construct a luxury hotel on Pinneys Estate. Plans have continued according to schedule and construction is expected to commence early in 2006. The first phase will see the construction over a two-year period, of a 150 room hotel, complete with a state of the art 18-hole golf course. The second phase is expected to begin within two years with the development of some 300 – 400 villas over the subsequent seven years. This new development will provide crucial employment opportunities for several years to come, both during the construction phase and the operational phase which will follow. This project is expected to be similar in scope to the Four Seasons Resort and it is expected to have a significant impact on the economic development of Nevis.

45. The Hamilton Estate Hotel is expected to open for business shortly, and the investors have continued to expand the capacity of this project. The government is in also discussion with other prospective investors for the development of other properties and there continues to be development by local villa developers to add to the capacity of rooms and condominiums on Nevis. There are also requests before government for the development of two small guest houses in preparation for World Cup 2007. All of this is creating a dynamic in the construction industry creating opportunities for our contractors and the business sector generally.

46. Madam President, while we continue our efforts to increase the number of hotel rooms on the island, we recognize that we must train our people so that they could maximize the benefits from the industry. We also do not intend for our people just to fill the low-end jobs in the

industry but to be able to move into management positions. In order to meet the employment demands of the new hotel venture, the Administration has taken the decision to establish a Hospitality Institute in Nevis. A committee was established by Cabinet to develop this idea and the Minister of Tourism met recently with the authorities of the City of Wolverhampton College in the U.K. in order to finalize this concept. The College of Wolverhampton currently has an enrollment of 20,000 students from all over the world. It is accredited by the City and Guild Institute and is well known internationally and would be partnering with government in the implementation of this institute.

47. Madam President, the plan of this Administration is for this Hospitality School to be located at the community-training center at Hanley's Road. A Pilot Project is set to commence early in 2006. The curriculum, which is under development even as we speak, will feature the usual hospitality skills such as cooking, bartending, and housekeeping. There will also be a course in management skills for those who intend to further their tourism education. It is anticipated that by the end of 2006, the school will have an initial roll of forty students with the intake increasing as demand grows. The Administration is confident that this is a positive step. Such an institute will ensure that our people will be adequately prepared to immediately fill the employment requirements of our growing tourism industry.

48. Madam President, I am aware that some persons have expressed concern about the potential negative economic and social impact of high volume tourism, but we in Nevis have nothing to fear. This Administration will continue its policy of upscale tourism, and will seek to increase the hotel capacity on the island to an optimal level that will not place too much stress on our limited resources. Our target is to achieve a threshold of 1200 hotel rooms before we begin to vigorously control and limit further tourism development. We have taken this policy position based on our own analysis of the industry. We are of the view that 1200 hotel rooms in addition to the villas which are being constructed for private ownership but also as part of the rental pool for visitors, will give us the critical mass necessary to operate a viable tourism industry which will also provide an impetus for the development of ancillary services – restaurants, taxi service, craft and other small business establishments, all providing employment and income generating opportunities for our people.



49. This is all part of our vision of prosperity for all. I therefore appeal to all Nevisians to begin immediately to prepare themselves to benefits from the tremendous strides that are being made in the advancement of this little island which belongs to all of us.

## **CULTURE**

50. Madam President, this is one of the areas where the CCM Administration has made remarkable progress. Some 12 years ago, I observed that the distinctive cultural expressions of our people were becoming extinct. It appeared that we just could not visualize the importance of Culture in national development. Since the CCM Administration assumed office, we have been able to turn the situation around. We have worked diligently in the schools and communities to revive folklore traditions, and to introduce dance, music and drama. Students are now tutored in both contemporary and folk dances and they have been afforded the opportunity to perform at community functions and school programs. Steel Pan Music is now experiencing a renaissance in Nevis. Children throughout the island have the opportunity to play Pan Music. We now have a combined Primary School Steel Orchestra composed of children from all of the primary schools on the island. This has provided the avenue for children to express themselves creatively, which also helps to boost their confidence in their academic studies.

51. Madam President, we have also worked within the Schools and Community to ensure that theatre arts remain vibrant in Nevis. This is evident by the number of Plays that have been staged for the benefit of appreciative Nevisian audiences. During 2006, we plan to broaden the scope and experience of some teachers and children in the schools by affording them the privilege of traveling to New York to observe theatrical productions. It is expected that such an experience will help to motivate them to produce higher quality theatre performances within the schools in Nevis and in the community centers as well.

52. Over the years, we have produced popular activities such as Heritage Fest, Carol Fest, Black History Talent Expo and Music in Steel. During 2006, we will explore the possibility of introducing a Festival of Indigenous Arts which will involve attracting artists from overseas to

perform along with our own artists in a dynamic exposition of Caribbean culture. We believe that this festival will not only enhance the standards of our local art forms, but could become a major attraction for tourists from within and outside the region.

53. Madam President, It was Arthur Lewis who once said that, “*Music, literature and Art are as important a part of the heritage of mankind as are science and Morals*’. This Administration fully subscribes to this view and would continue to nurture the development of the creative imagination of our people. This is why during 2006, we will spend EC\$961,488 on cultural development including \$498,870 on the Culturama Secretariat as we continue our effort to create a distinctive Nevisian cultural identity.

## **FINANCIAL SERVICES**

54. Madam President, the Financial Services Sector is one of the pillars of the Nevis economy and as a consequence will continue to receive serious attention. During 2006, we intend to commit a total of \$1,883,637 to this program. The Regulation Division will receive \$1,120,450 and the Marketing Division will receive \$763,187.

55. Madam President, the sector is now at a mature stage of development. We have six products available to offer investors: International Business Companies, Limited Liability Companies, Exempt Trusts, Offshore Banking, International Insurance and more recently, Multiform Foundations. The Nevis Multiform Foundations product was launched in October of this year and the training sessions which have already begun will continue into 2006 and culminate with the Certification Course on this product. Our aim is to give the industry the tools needed to make full use of the unique potential advantage of the Foundations product.

56. The Mutual Fund product, for which the Ordinance was passed late in 2004, has suffered some delay in its implementation. The delay was due to a slow-down in the drafting process of the accompanying regulations. However, we have taken steps to rectify this matter and expect

that the accompanying Regulations will be completed so that this product can be launched at the beginning of 2006.

57. In 2005, the regulation and supervision department conducted an Anti-Money laundering workshop which proved to be a resounding success. For 2006, there will be a similar workshop to update industry practitioners on new developments and trends in Anti-Money laundering and the Countering of Terrorist Financing.

58. Madam President, the impact of the initial OECD and FATF blacklist is still being felt as we have recently become aware that certain countries are still maintaining national lists of jurisdictions with which their citizens are discouraged to do business. It is our view that these countries have not kept abreast of the significant legislative and administrative developments that have taken place in jurisdictions such as ours which were originally targeted by the OECD and FATF. One of our major objectives for 2006 is therefore to identify all those countries in order to provide the competent authorities with the necessary information with respect to how our jurisdiction is structured and regulated and the legislation and regulations that are in place so that we can remove any obstacle that may hinder the development of the sector. Your government will also work within the organization of the Global Forum, which has a membership of some eighty countries, to ensure the establishment of the level playing field for all jurisdictions, to protect the integrity of small developing states like Nevis, which rely on Financial Services for significant economic benefits.

59. Madam President, the standards that we have adopted as set out in the Anti-Money Laundering and Anti terrorism laws are international standards. Every jurisdiction is subject to periodic assessment in the form of mutual evaluation exercises. These exercises form the yardstick by which we are reviewed. As a result of the CFATF Mutual Evaluation Assessment in 2003, the Federal Parliament recently made amendments to the Proceeds of Crime Act, to include all form of gaming activities in the schedule of regulated businesses, as well as amending the Anti-terrorism Act, to make the definition of terrorist acts more lucid and to expand the monetary and custodial penalties. These amendments have been made not only to maintain the standards and integrity of the jurisdictions but also to provide greater deterrence and punishment,

for acts of money laundering and terrorist financing. In light of international requirements and standards, the Regulation and Supervision Department has already started to conduct a program of structured on-site inspections for regulated businesses. The results so far indicate that there is a clear need in Nevis for the strengthening of the regulatory oversight. Therefore in 2006, that Department in conjunction with the Financial Services Commission will continue the onsite inspection program to ensure compliance with the legislation and to buttress the regulatory infrastructure.

60. Madam President, in terms of Development and Marketing, we will continue to enhance our efforts in order to effectively promote the jurisdictions as a premier international financial center. The following activities will be implemented in 2006:

- We will continue to develop the international insurance product through the creation of a “Nevis International Insurance Awareness Campaign” whereby Nevis will participate at Insurance Conferences and will produce and distribute an Informational booklet on the Insurance product;
- We will continue to engage in Direct Marketing in the form of Road Shows and face-to-face Meetings with key intermediaries;
- We will continue to produce publications such as Nevis Financial Services Review, the Nevis Financial Services Brochure and Investment Guide and The Nevis Golden Book;
- In October 2005 the Nevis Financial Services website was re-designed and updated with the aim of making it more modern, user-friendly, interactive and dynamic. All feedback so far indicates that this objective was achieved. We will continue to upgrade and enhance this major marketing tool; and
- We will continue to conduct the necessary market research and develop our marketing strategies to increase the volume of registration across the industry.

61. Madam President, we have realized that it is important to ensure that Nevis creates the enabling environment in which to conduct business. In light of this, we are currently expanding the offices of the Regulation and Supervision Department to relocate the Registry on the ground floor of its present location. This expansion serves a two-fold purpose: (1) to improve the physical infrastructure of the office and provide a more attractive business environment for our

service providers and their clients who visit from time to time, and (2) to provide the space necessary to accommodate additional regulatory staff. I am pleased to announce Madam President that before the end of this month the doors of the new Nevis Financial Registry will be opened to better serve the registered service providers and their clients. Moreover, for 2006, we will continue to provide high quality service and employment opportunities in the international financial services industry. With these initiatives, Madam President, I believe that the sector will continue to grow from strength to strength and will continue to play an important role in the economic development of Nevis.

## **EDUCATION AND TRAINING**

62. Madam President, human resource development is a top priority of this Administration. We believe that education is a cause and effect of economic development. In these small island states where natural resources are virtually non-existent, we must rely heavily on our people to carve out our niche in an increasingly competitive global economy. Several studies have concluded that education, the knowledge base, skills acquisition, and entrepreneurship are important inputs in economic development. At the same time, growth and development generates the resources and opportunities necessary to support qualitative and quantitative improvements in educational attainment. Recognizing these facts, this Administration has been working tirelessly to ensure that Nevis has a sound and efficient, productive and creative educational system and environment.

63. The substantial government expenditure on education over the years reflects the high priority given to education. Total recurrent expenditure on education in 2003 was \$9,857,149. In 2004, this amount increased to \$10,980,523 an increase of \$1,365,594 or 11%. The estimated recurrent expenditure for 2005 was \$12,346,117 representing an additional increase of some 12.44%. During 2006, we intend to spend \$12,714,877 representing a further increase of 2%. Education over the years has been receiving a very high percentage of the recurrent budget at approximately 14%.

64. The Administration has made significant strides over the years to provide a conducive learning environment within our schools. We have expanded and refurbished, supported and undertaken training programmes geared towards the professional development of our teachers, so that they in turn will enhance their skills and the delivery of educational instructions. With increasing challenges, more and more of our teachers are asked to go the extra mile to facilitate the education of our children. It is in the light of this realization that the Administration will review the salary scale of trained teachers early in 2006. Additionally, your government will make allocations for the “extra mile” teachers and will discuss further recommendations as to how best additional incentives and recognition can be given to our teachers.

65. Madam President, our record of achievement can compare with that of any country in the Caribbean and further a field. It demonstrates that we have been generating high returns from our investment in education. Our pass rate at CSEC CXC continues to be exemplary. In 2005, 63% of our eligible students were entered in CXC General and/or Technical Efficiency and returned an overall pass rate of 78%. Charlestown Secondary School achieved the best overall result in the Federation with a pass rate of 82%. The private high school on Nevis too has had its success entering 6 students for 32 subject entries and obtained a 72% success rate. I must hasten to add that success at CXC is not limited to schools, as more and more private candidates are taking advantage of the opportunities provided and are returning excellent results. In 2005, 175 candidates entered a total of 175 subject entries and obtained a 68% success rate.

66. Madam President, at the CAPE level, of all the unit entries, there was an 87% pass rate. The Administration is aware that Nevisians have won the State Scholarship before, but Rhenese Herbert’s achievement is made all the more spectacular as she has achieved this feat after a 19-year break and is the first student to do so after our transition from GCE A’Level to Cape. I would like to offer congratulations to her, her parents and the teachers at our 6<sup>th</sup> form.

67. Madam President, further analysis of the 2005 results reveals the following trends:-

- i) An increasing number of students are achieving passes in 9 or more CXC subjects. ( 12.5% in 2005 compared to 7.2% in 2004);

- ii) An improvement in the quality of passes as measured by the number of distinctions achieved. (18.5% in 2005 compared to 17.9% in 2004);
- iii) A greater number of CAPE students passing more subject units;
- iv) More students achieving CXC success at the 4<sup>th</sup> form level; and
- v) NCEC students excelling in their competencies.

68. Madam President, in a nutshell, our students have responded well to our theme of quality education for all and the results are showing that standards are consistently improving.

69. Madam President, during 2006, we will continue to introduce programs aimed at improving the quality and accessibility of education in Nevis. Presently in the high schools, the curricula include about 26 disciplines, but these will be expanded to include music, visual arts, human and social biology, and Drama all of which are now certifiable under CXC. We are also working to enhance technical/vocational education. Universal access to secondary education obligates your government to ensure that students are taught skills that will prepare them for the workplace. To this end, we are looking to establish a technical institute for this purpose. A project proposal has already been prepared and submitted to one of the bi-lateral agencies for funding. I am hopeful that we will receive a favourable response to this initiative.

70. Madam President, even though we can boast about the high success rate at CSEC/CXC, when we examine the subject mix, we are still concerned about the areas of Science and Technology. Between 1997 and 2004, of the 1398 students who passed through Nevis's Secondary Schools, 68 or 5% have passed Chemistry, 69 or 5% have passed physics, 107 or 8% have passed Biology, and 206 or 15% have passed Mathematics. It is our intention to more aggressively tackle this problem. Consequently, in addition to other assistance for further studies, we will provide scholarship assistance specifically for university level training in Science and Mathematics as priority areas. I am hopeful that we will be able to attract existing and prospective teachers to pursue training in these fields to ensure that we can improve the performance in the areas outlined. If we as a people are to become competitive in the international environment, Science, Technology and Mathematics must be given priority. We intend to address this problem.

71. Madam President, in terms of tertiary education, the year 2005 saw 33 Nevisians leaving to pursue studies at national, regional and international institutions. Twenty one (21) students returned having completed their programs of study and 25 more are expected to complete in 2006. They have pursued a wide area of disciplines including Law, Dentistry, Library Science, Information Technology, Agriculture, Finance, Accounting, Economics, Marketing, Education, Psychology, Pharmacology and Radiology. Thirty (30) teachers are at the CFBC in St Kitts, 16 of them enrolled in the secondary teachers programme and the other 14 in primary education. During 2006, we will be providing additional financial assistance to meet the economic cost of their enrollment, while looking at ways to provide more suitable accommodation and other support to help these students. This assistance will also be extended to all students already attending the CFBC to undertake professional studies, especially our nurses in training.

72. Madam President, we have also provided opportunities for tertiary education right here in Nevis through the UWI distance education program. Subjects offered include certificate, associate, bachelors and masters degrees in Public Administration, Business Administration, e-Governance, Accounting, Economics, Management, Agribusiness and Construction Management. The number of students enrolled has grown from 12 at its inception in 2000 to a current enrollment of 56 in 2005. The significant increase in enrollment is very positive and encouraging, and demonstrates beyond any doubt that more and more Nevisians are taking up the opportunities being offered by this caring Administration.

73. Madam President, out of the \$700,000 budgeted for training and development this year, the Administration has already disbursed \$407,000 in the form of assistance to students while another \$200,000 was expended to meet economic costs for Nineteen (19) students at the University of the West Indies.

74. Madam President, we will continue to invest in the development of the island's human resource. However, we recognize that we cannot do it all by ourselves. Consequently, I wish to record thanks to agencies and institutions such as the Development Bank, Social Security, the



republic of China on Taiwan, the Cuban government and the Organization of American States (OAS) for their kind assistance in helping Nevisians to realize their educational goals.

75. Madam President, there is irrefutable evidence that the Administration has made significant progress in advancing education in Nevis over the last 12 years. During 2006, we will continue to invest heavily in education and human resource development as part of our strategy to become more competitive in the global economy. Our people must therefore continue to make use of the available opportunities to enhance their knowledge and skills so that they can make a greater contribution to national development.

## **HEALTH AND SOCIAL AFFAIRS**

76. Madam President, over the past 12 years this Administration has revolutionized health care in Nevis. This government expends about 12% of the recurrent budget on Health care. For 2005, we allocated a total of \$10,247,503 from the recurrent budget, and next year this amount is expected to increase by 6% to \$10,906,385.

77. With these resources, we have continued to reform and reinforce many programs of service in an effort to ensure that the citizens of Nevis, residents and our many visitors alike receive quality and affordable primary health care, which is comparable to many of the larger countries in our region. While it is true that no small developing country can provide all the health care services necessary for good health and longevity, the Administration has been relentless in trying to source specialized care for those in dire need. It is extremely difficult and expensive to staff the Alexandra Hospital with the ten specialists that a recent survey has indicated would be required, but the Ministry has successfully negotiated with a visiting Orthopedist, a Neurologist and a Cardiologist to provide periodic clinics and services on the island. In fact, many of the Orthopedic procedures that are done in Trinidad and elsewhere will be done right here in Nevis at a reduced cost. The Ministry has already received a commitment from a Health Organization operating in Nevis to share the cost and use of the necessary equipment, which will be installed at the theatre of the Alexandra Hospital in early 2006. Additionally, the Minister of Health and the Medical Officer of Health have visited a privately

owned Dialysis Unit in St. Croix and that company has indicated a strong willingness to construct, equip and operate a Unit here in Nevis at an affordable cost to its clients.

78. I must also mention that the Ministry solicited the assistance of a dialysis expert out of Barbados, some years ago, in the person of Professor Nicholson, who advised that we must not rush into the establishment of a dialysis service, because it is a venture which takes careful planning, time and money, in order to avoid disaster. While we want the best for our people and would have like to establish a dialysis unit here in Nevis, the cost is prohibitive and so we have followed the advice of Professor Nicholson. However, we are hopeful that the company from St.Croix will establish here to provide this service.

79. The provision of good health service by government in many parts of the world is highly dependent on a well trained staff and a sustainable National Health Insurance Scheme which by design would provide for anyone, rich or poor, to access general health care or any specialized care, virtually free of cost. It is for this reason that the Administration is moving towards establishment of Nevis Health Insurance Scheme. The need for such a scheme was also accorded high priority by our young people in a survey conducted by this Administration. However, recognizing the high cost of a National Health Insurance Scheme, which would necessitate contributions from the general public, the Administration will undertake an actuarial evaluation during 2006 to determine the cost and level of coverage required. We will also consult with the people of Nevis on the best way forward for the implementation of such a scheme during 2006.

80. Madam President, quality healthcare for our people is an important goal of this Administration. Consequently, we have expended millions of dollars to ensure that the most vulnerable group of our population, the senior indigents, will be comfortably sheltered, and given well-organized health care. The structure which was once known as the Infirmary has been amazingly transformed and expanded into what is popularly referred to by all as “The Senior Citizens Five Star Hotel”. This world-class facility will house thirty-eight persons and will comprise of eight private beds, six semi-private beds and the others four bed units. Additionally,

a day care service will be provided for senior citizens who are non-residents of the home but whose families would like to have them cared for during the day.

81. Madam President, collaboration between the various units within Public Health is integral in the delivery of high quality, comprehensive primary health care to the residents of Nevis, as we aim to decrease morbidity and mortality in the population. The Community Health Nursing Services Unit has continued in its endeavor to reach every strata of society, offering the following services routinely:

- Maternal and child health services which include antenatal, postnatal and family planning clinics.
- Child welfare and toddlers clinics
- School Health programs
- Eye Care Clinics
- Mental Health Services
- Diabetic Clinics
- District medical officers clinics and
- Disease Surveillance

82. During 2006, in addition to maintaining our present services we hope to introduce new programs and improve on existing ones. We are cognizant of the fact that life-style diseases are affecting an increasing percentage of the population including young persons. It is therefore envisioned that the intervention of health screening and education at the work place would assist in early detection and treatment and subsequently improve the health of our population. Screening will be undertaken routinely for blood pressure, blood sugars, cholesterol and body mass index. We hope that this will make persons more health conscious and encourage them to take greater responsibility for their health.

83. Madam President, our health care professionals have continued to organize local workshops and to attend regional ones in an effort to break the chain of HIV transmission. Areas covered are:

- Voluntary Counseling and Testing (VCT)
- Trainer of Trainees in HIV/AIDS Education
- HIV Contact Tracing

84. During 2006, we will continue to strengthen the HIV Voluntary Counseling and Testing Program and improve on the prevention of transmission of HIV from mother to child. We will also continue to provide free of cost anti-retroviral medication for the treatment of HIV patients. It is a fact that HIV is no longer a death sentence with the care, treatment services, and trained personnel that are now available. I therefore encourage all residents of Nevis to determine their HIV status so that those persons who are positive could receive the benefit of early medical intervention.

85. Madam President, cataract surgery has become a prominent aspect of the eye care program here on Nevis. Further support was given to this program when the Nevis Island Administration received on behalf of the Eye Care Program a gift of a phacoemulsification machine, from Delhousie University and Alcon Canada. With the use of this equipment, surgical intervention for the correction of strabismus in infants, commonly known as crossed eyes, is being offered for the first time and will continue through out 2006. In 2005, a number of our citizens were screened for eye diseases and traveled to Cuba for treatment and surgery. This programme will continue in 2006 with the cooperation and support of the government and people of Cuba.

86. Madam President, this Administration will continue to ensure that water quality is monitored on a regular basis. The Environmental Health Unit will collaborate with the Nevis Water Department to ensure that there is adequate disinfection of all water supply systems including private water catchment sources such as cisterns and tanks. During 2006, an awareness and sensitization program on the advantages of water treatment will be developed and disseminated for the protection of our people.

87. Madam President, in an effort to provide effective sewage and waste water disposal and treatment, we intend to create awareness among contractors and business owners of the proper construction of septic systems in order to avoid the impact of soluble components from sewage on the environment. The general public will be reminded through public educational campaigns of the health consequences of improper sewage disposal as well as alternative methods of disposal. The Administration through the Environmental Health Unit also intends to start work in collaboration with other agencies on the development of grey water disposal guidelines for Charlestown.

89. Madam President, vector borne diseases are among the emerging infectious diseases world wide. We will therefore continue to increase public awareness and education on environmental issues in an effort to control the proliferation of these diseases.

90. With the assistance of the Pan American Health Organization (PAHO) one officer was exposed to specialized training in Port Health at the College of Science Technology and Applied Arts in Trinidad. The officer has since been given the opportunity to visit the Caribbean Islands where Port Health now exists in its embryonic stage. Port Health is a series of activities designed to ensure maximum security against international spread of diseases with minimum inconvenience to the traveling public. It is the ultimate responsibility of all countries to ensure that diseases do not enter or leave the country realizing that airports and seaports provide windows of opportunity for this to occur. At present there is no Port Health Surveillance on Nevis and it is the intention of the Ministry of Health to start the process of establishing such a program in Nevis in the upcoming year. With the emergence of Avian Influenza and the potential for a pandemic, the port health personnel will play an important role in the development and implementation of a national response.

91. Madam President, this is just a brief outline of some of the plans and programs for health care in Nevis. I am cognizant of the fact that the people of Nevis are increasingly making demands for expansion of health services. However, due to our small population, the average cost of health care is very high. While it is just not possible to provide all of the services required, I believe that I can safely say that the Administration has done an excellent job in

making maximum use of the limited resources that we have. We still have some distance to go, but we are well on our way to providing a top class health care delivery system that will cater to the changing needs of our people.

## **YOUTH DEVELOPMENT**

92. Madam President, youth development is an important component of our development strategy and we will continue to provide meaningful programs to inspire excellence among our youth. I believe that I can say confidently that our record in this area is outstanding. We have organized youth skills training for out of school and unemployed youths in an effort to provide them with the tools to become productive members of the society. During February and April of this year, a number of persons had training attachments in the areas of Landscaping, Auto mechanics, Air Condition Installation and Repair, Drafting, and other areas. We have also organized training during the Easter Vacation for over 100 children at the St James's Primary School in guitar music, art and craft, Crochet and needle work, playing the fife, drumming, poetry and drama, computer applications, and dance. Children from all over Nevis participated in this activity which turned out to be a huge success. The Summer Job Attachment Program has continued this year with fifty four (54) students being introduced to various career fields. The objective is to give them the necessary exposure to the work place in the hope that they will gain full time employment. Another program which has been very successful is the Summer Sports Programme. During the summer of this year, over 100 young people were involved in sporting activities such as golf, lawn tennis, volley ball, netball, swimming, cricket and football. It is our hope that with the continuation of these sports programs, our youths will continue in the footsteps of those outstanding Nevisian sports personalities who have made it on the international scene. All of these athletes have already been appropriately honored with the establishment of a sports museum in March of this year. All of the sporting activities in Nevis are represented in the Museum, including the Special Olympics. This Museum is indeed a show piece and it is the hope of this Administration that our young people will be motivated to bring international recognition to Nevis by their achievements in various sporting endeavors.

93. Madam President, we also organized several activities including Heroes Day Walk in which 79 persons participated; the Queen's Baton Relay where several Nevisians took part for the first time as the baton was carried across land, air and sea to all 71 nations of the Commonwealth; and the Nevis 10K Run which attracted a total of ninety-two (92) participants from St Kitts, Nevis and Antigua. It is our intention to progress the 10K Run to a Nevis half Marathon within 2 to 3 years with the ultimate goal to organize and host a Nevis Marathon.

94. We have also been very active in the communities. A volley ball workshop was organized for teachers with the objective of improving this sport in the communities. Nineteen persons participated in this workshop. We also organized a management seminar for executive members of youth groups and clubs. The seminar dealt in detail with the roles and responsibilities of executive members and focused on ways and means of enhancing the performance of groups. The participation was very encouraging with 18 groups attending. Several courses were also held throughout the year in areas such as Cake Making and Decorating, Basic Car Maintenance, Doll Making, Dress Making, Soft Home Furnishings and Intermediate Computer Science. In total, over 100 persons in the various communities have benefited from these training opportunities. In addition Twenty five (25) prisoners in Nevis were exposed to in-house training in Mathematics, English, and cooking in an effort to help in the rehabilitative process of these persons. .

95. Madam President, during 2006, we will continue to improve and expand the various training programs outlined. We have already formulated training programs for virtually every month during next fiscal year. In addition to these activities, we will continue to improve the Nevis Boys Choir. This is one of the innovative programs introduced by this Administration to help boys in Nevis to learn self discipline, music appreciation and voice training. The program is growing rapidly, and includes students from all the primary schools in Nevis. The choir has participated in various functions including the Independence Parade. It is the view of many persons in the community that with hard work and commitment, the Boys Choir will eventually achieve international recognition. We will also organize and host the Palm Awards during 2006. This activity continues to be a spring board for the identification and development of genuine talent in Nevis. Next year Palm Awards competition is expected to be bigger and better than

previous years as more and more Nevisians have been utilizing the opportunity to show case their talents.

96. Madam President, this is just a synopsis of some of the exciting youth programs that have been taking place in Nevis. There is no doubt that this Administration is one of the most proactive in the region in the development of programs for our young people. We believe that the young people are the future of this country and consequently we will continue to prepare them to play an active role in the development of their country. The onus is now on the young people to grasp the opportunities with both hands so that they can continue to improve their standard of living as the economy grows from strength to strength. To facilitate these objectives, the Administration intends to allocate a total of \$1,114,440 to the youth and sports program during 2006.

## **AGRICULTURE**

97. Madam President, Agriculture continues to make significant contribution to food security and to rural development in Nevis. In spite of the factors that have impeded agricultural production over the years, the Administration will continue to support this sector in order to enhance its contribution to sustainable economic development. Solving problems facing Agriculture is a top priority. To this end we will continue to consolidate and strengthen the position of Agriculture as a main foundation of the island's economy and thus increase farmers' income and agricultural production.

98. To facilitate these objectives the Administration intends to spend \$3,751,568 from the recurrent budget for this program an increase of \$121,953 over the projections for 2005. We are convinced that this is an investment which will generate substantial returns.

99. Madam President, 2005 has been an exceptional year for our farmers. The agricultural sector recorded a good year in terms of crop and livestock production. Fortunately, we have experienced very good rainfall throughout the year and this has enabled farmers to produce consistently. I shall now highlight the performance of the agricultural sub sectors.



## Crop Production

100. Madam President, we have achieved increases in the production of several crops throughout the year. There has been a bumper crop of mangoes and breadfruit so far this year. Additionally, up to the ending of October of this year, there was an increase of 125% in cassava, 34% in cucumber, 64% in Honey Dew Melon, 2% in Lettuce, 57% in Pawpaw, 38% in Pumpkin, 31% in Sweet Pepper, 70% in Sweet Potato, 52% in Watermelon and 40% in Zucchini. For the upcoming year we have projected an increase of 25 – 30% in the production of most of our fruits and vegetables.

101. The Marketing Division has continued to facilitate the movement of products to the hotels and supermarkets. For the period January – September 2005, the Division sold products valuing over EC\$273,796. We anticipate a 25% increase in sales for 2006.

## Livestock

102. Madam President, our livestock sub sector has continued to make significant strides in terms of our development thrust. We have continued to support the multiplication of cattle on Government stock farms, and the sale of animals from these estates has generated in excess of \$50,000 for the year so far. Our Veterinary Division has continued to work tirelessly under challenging conditions to ensure that our farmers get timely health service. Our records indicate that from January to September 2005, 802 litres of Bayticol were distributed to farmers for the treatment of their animals with the result that the tick population has been drastically reduced. However, the CAP Project will come to an end in December 2005 and we will have to provide the necessary support for the continuation of this program. Hence, the Veterinary Division will be charging a nominal fee for the Bayticol that will be supplied to farmers. We cannot afford an increase in the tick population once again and thus we call on the farmers to continue to work closely with the Department of Agriculture to prevent a recurrence of the problem.

103. Madam President, the Abattoir has continued to improve the range of products offered to the general public. Up to the ending of October, there was an increase of 65% in the sale of ground beef to the supermarkets and hotels, and a 40% increase in hamburger production. For the period January to September 2005, 2,666 animals were slaughtered at the Abattoir producing 131,402 lbs of fresh meat for the local market. The Agriculture Department has observed a growing demand for pork and pork products, and consequently, the pork producers are encouraged to take advantage of the existing market opportunities. We have also constructed a tripe room at the Abattoir so that tripe can be processed and packaged under hygienic conditions. It is expected that there will be a substantial increase in the sale of this commodity in 2006. The Abattoir will also provide seasoned meat and other products to the general public in 2006.

104. Madam President, the Administration through the Department of Agriculture has focused on several major activities this year. In April, the Department again held a very successful Open Day and Exhibition highlighting various aspects of primary and secondary agricultural products. The other activities that were held include: the Mango Festival in July and a successful week of activities commemorating the celebration of World Food Day in October. During this week the first ever Inter-Cultural Food Festival was held and a Poster Competition focusing on Agribusiness was launched in the Secondary and Primary Schools.

105. Madam President, the fisheries sub sector has also continued to make significant progress. In 2004, approximately 664,560 pounds of sea food were landed from fishing sites in Nevis with an estimated value of \$5.0 million, and up to the third quarter of 2005, approximately 401,880 pounds have already been landed at an estimated value of \$3.5 million. Progress has also been made in other areas. A quarterly newsletter has been published to inform and educate the public about fishing. Educational programs have also been conducted in the schools to educate our children about the importance of fishing and the need to preserve this vital resource. During 2006, we intend to establish a marine protected area to prevent over fishing, to execute a shark fishing and processing operation in Nevis, and to carry out an assessment of the Queen Conch population in Nevis. With these programs, we will continue to protect and develop this sub sector for the benefit of present and future Nevisians.

106. Madam President, during 2006, the Administration will continue its programs to improve agricultural production and food security. We will continue to provide tax incentives to bona fide farmers and fishers to help reduce their cost of production in the hope that the farmers could compete more effectively with subsidized imported goods. To us in this Administration, Agriculture is more than just a business. It is one of the cornerstones of our national life. The food produced by farmers is important for our health and national security, and farmland itself is an irreplaceable resource vital to the sustenance of life. While there are many challenges, we will not give up. We will do whatever it takes to ensure the long term viability of this very important industry.

### **SAFETY AND SECURITY**

107. Madam President, while the government of Nevis does not have administrative responsibility for the police in Nevis, the work of the police force is critical to the maintenance of peace and safety in Nevis. We also recognize that for the economy to continue to grow and develop, there must be an environment of peace and stability. The government of Nevis has made very important contributions and contacts to support the efforts of the police by procuring vehicles and equipment for use by the police in the performance of their duty, to enable them to more effectively fight crime and maintain law and order. I wish to commend those members of the private sector and private individuals who have supported this initiative. Our police are now better equipped with detection material and patrol vehicles and it is expected that the peace and safety in Nevis will continue to remain exemplary to foster a climate conducive to investment and economic growth.

### **PRIVATE SECTOR DEVELOPMENT**

108. Madam President, this Administration is very aware of the importance of the private sector in economic development. We have therefore pursued a policy of inclusion and consequently, we have met several times during this year with representatives of the Nevis Chapter of the Chamber of Industry and Commerce. In those discussions, the Chamber suggested that the Administration should relax the Alien Land Holding License requirement in special

situations as a means of catalyzing economic activity in the real estate market. While we could not accommodate all of the suggestions made by the chamber, we have decided to grant a waiver of the licensing fee in cases where persons are planning to construct at least 20 villas or condominium units. However, these properties must be part of a short term rental pool and must include common facilities for guests.

109. The Administration has also taken the initiative to facilitate the expansion of the private sector. In addition to the 248 acres of land acquired in the Belmont and Clarks, and Coconut Palm areas, the Administration concluded the purchase of the 730 acres Pinneys Estate. With these lands the Administration intends to undertake an ambitious development program that will create unlimited opportunities for our people. We have entered into an agreement with Newfoundland Properties of Canada to sell 600 acres of the Pinneys Estate land for hotel and villa development. The remaining Pinneys lands in addition to those at Belmont and Clarks and Coconut Palms will be sold for commercial and residential purposes. The sale of these lands will begin in earnest during 2006. Top priority will be given to Nevisians who have a development plan for the lands being purchased. We do not wish to sell these lands to speculators. Our goal is to ensure that these lands are utilized to create maximum benefits for the people of Nevis in terms of the creation of employment, the creation of value and the creation of an improved standard of living for all our people.

110. Madam President, this Administration will also continue to give attention to the small business sector. There is no doubt that this sector has played a significant role in providing employment for a large number of Nevisians and thus is a very important element in national development. Through the Small Enterprise Development Unit (SEDU), we have continued to provide support to small businesses including tax concessions on equipment and materials for their businesses. During 2005, a Trade Show was organized by SEDU where 43 businesses exhibited their products and services. In addition, a one day training seminar in entrepreneurship was conducted in which 17 persons benefited. We have also continued to provide loans to small cottage businesses with a total disbursement of over \$450,000 to about 50 businesses. During 2006, the Administration intends to provide an additional \$500,000 for lending to small businesses through the Nevis Cooperative Credit Union (NCCU). We will also review the

existing criteria with the objective of increasing the level and speed of disbursement of loans to businesses that qualify.

## **MANAGEMENT INFORMATION SYSTEMS**

111. Madam President, one of the significant achievements of this Administration over the past 5 years is the development and implementation of a computerized management information system with the objective of improving efficiency and the speed of service delivery within government. The Fitrix financial management software was installed at the Treasury Department early in the year and is now being rolled out to the various Departments. In fact, 19 Departments have already been brought on line and during 2006 the remaining three sites will be completed. With this system, the maintenance of accounts and the processing of payments are done on line. This will also help in the timely preparation of the financial accounts. I am happy to table today the final accounts for the years 2001, 2002 and 2003, and the Director of Audit has informed me that he has already received the 2004 accounts and that by March of next year, the NIA accounts should be up to date in compliance with the regulations. We have also rolled out budget applications to line departments enabling electronic submission of estimates, and greater efficiency and control in the budgeting process. Using this same network we are now able to provide email and Intranet services to government employees using our own registered domain name **niagov.com**.

112. Madam President, we intend to utilize this technology to provide a higher quality of service to the general public during 2006. The top priority is to develop and roll out a government website and web application which will allow greater interaction with the general public. This will result not only in providing general information to the public, but more importantly, all of the various forms used by government departments will be digitized so that they could be accessed and completed through the government website. In addition, the Customs Department will be introducing the TRIPS software which will allow brokers and other users to process customs transactions on line. The management systems at the Customs Department have already been upgraded with the assistance of consultants from the Crown Agents in London and the computerization project is the final component of the Customs reform program. This system

will not only improve the capability of Customs to undertake risk analysis and control fraudulent activities, but will facilitate the public by reducing significantly the time necessary to process imports through the ports in Nevis.

113. Madam President, this Administration is ensuring that the government and people of Nevis remain on the cutting edge of technology. With the future plans of this Administration for technological advancement, the people of Nevis will experience a significant improvement in the quality of service offered by the public sector over the next three years.

114. Madam President, I now turn to the area that has absorbed significant resources over the years and is responsible for the rapid progress that we have made. I speak of the capital budget which will receive an allocation of \$69,921,576 in 2006, an increase of \$43,140,357 over the estimates for 2005. As will be explained later, the large increase is due to the proposed road project and a number of smaller projects that will be undertaken under various Ministries particularly the Premier's Ministry.

## **PUBLIC SECTOR INVESTMENT PROGRAM**

115. Madam President, we are all well aware that the public sector investment program is important in enhancing growth directly and also in creating the environment for other economic agents to expand production of goods and services. The government has made a huge investment in the physical infrastructure with the result that the debt stock has increased significantly over the years. However, it was a deliberate strategy on our part to pursue a policy of infrastructure lead growth to create opportunities for economic growth and development. This vision of the CCM Administration is now bearing fruits and increasingly Nevis is becoming one of the hot spots in the Caribbean for both foreign and local investment. We will therefore continue to develop the physical and social infrastructure to stimulate employment, and sustain the high level of development while at the same time strengthening management systems to control debt accumulation.

## Road Improvement

116. Madam President we have had major set backs in our secondary road program because of the heavy rains throughout 2005 which have gutted and in some instances destroyed a number of roads on the island. We have had to reallocate and use our own funds to rehabilitate and repair the damaged secondary roads in various communities on Nevis. Phase three of the Road Improvement Project is finally on its way. The contracted company of Surrey Paving & Aggregate Co. Ltd of Jamaica has completed surveys for approximately 14 kilometers of the secondary and main roads between market shop and Brick Kiln via Butlers. The design for the roads is in progress and we are currently finalizing arrangements with AIC out of Trinidad for EC \$40 million (US \$15 million) loan (pending Federal Guarantee) to complete the final part of the Road Improvement and Maintenance Project (RIMP). The proposed project will include the completion of the island main road as well as the village roads of Hanley's Road, Webbe's Ground and Butlers. While we are waiting for the start of these projects, the Administration has remained active. Earlier in the year, we contracted National Piling to start the process of road upgrade from the Airport to Camps Junction and from Camps junction to the St. James Anglican Church. This phase of the project is expected to be completed by the middle of the New Year.

117. In addition the Public Works Department has been working with the Nevis Housing and Land Development Corporation (NHLDC) to construct roads in the housing projects at Nisbett's, Bath, New River and Prospect as well as to reopen and construct the estate road at Low Ground Estate (Montpelier to Brown Hill).

118. Madam President, the huge investments in the road network bear testimony that the Administration regards the physical infrastructure as a strategic priority in generating economic growth and development. The NIA's total expenditure on road improvement in Nevis up to the ending of September 2005 totals \$6,429,803.11. We have used these funds from revenue to maintain and repair the island main road, secondary village roads and bridges; and to replace culverts for better drainage. Of the \$6,429,803.11, we have spent \$5,056,531.43 on the Road Improvement Project; \$471,122.70 on Land Settlement, \$162,535.63 on Road Drainage; \$575,712.91 on Village Roads; \$13,901.50 on the Replacement of Culverts and \$149,998.94 on

the purchase of a Road Roller. We still have a long way to go and therefore we are proposing in 2006 to spend \$200,000 on Drainage; an additional \$750,000 for the repair and maintenance of Village Roads. These are in addition to the \$40 million planned for the RIMP project.

119. This government will also seek funding from the CDB to undertake a comprehensive study of the ring road from Colquhoun to Barnes Ghaut and Jessups and that from Cades Bay to Camps, through Westbury and Mount Lily. Madam President, this government wants to complete over the next year, as comprehensive a road programme as possible for the people of Nevis.

### Buildings

120. Madam President, this Administration has already started a number of projects such as the rehabilitation of the Upper Floor at Bath Hotel where the historical architecture will be maintained. The renovation of the Administration building is ongoing and should be completed by February 2006. We are also pleased to report that all of the school compounds have been fenced. The Basic Education Project is in progress and should bring added space, facilities, relief and comfort to the students, teachers, and parents associated with the Special Education Unit, the Charlestown Secondary School, and the St. John's Primary School. A new section housing laboratories and additional classrooms will be constructed at the Charlestown Secondary School and a new primary school will be constructed in St Johns as well as a new school to accommodate our Special Education Students. The overall project will result in an investment of over \$9 million. Moreover Madam President, the Administration will begin in 2006 the renovation of the Government House at an estimated cost of \$1.0 million and the Gingerland Police Station at an estimated cost of \$700,000. The Police Station project will see the renovations of the current Gingerland Police Station building and the construction of a second floor. The additional floor will be used as accommodation for Police Officers whilst the first floor will be used for administration purposes.

121. Madam President, the NIA is aware of the space constraint at the Charlestown Primary School and has taken action to address the problem by developing an expansion plan for the



whole area. The plan will be implemented in phases over the next few years and would involve addressing issues such as classroom overcrowding, and inadequate auxiliary facilities such as school auditorium and staff accommodation. Despite these challenges, we are making steady progress. During the course of this year, we have constructed a brand new sporting facility at the Charlestown Primary School grounds for the use of the school and the entire Craddock Road community. When completed, this project will cost the Administration in excess of \$1.0 million. It is expected to be commissioned early in the New Year.

122. Your government will also rehabilitate part of the old New River School to serve as a Community Centre and will construct a suitable structure as an auditorium for the Gingerland Primary School. We will also construct under the BNTF a Community Centre for Barnes Ghaut, to be used for community education and skills training.

#### Water Services Up-grade

123. Since 1992, there has been a significant increase in the housing stock on the island stemming from the Administration's strategic investment through the Nevis Housing and Land Development Corporation, and the creation of climate of confidence and opportunity for residential and commercial investments by citizens, residents, returning nationals, visitors, and the private sector. In addition, the tourism plant has grown under this Administration and the population of Nevis is increasing and now stands at approximately 12000. As a result, the growing demand for water has now put a strain on the supply of water by Nevis Water Services Department in the short and medium term. The situation is even more critical considering we are anticipating the construction of another five star hotel on Pinneys Estate with a golf course and villas.

124. Therefore your Administration has requested the Caribbean Development Bank to provide technical assistance (TA) to formulate a strategic plan for water resources development and management in Nevis for the next 10 to 15 years. At present, the island is totally dependent on groundwater resources for all its water needs. The objective of the TA is to assist the Nevis Island Administration to develop a comprehensive strategy and action plan for water resources

management in Nevis which will help to sustain service delivery in the short, medium and long term. The plan will also address water quality, water production and distribution, and the options the Nevis Island Administration has with respect to the management of this important resource. Madam President your Administration considers this study a priority and therefore will seek soft funding to implement the water services up grade project which will emerge from the study.

### Physical Planning

125. The quality of life of all residents and citizens is closely linked to preserving and improving our natural and physical environment. Our health and well-being are inextricably linked to the quality of our air, water, soils and biological resources. Our landscapes, seascapes and wild life are inseparable from our culture and inspire art and Literature. Our economy and key industrial sectors are directly and indirectly reliant on functioning ecosystems. We therefore need consistent policies to protect these natural resources on which we depend.

126. Your CCM Administration has shown its commitment to continuous environmental enhancement, protection and preservation. On 02 November 2005, the Administration came to this honorable house and read a second and third time a planning bill entitled the Nevis Physical Planning and Development Control Ordinance 2005. This ordinance, Madam President, seeks to ensure that appropriate and sustainable use is made of all publicly-owned and privately owned lands in Nevis; maintain and improve the quality of the physical environment; provide for orderly subdivision of land and the related infrastructure and services; maintain and improve the standard of building construction in order to secure human health and safety; and provide for development control and physical planning processes.

127. Madam President this beautiful thirty-six square mile island of Nevis is witnessing and will continue to experience under this CCM Administration steady economic development and growth. However, we must protect, preserve and plan the use of our limited land space for posterity. I believe this Ordinance is timely and will go a long way in assisting the Nevis Island Administration in dealing with many of the difficult issues surrounding physical planning on Nevis. Madam President as a requirement of the Ordinance, the Nevis Island Administration will

develop and implement a Nevis Physical Development Plan in 2006. This Plan is long term and will identify current and future needs in areas such as land use, housing, transportation, public services, environmental quality, and economic viability. The Plan will also serve as a policy document that embodies the communities' goals and guides decisions about physical development over the long term. We have already spent \$31,225.12 on this project and plan to spend an additional \$150,000 in 2006 to complete this very important physical development plan. We have also received funding from the Organization of American States (OAS) and would like to take this opportunity to express our sincere thanks for the kind assistance.

128. Madam President, the capital and recurrent budget for 2006 reflects new and ongoing spending measures intended to ensure continued progress towards the completion of the Physical Development Plan. These include the undertaking of an Aerial photography and mapping of the island of Nevis. The purpose of the flyover is to develop ordinance maps for the island; coastal maps and infrared photographs for a portion of the island coastline; and cadastral maps for the entire island using local datasets. With the information collected, we will be in a better position to guide the orderly social, economic and environmental development of the island of Nevis.

#### Energy Services

129. Madam President, about a month ago on 02 November in the Nevis Island Assembly I announced the approval of an application made by NEVLEC with regards to the implementation of a fuel surcharge to their tariff structure. This was done against the backdrop of the continuing rising world oil prices which the company was absorbing. In addition the Administration wanted to protect the financial health and performance of NEVLEC, and to ensure that the company meets the requirements to approach the Caribbean Development Bank (CDB) for funding for expansion work to meet the growing demand for energy in our vibrant economy now and in the future. It is the intention of the company to purchase another two generating sets; execute development work on the transmission and distribution network; and construct an office complex, storage facilities and a workshop for training of its staff.

130. However, Madam President, despite the fact that we have no control over the global trend in oil prices, steps can be taken to ensure that we are part of the move to seek alternative sources

of energy such as geothermal, solar, wind, and so on, as measures to reduce our dependency on fossil fuel. There are many organizations that are currently exploring these alternative sources, some of which are already in use in other parts of the world. For example, the Administration is part of an OAS project that is looking at exploring geothermal energy sources in three countries in the region namely Dominica, St. Lucia, and St. Kitts and Nevis. Despite these efforts, I must appeal to the consumers of electricity including the private sector to implement energy saving strategies to conserve energy so that we can survive this global challenge which is upon us.

### Disaster Preparedness

131. Madam President, in last year's budget, I outlined a comprehensive plan for disaster management in Nevis. This Administration regards disaster preparedness, prevention, mitigation and management as top priorities and will seek to strengthen local capacity to establish a proactive and comprehensive disaster management strategy targeting vulnerable groups and communities. We will continue to promote disaster preparedness as part of an overall strategic approach to reduce vulnerability and exposure of people to risks as well as the economic costs of such disasters. To achieve this objective, we will continue to disseminate information and build the capacities of the community, NGOs and other partners in community-based disaster management. During 2006, the NIA will construct a building to serve as a warehouse and the offices of the Nevis Disaster Management Office (NDMO), and an Emergency Operating Center. The project is expected to cost \$1,478,000 with the NIA providing \$200,000 and the balance of \$1,278,000 to be provided as development aid by the US Government.

### Education

132. Madam President, in addition to the Basic Education Project which is ongoing, the NIA has spent about \$350,000 on the construction of a playground at the Combermere Primary School, and in excess of \$650,000 on the construction of three hard courts at the Gingerland Secondary School for the purpose of playing Lawn Tennis, Netball and Basket Ball. The hard courts will be accessible to both students and members of the community. In 2006, we propose to increase the capital expenditure on educational supplies and equipment to over \$800,000. The funds will be used to purchase a school bus, purchase furniture for the schools, continue the

computerization of schools, develop the schools music program and strengthen the CAPE program. Education serves a critical role for society by cultivating the minds of present and future generations and thus we will continue to invest heavily in this area.

### Tourism

133. Madam President, we will continue to invest resources on the upgrading and development of historical and heritage sites. Up to the ending of October 2005 we have spent \$128,960 on these activities and during 2006 we intend to spend an additional \$100,000. We believe that the island should give greater attention to heritage tourism to enable the preservation and conservation of unique heritage sites. It is predicted that this initiative will enable the island to develop an international reputation for heritage tourism, special events, arts and crafts, and other areas of interest for tourists.

### Agriculture

134. Madam President, the NIA spent \$195,850 on capital investments in the Agriculture sector up to the ending of October 2005. This included \$91,588.92 on machinery and equipment; 47,250.00 on an agriculture diversification thrust; \$7,145 on the Upgrading of the Public Market; and \$49,866.02 on the upgrade of the Abattoir. We propose to triple the expenditure on the Agriculture sector to the tune of \$780,000. This will include expenditure on the CAP program and on the construction and commissioning of an Agro-Processing Plant.

### Health

135. Madam President, the NIA will invest an additional \$5 million dollars in infrastructure for the health sector. This will include the construction and equipping of a Psychiatric Unit which is expected to start next year. The project will be completed over a period of three years but, in 2006, we will spend \$600,000 to get the process started. We will also undertake additional

improvements to Alexandra Hospital and the Nurse's Home; expansion and improvement of dental health services; and the establishment of a public health facility.

### Housing

136. Madam President, the Administration through the Housing and Land Development Corporation will continue to expand its affordable housing program as part of its strategy to enable our people to feel pride in owning their own home. We have already constructed 130 homes at a total investment value of over \$10 million. During 2006, we will construct an additional 100 homes at a cost of approximately \$8 million. The areas that will benefit include Newcastle, Ramsbury, Bath Village, Prospect, Brown Hill, Church Ground, Hanley's Road, Eden Brown, and New River. Presently, there is a huge demand for these houses with over 300 applications on file. However, I ask the people of Nevis to be patient as the NLHDC endeavours to meet the demand for these affordable houses. Please be assured that the government will continue to make lands available where necessary so that the project would continue for as long as it takes to satisfy the demand. It is our goal to provide houses to most of these applicants over the next three years.

### Culture

137. Madam President, I am very happy to announce that during 2006 the Administration will construct a Performing Arts Theatre. The Theatre will be state of the art with all of the modern facilities and conveniences. The project will be financed with funds from the Republic of China on Taiwan with a soft loan of US\$2.0 million and a grant of US\$1.0 million for this project and for upgrade of sporting facilities. It is expected that this facility will contribute significantly to cultural development in Nevis. I must therefore express our sincere thanks and appreciation to the Government and people of the Republic of China on Taiwan for their generosity and kind assistance to the people of Nevis.

## Community Development

138. Madam President, during 2005, the NIA spent \$143,115.95 on improvements to Grove Park and other recreational facilities and on the purchase of instruments for the Nevis Symphonic Band. During 2006, we have budgeted an additional \$400,000 most of which will be used to continue the upgrade of Grove Park to ensure the facilities meet the standard required for regional and international cricket. One of the most important community projects undertaken this year has been the equipping of community centers with computer labs. These labs have already been established in communities such as Bath Village, Brown Hill, Brown Pasture, Hanley's Road and Brick Kiln. In addition, we have already secured funding from the European Union to continue this project in 2006. With this funding facility, computer labs will be provided in Combermere, Pond Hill, Hickmans, the proposed Barnes Ghaut community center, and at the Reading Center in Gingerland. All of this will ensure that every Nevisian regardless of economic situation have the opportunity to access computer education. To achieve this, a structured program will be organized in all of these community centers.

139. Madam President, I believe that the Public Sector Investment Program presented is comprehensive and far reaching. Its impact will be felt in all the communities of Nevis as we pursue our vision of prosperity for all. It also provides an important role for the private sector to partner with government in the process of nation building. I am convinced that with the progress we have made so far and with the proactive development plans and programs that have been formulated in this budget to carry the country forward into the 21<sup>st</sup> Century, this little island of Nevis will become a beacon and a source of inspiration for other small island states to strive to develop similar models of development. I therefore encourage every Nevisian to continue to play his or her part in advancing the economic interest of our beloved island.

## **CONCLUSION**

140. Madam President, as I conclude this presentation, I recall a television advertisement that was put out by Apple Computer, INC on CNN in December 1997 which stated, '*the people who*

*are crazy enough to think they can change the world are the ones who succeed*. This quotation is very important to me because when the CCM party put forward its agenda for the development of Nevis in 1992, there were many who felt that we could not achieve our goals. (As a matter of fact, some gave us only six months in office). However, with a clear vision and with sound and focused leadership, we have demonstrated beyond any doubt that hard work and determination can bring success. I believe firmly in the words of proverbs 29: 18 which states “*where there is no vision, the people perish*”. This CCM party has demonstrated vision and leadership and the evidence is there for everyone to see. Nevisians from home and abroad, and visitors from far and near are all impressed by the tremendous progress that a small island like Nevis could achieve under the management of this CCM government in such a short period of time. We in the CCM administration have created the enabling environment to facilitate growth and development, but the people of Nevis must be given the praise for the confidence and support they have continued to repose in this Administration and for their hard work and willingness to respond to the direction given by government over the years. Without the support and dedication of the people of Nevis, we could not have overcome the odds and succeeded in making Nevis one of the gems of the Caribbean and also one of the most sought after destination with a GDP per capita of US \$8889 or EC \$24,000, which is 72% higher than the OECS as a whole.

141. Madam President, despite the strides in development that we have made, there is no time for complacency. There are still many challenges that will confront us on the journey to prosperity for all. This government has taken some bold initiatives to stimulate economic growth and development in Nevis. The debt which this country has incurred was necessary, and it will remain necessary for this government to incur additional debt for future growth and development just as other countries in the Caribbean have been forced to rely on debt financing to continue their development thrust. However, we recognise that the accumulation of debt must now be given serious attention. We have started to implement fiscal policies to improve the management of our debt stock and the last review conducted by the International Monetary Fund during their annual article IV consultation revealed that we are in fact making significant progress. We have also achieved progress in the area of revenue collection. The customs department with the assistance of the Crown Agents consultants has increased revenue collection by 20% over the last two accounting periods. The Inland Revenue Department has also been



strengthened with the addition of an Audit Division and the reorganization of the Collection Unit resulting in significant increases in revenue. However, there is still a lot of work to be done in expenditure management. This area is more challenging since the largest components of expenditure are salaries and wages and debt repayments. The focus here will be on improving efficiency and productivity. We have already conducted productivity improvements workshop for senior civil servants and we are now in the process of training the Audit Department to enhance their effectiveness in undertaking value-for-money audits.

142. Madam President, one of the areas that we have been very concerned about is the implementation of the Caricom Single Market and Economy (CSME). While we support generally the need for the CSME, we are yet to get a full appreciation of the benefits to be derived by small islands like Nevis. What we have observed so far is that the terms of trade have been moving against the islands in the OECS. There is no doubt that we must begin to prepare our people and enterprises for some of the potential benefits that are likely to unfold, but the larger islands are in a far better state of readiness to reap the benefits. It is my fervent belief that some preferential treatment should be accorded to the smaller countries to protect their economies while they prepare their enterprises to compete effectively in the new arrangement. We are also subjected to vicissitudes of the global economy. We are particularly sensitive to the upward movement in the price of oil and fossil fuel. However, with the OAS funded project to determine the capability of Nevis for the generation of geothermal energy, we are hopeful that an alternative source of energy would be found which will serve to buffer our economy from external shocks. Last but not by any means least, is the fact that we are still vulnerable to natural disasters. While we do not have any control over when a disaster will strike, we can implement disaster mitigation measures to minimize the impact on our people. We will therefore continue to strengthen our capability to respond to these disasters by providing training and public awareness and undertake such works to mitigate loss and damage through the Nevis Disaster Management Office (NDMO).

143. Despite these challenges, we have not been overwhelmed. According to Elbert Hubbard, “when the captain of a ship has put out from Singapore bound to Boston, we have only one question to ask. And this question does not refer to typhoons, hurricanes, pirates, shoals,

shallows or icebergs. The one question we ask is, “Did you bring the ship in to port?” I believe that the people of Nevis will ask this question of the CCM Administration very soon and the answer will be a resounding yes. The evidence is all around to see. The standard of living of every Nevisian has improved since this CCM party assumed office. In addition to our own people, many immigrants from Guyana, the Dominican Republic, and other Caribbean countries have been able to benefit from the progress that Nevis has made. Nevisians living abroad who have followed the development of Nevis over the years are very proud of their homeland and are making plans to return home some day. This Administration has embraced diversity and opportunities have been created for all regardless of race, ideology, religion, culture or political persuasion. I believe that the CCM Administration has sailed this ship safely in to port and all the right-thinking, hardworking, honest people of Nevis, citizens and residents alike, will express their satisfaction in a tangible way when the time is right.

144. Madam President, let me also state that while the government did not pursue the complete call for the referendum on the independence of Nevis, the issue is still alive and will continue to live in the heart and minds of all true Nevisians and in the leadership of this government until this aspiration is achieved. The time will come when all Nevisians will be called upon again to take a stand for justice and freedom for our country without rancour or divisiveness. I believe this is an earnest expectation of all right thinking Nevisians. When the time comes, every man and woman will be expected to stand up and be counted.

145. Madam President, before I complete this 2006 budget presentation, I would like to take this opportunity to express sincere thanks to those agencies that have continued to provide soft loans, development aid and technical assistance to the government and people of Nevis. Mention must be made of the Caribbean Development Bank (CDB), the Kuwait Fund for Arab Economic Development (KFAED), the World Bank, the European Union, the International Monetary Fund (IMF), the Organization of American States (OAS), the Canadian Government, CARTAC, the republic of China on Taiwan, and the United Nations and its Agencies. These organizations are indeed true partners in development and without them our progress would not have been as rapid or successful.

146. And finally Madam President, as we prepare to celebrate Christmas, it is the time to reflect on the progress that we have made as a people and to focus on the way forward. I believe that there is still work to be done, but with the grace of God we will continue to succeed despite the many obstacles. However, we cannot rest on our laurels. We must continue to put our shoulder to the wheel as we work together as one people to make Nevis a brighter place.

147. I leave you with words from Martin Luther King, Jr,  
*“Human progress never rolls on wheels of inevitability. It comes through the tireless efforts and persistent work of men willing to be co-workers with God, and without this hard work, time itself becomes an ally of the forces of social stagnation”.*

148. I wish everyone a peaceful and blessed Christmas and a New Year fill with opportunities.

149. Madam President, I so move.

