



Budget Address 2013

"Creating the climate to stimulate economic growth and development"



Delivered by
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NEVIS ISLAND ADMINISTRATION BUDGET ADDRESS

By

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On

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1. Mr. President, I beg leave to move the second reading of the bill shortly entitled the Appropriation Ordinance, 2013.

INTRODUCTION

2. Mr. President, let me express sincere thanks and appreciation to the people of Nevis for the confidence and trust placed in the Concerned Citizens Movement (CCM) party in the recent elections held on January 22nd of this year. The swelling of support for this government is a clear manifestation of the profound desire of the people of Nevis to remove the moral depravity of corruption and the destructive forces of divisiveness from our politics and return to the cherished state of peace and stability which we enjoyed prior to 2006.

3. Mr. President, the last six years has been a period characterized by political, economic and social turmoil. There is no doubt that the world recession in 2008/2009 contributed to some of the challenges, but this was compounded by the mismanagement of our limited resources resulting in poor fiscal outcomes, high unemployment among our youth, increase in poverty, mushrooming of criminal activities and a rapid build up of the debt stock.

4. Mr. President, the public sector debt stock increased significantly from \$272 million in 2006 to over \$400 million in 2012 before the restructuring of some external instruments. While it is reasonable to accept that some of the increase in the debt was unavoidable as a result of the global recession and the closure of the Four Seasons Hotel, the magnitude and impact are questionable. The public sector wage bill increased by 50 percent over the same period with many contract employees and advisors hired at inflated salaries without clear job descriptions or evidence of work plans. The previous administration also boasted about the implementation of a stimulus programme but most of the capital works were carried out by engaging in serious debt creation against the advice of the International Monetary Fund (IMF), World Bank, and Caribbean Development Bank (CDB) and without any major spin off to the local economy in terms of employment generation and increases in disposable incomes. The direct result of this policy is that the debt burden has grown but the overwhelming majority of Nevisians and residents feel that they have regressed economically and socially. We have to conclude, therefore, that the doubling in public debt was not

strategically targeted and resulted in high a level of wastage and mismanagement of government's resources, and an increased tax burden on the ordinary men and women in our country.

5. More importantly, Mr. President, the very foundation of our democratic system was hanging in the balance with the manipulation of the electoral system to disenfranchise voters and subvert the will of the electorate. However, our democratic traditions withstood the test of time when the judiciary acted fearlessly and impartially in sending a clear and unambiguous message to the perpetrators that all citizens including those in positions of power are subjected to the rule of law, and that the pursuit of personal aggrandizement and ambition will not be tolerated at the expense of the public interest.

6. Mr. President, there is no doubt that these factors as well as the proposed construction of a fuel plant, the vindictive attempt to acquire private property, and the vicious attacks on a major investment in Nevis negatively impacted investor confidence and had a dampening effect on the investment climate and the economy as a whole. This is a clear testimony that the previous government lacked the vision and the know-how to foster an investor friendly environment to stimulate growth. Consequently, there was a heavy reliance on public sector expansion to sustain the economy with very little tangible evidence of a framework or plan to attract foreign direct investment. Many other islands in the Caribbean, including St. Kitts, with pro-growth strategies have fared much better in the drive to catalyze private sector growth to reduce the burden on the public sector.

7. Mr. President, I have provided this background of the failed policies of the past, not to cast blame, but to indentify the problems so that we can learn from the past and develop creative solutions to move the island of Nevis forward. The people of Nevis, including nationals and non-nationals, have fought a long and hard battle to bring us to this juncture and thus we have a sacred responsibility to become the agents of change and to advance their social, economic and political wellbeing. The focus of this budget is **'to create the climate to stimulate economic growth and development.'** With the high level of indebtedness, we have limited fiscal space and thus our focus will be on energizing both local and foreign investors to become the engine of growth in the economy. We will also seek to be innovative and imaginative in our sectoral and public sector investment programmes to create the enabling environment and play a facilitative role in stimulating opportunities for all of our people.

8. However, we must begin the thrust forward by first analysing the environmental conditions to better able understand the challenges and identify the potential opportunities.

GLOBAL PERSPECTIVE

9. Mr. President, with the graduation of many Caribbean countries from development assistance and preferential trading arrangements, and with the increasing incidence of natural disasters, growth has stagnated over the last two decades with the exception of those countries that export commodities. The 2008/2009 recession has exacerbated the economic challenges with the decline in tourist arrivals, remittance, foreign direct investments and exports, pushing most of the islands into negative growth. According to the International Monetary Fund (IMF) Latin American and Caribbean report 2013, Caribbean countries became poorer over the recent decades, growth has been elusive in non-commodity producing states, tourism has been erratic and worsened by recent shocks, export competitiveness has declined and high debt to GDP has jeopardized prospects for debt sustainability and growth.

10. Mr. President, in the absence of growth many of the islands in the Caribbean have had no choice but to pursue fiscal consolidation which has focused on controlling expenditure, boosting revenue, reducing debt, and containing contingent liabilities. In St. Kitts and Nevis the debt to Gross Domestic Product (GDP) ratio was unsustainable at nearly 200 percent with the result that the Government was forced to restructure its debts and to enter the IMF structural adjustment programme. In the context of Nevis, the fiscal adjustment could have been far less severe if the previous government had been more prudent in the management of the finances of the country. It is for this reason that my government had no choice but to immediately set about the task to rationalize the public service to eliminate waste, to implement measures to improve public sector efficiency, and to ensure that individuals and companies pay their arrears of taxes and charges.

11. Mr. President, the Nevis economy is similar to the several of the other Caribbean countries in that it is small, open, and susceptible to natural disasters and economic shocks. It is also a service-based economy underpinned by tourism and financial services. There is an

urgent need to diversify the economy to reduce the impact of external shocks but the high input costs, low factor productivity and the high cost of credit have all combined to restrict the development of other industries such as agriculture and manufacturing.

12. Despite these challenges, this CCM government has the faith and confidence that we can overcome the odds and propel Nevis to prosperity.

13. The world economy is showing signs of rebounding from the worst recession since the 1930s. Despite the downside risks such as the European Crisis and the spending sequester in the United States (US), the IMF world economic outlook publication has reported that the global economy is expected to grow by 3.5% in 2013. Our traditional tourist markets such as the United States and Canada are expected to grow by 2% and 1.8% respectively. In the US, in particular, the financial markets, housing market and consumption expenditure are trending upwards even though the situation is still fragile. The GDP in the Euro Area is expected to contract by 0.2% but the United Kingdom is expected to grow marginally by 1%. The emerging markets continue to perform creditably and are expected to grow by 5.5% in 2013 led by China at 8.2%.

14. Mr. President, these developments portend well for the global economy. We are confident that as growth becomes more enduring in the major economies of the world, a plethora of opportunities will abound. My government will aggressively pursue investments in tourism, agriculture, small-scale manufacturing and alternative or green energy. We will also intensify our marketing effort to generate increased tourist arrivals from the traditional markets as well as South America and Europe. We are also placing greater emphasis on financial services and will be looking for opportunities in the emerging markets, the Middle East and South America. We are excited about the prospect of putting Nevis on the map again and bringing new life to the economy for the benefit of our people. The remainder of this budget will outline our plans and policies going forward as we create a stable environment and the impetus for growth and development.

INVESTMENT PROMOTION

15. Mr President, as we embrace new ideas for the development of Nevis, there will be renewed focus on investment promotion. The previous government established the Nevis Investment Promotion Agency (NIPA) with technical assistance from the United States Agency for International Development (USAID), but lacked the vision and experience to develop the Agency as an important vehicle for investment promotion and growth. This will be an area of high priority for my government as we begin to lay the foundation for private sector expansion.

16. Mr. President, NIPA will become the central hub for both local and private investments. The Agency will explore, attract and promote investment opportunities; create an investor friendly environment; create new business activities; generate employment; diversify the economy; and accelerate growth and development. The island already possesses important attributes that could be leveraged to give it a competitive advantage in the global arena. These include the fact that our island does not restrict ownership of business and residential properties; we encourage free enterprise in most of the sectors; we have no restriction on the repatriation of profit; we have a liberal exchange policy; and we are flexible in allowing the employment of key expatriate staff. With these advantages, the next step is to develop a comprehensive promotional strategy which provides the broad direction for the whole economy, undergirded with transparent policies, rules and regulations; and attractive fiscal and non-fiscal incentives packages to stimulate locally and foreign owned enterprises.

17. Mr. President, the focus will be on activities with high technology, high value added, low potential for environmental damage, employment generation and strong linkages with other sectors of the economy. In this regard, we will intensify our promotional efforts in key target areas such as alternative energy, human resource development, information and communications technology (ICT), agriculture and agro-processing, hospitality and wellness, small-scale manufacturing, and international financial services. In the case of small-scale manufacturing and technological businesses, we are proposing to identify appropriate lands to establish an economic zone to encourage business clusters and investment concentration. This strategy hinges on our ability to exploit green energy resources such as geothermal

which could stabilize prices, reduce input costs and make Nevis cost competitive for these types of enterprises.

18. Mr. President, we will utilize all of the tools available to promote investments, reduce processing time and increase efficiency. We will aggressively promote investments by spearheading investment missions abroad to capital exporting countries in the developed countries and the emerging markets. We will also organize investment seminars and publicize and disseminate promotional material. Presently, we are developing a website which will provide descriptions of investment opportunities and a step by step guide to establishing business ventures in Nevis. The site will be user friendly and will signal to the world that we are ready to do business. We are also hoping to generate revenues by encouraging businesses to advertise their products and services on the site.

19. Mr. President, we have heard many complaints about investment opportunities being lost because of the length of time taken to process Alien Landholding Licences and economic citizenship applications. The previous government agreed to give NIPA the authority to issue alien land holding licences for approved projects but no action was taken. Recognizing the importance of this policy to enhancing the business environment, my government will look at the possibility of transferring this authority to NIPA to encourage greater investor confidence in the economy. In addition, it is our intention to restructure and where possible utilize NIPA as an agency for the economic citizenship programme. The citizenship by investment is one of the most attractive features for attracting investment and thus we will negotiate with the Federal Government for a greater autonomy in using the programme to stimulate investment activity in Nevis.

20. Mr. President, my government is confident that by taking a more proactive approach to investment that we could restructure the Nevis economy and promote competitiveness and value creation in the business sector.

21. It is for this reason that we will continue to exploit the tourism industry to create value added and greater employment opportunities.

TOURISM

22. Mr. President, there are indications that the tourism industry in Nevis is coming out of the slump. Revenues have been trending upwards with the first two months of this year showing an approximate increase of 13% over the corresponding period for 2012 and a 39% increase over 2011. There are opportunities but we have recognized that the Nevis tourism product must match the marketing promise. Nevis must avoid overselling and under delivering. As a result the Ministry will refocus efforts in every area from Marketing to product development. A leader for the product development team is being recruited with a clear mandate to improve the tourism product available both to our land based and cruise based passengers.

Product Development

23. Product development activities for 2013 will continue to concentrate on activity based market segmentation. The Nevis Tourism Authority (NTA) and the Ministry of Tourism will work closely together with our tourism partners to develop the Nevisian product so that our destination can cater to visitors with varied interests and pursuits.

24. In this regard our main objectives are to provide variety in local tour offerings, to provide new experiences for our visitors, as well as new revenue and employment opportunities for our young people and by extension, the economy as a whole. The main intention is to focus on activities such as sports and adventure categories (triathlon, diving, hiking, drag racing, yachting, water sports), as well as weddings and honeymoons, health and wellness, heritage, ecotourism, culinary adventure, culture, heritage and agro-tourism.

25. A proposed major undertaking, long on the drawing board, is the desired establishment of a Plantation Yard Museum at the New River Estate. New River was the last functioning sugar producing factory in Nevis. Although its doors were closed in 1958, New River retains a mystique that continues to drive our visitors to its confines. The last cotton ginnery to operate in Nevis also happens to be in that same location. These twin delights therefore afford our visitors a hands on, up close insight into the two crops that sustained the economy of Nevis for most of our history. The plan is to replace the roof over the old mill house engine

and to feature the planting of demonstration sugar cane and cotton crops to better explain to visitors the sugar production and cotton farming process.

26. The surviving manufacturing artifacts have already been mounted in an attractive fashion on the grounds of the estate and labelled as to their identity. This will serve as a guide as to what the different pieces of machinery were used for.

27. Mr. President, your government will again seek to pursue the development of an eco-tourism project by creating a nature trail through the Bogs Preserve leading back to the Bath Stream and the Bath Hotel. This was part of a long term product development plan, which included the beautification of Historic Charlestown, to add to the touristic attractiveness of Nevis.

Agrotourism

28. Mr. President, we will expand on the efforts aimed at promoting a responsible Community Tourism initiative which started in the St. George's area in 2009 with the GATPRO project in partnership with the Inter-American Institute for Cooperation in Agriculture (IICA).

29. In this regard, the Ministry is collaborating with the Department of Agriculture and IICA to assist local entrepreneurs, with the development of an Agro Eco Tourism Project at New River Estate. The nature of the project is to establish a Pet Zoo as well as farm and heritage tours at New River Estate. This unique project will further diversify the product offerings and certainly add value to the visitor's experience. The close proximity to the New River Plantation Yard Museum will only serve to enrich the entire New River experience. The project is expected to be officially opened during the second quarter of this year.

Bath Stream

30. The Bath Stream Rehabilitation Project will be continued and the Ministry of tourism has already contracted a local company to effect ongoing upkeep and maintenance of this national resource. Simultaneously with the Bath Stream project is a Bath Hotel project of improvements, landscaping and maintenance. These significant landmarks give us an edge in

terms of must see locations and need to be preserved for the benefit of our residents and guests.

Airlift

31. Mr. President, this continues to be a major focus for the government. For a long while we have gotten accustomed to regular, and for the most part efficient service from American Eagle. This will no longer be the case. Cape Air has managed to fill the void admirably and promises to be our carrier of choice for the foreseeable future. Indeed Cape Air projects a significant increase in their air traffic between Nevis and San Juan for 2014 and beyond due to three main factors:

32. Recently established code share and interline agreements with Jet Blue, Continental, United and American Airlines mean that Nevis will be much more visible to a traveller searching on the internet for a Caribbean vacation. Also, a passenger and his baggage can be ticketed and tagged on any of these major airlines from any major US gateway straight to Nevis and vice versa in one convenient transaction. The airline forecasts that it will augment its airlift capacity for 2014 and is fully poised to take up the void created by the termination at the end of March 2013 of the American Eagle service throughout the Caribbean. It is important to note that Cape Air transported more passengers to and from Nevis in the first quarter of 2013 than any other airline.

33. Our traditional relations remain intact as the island also continues to be served by Winair to St. Maarten and LIAT out of Antigua. We intend to negotiate daily flights by LIAT as this will help to create more efficiency for the travelling public and create employment for taxi men.

34. This positive growth is truly encouraging and tourism stakeholders can rest assured that every support and encouragement will be given to ensure that tourism in Nevis continues to trend in the right direction.

Marketing

35. Mr. President, the new NTA board of directors has gotten down to work immediately to refine and broaden the scope of the NTA's marketing plan. For 2013, the key marketing

priorities are to improve tourism revenue, visitor arrivals and airlift, to improve destination awareness through a focused public relations strategy and a targeted social media campaign. We will also continue to promote Nevis as a high end, pristine and environmentally sustainable destination which is aligned with our goal to develop Nevis as a green economy using geothermal and our alternative energy resources. Presently, we are in negotiation with several investors who are interested in hotel development. With hard work and determination, we are confident that Nevis could attract at least two upscale hotel projects in the near future.

36. We also recognize the need to reduce the impact of tourism seasonality by attracting new business in terms of off season yacht calls as well as improving our visitor appeal through our festivals such as Culturama, our various fishing tournaments, horse racing, and a more professional and efficient drag racing organisation.

Cruise and Yacht Tourism

37. Cruise and yacht tourism will continue to be a major plank on our tourism promotion platform. The Ministry has taken the strategic decision to remove cruise marketing from the Ministry and shift it to its rightful place within the purview of the NTA. All marketing will now be done by the NTA whilst the Ministry will focus on policy and product development. Our strategy is to target the small high end cruise liners to increase the traffic to Nevis during the peak and off seasons.

38. Mr. President, another area of high priority is to create value added in Financial Services.

FINANCIAL SERVICES

39. Mr. President, the International Finance Services Industry has gone through significant changes over the past 15 years with the relentless effort of the developed or G20 countries to combat harmful tax competition, money laundering, terrorist financing and financial fraud. Consequently, they created institutions such as the Financial Stability Forum (FSF), Financial Action Task Force (FATF) and the Global Forum to pressure many international financial centres into improving their regulatory environment and sign tax information exchange

agreements. St. Kitts and Nevis complied with the international requirements and was removed from the FATF blacklist in 2002 and graduated to the Organisation for Economic Cooperation and Development (OECD) white list in 2010. The most recent innovation is the introduction of Foreign Account Tax Compliance Act (FATCA) by the United States of America which will require foreign banks and financial entities to find American account holders and disclose their balances and transactions to the Internal Revenue Service or be subject to a 30% withholding on US sourced income for non compliance. This requirement threatens to strip away all confidentiality and place a major burden on financial institutions and sovereign countries to provide information to the IRS without regard to disclosure laws. Other developed countries are also contemplating similar provisions which could have dire consequences for many international financial centres especially the small ones that have very little bargaining power in the global economy.

40. Despite the hostile global environment, this government has no intention of throwing in the towel. Our strategy is to continue to comply with the evolving global standards and seek out opportunities and niches to secure our future in the global financial industry. We will pursue our goals with determination, passion and intellectual intensity to protect our interest and to re-establish Nevis as a premier and reputable financial service industry in the world. Going forward, it is our intention to:

- Work in partnership with the Service Providers and international experts to craft policies and amend legislation aimed at positioning Nevis in the forefront of innovation and creativity while adhering to global standards and best practices. We are in the process of drafting changes to the Nevis Business Corporation Ordinance and the Nevis Limited Liability Ordinance to permit these corporations to organize segregated series whose liabilities and assets are segregated from each other to provide additional layers of protection. The Nevis International Exempt Trust Ordinance will be amended to eliminate the rule against perpetuity to permit an international trust to have unlimited duration.
- Create new high quality products that could give Nevis a competitive edge in the industry. We are presently drafting a new banking legislation which is intended to attract reputable banks to Nevis and to expand the services offered by the financial services sector. The legislation will be user friendly and comply with the international standards for the regulation of banks. I must mention from the outset

that we will restrict the number of banking licenses and employ an experienced professional to supervise the banks, so established.

- Reorganize and upgrade the Regulation Department to enhance its capability to meet international regulatory standards and more effectively carry out its mandate. We will also give high priority to the enactment of the Nevis Service Providers Ordinance to consolidate existing regulations and tighten the regulatory infrastructure.
- Create a modern state-of-the-art Registry to provide dedicated on-line access and registration to service providers.
- Collaborate with the Service Providers to develop a marketing strategy for the financial services sector focusing on new areas of growth and new approaches to marketing. We will selectively target the big players in the industry and offer them incentives to establish a presence in Nevis. NIPA will spearhead the marketing effort working in conjunction with the service providers.
- Put the ill-advised UTICO deal behind us and utilize our considerable marketing skills at the Financial Services Department to promote and market Nevis financial services.

41. Mr. President, this is just a synopsis of the government's plan to revitalize the financial sector as we respond to the vagaries of the global economy. We will not be overwhelmed by the challenges but will be resolute and steadfast in our determination to create opportunities and to propel Nevis as dynamic and reputable centre in a competitive world environment.

42. Mr. President, to sustain our thrust in Financial Services and Tourism, we need to continue to educate our people.

EDUCATION

43. Mr. President, education is the foundation on which every society should build productive and prosperous people. Based on the CSEC and CAPE results of years gone by, our children have been performing exceptionally well when compared to other islands in the Caribbean. However, to be competitive in the global economy, we will have to continue to

refine and improve our education policies and systems to give our children a better chance of succeeding. In this regard, we will continue to innovate and implement new programmes at all levels, from preschool to tertiary. In fact, I have already met with the Principals of the government owned schools to establish new approaches to the development of our education system and its management. Moving forward, the following areas will take prominence.

1. Enhance the overall performance of schools by focusing on effective school evaluation processes that take into account appraisal of principals, clinical supervision of teachers and teacher appraisals, the condition of school and classroom facilities, school records, and overall student performance. Emphasis will be placed on the training and retraining of Education Officers, Principals, Supervisors and those identified for succession planning. In this regard, professional development sessions will be provided for Education Officers, Principals, School Management Teams, Teachers and School Support Staff. The integration of technology in the school curriculum and culture will continue to play an important role in the overall development of our students. Additionally, an effective school review process will be reintroduced and conducted annually. This will result in the identification of the best performing schools as well as the most effective and innovative school leaders and thus enable us to implement best practices in all schools.
2. Provide resources for the effective maintenance of schools' physical plant, the upgrading of teaching-learning facilities, and curriculum enrichment at all levels. A system will be put in place for school maintenance. We intend to make good use of the newly introduced Technical and Vocational Education Training (TVET) sector at the Ministry of Education and encourage the involvement of the students who pursue technical subjects at school to use the physical plants for practical activity and for skill based education.
3. At the primary and secondary school levels, emphasis will be placed on teaching to the multi-ability classroom, identifying special needs and strategies for learning, behavior management, enhancing language arts, reading remediation, reading recovery, and information technology for teacher-librarians, and school safety procedures. Through the Child Friendly Schools' (CFS) initiative, children

and adolescents will acquire and develop knowledge, abilities and life skills in a healthy and safe environment which is inclusive, protective and respectful of gender differences and of cultural diversity. This government is concerned as much with the health, safety, security, nutritional status and psychological well-being of the child as we are with teacher training and the appropriateness of the teaching methods and learning resources.

4. Our students at the Special Education Unit have received over the last few years, great recognition for their outstanding achievements. The government through the Ministry of Education will be relentless in its efforts to ensure that these children continue to receive the due care and attention they so deserve, by increasing training for teachers at the unit, especially in the areas of teaching non-verbal students through sign language and picture exchange, and behavior intervention. Furthermore, the establishment of an early stimulation programme for special education children under five years old will be initiated.
5. We will continue to enhance capacity in guidance and counseling, by developing counseling strategies for sexual behavior, bullying and theft; anger management and conflict resolution; career guidance; and guidance counseling. The social media will be utilized to instill positive values. These will all receive priority in an effort to support the government's thrust in arresting the tide of deviant behavior in our society.
6. The Ministry of Education will continue to upgrade school libraries to support the curriculum, meet the needs of ALL students, provide for our rapidly increasing cultural diversity, and provide the relevant and current technology to afford research and interconnectivity for all schools.
7. To effect maximum use of technology in the classroom, as well as for the general public, we will ensure that all primary, secondary and tertiary institutions have proper internet access and functional websites and work towards the automation of all school and public libraries.

44. Mr. President, I have just highlighted some of the policy initiatives that will be taken by my government which are in keeping with our agenda for reforming education and with the goals of the national education plan. We will continue to maximize the use of scarce resources and ensure that our children get the best possible education. We are firmly on the path to increasing the resilience of the Nevis economy with our people, especially the young, at the centre of development.

45. Mr. President, we cannot sustain economic growth without a healthy and productive population.

HEALTH CARE

46. Mr. President, sustainable growth and development of a nation's population cannot be realized if the citizens are devoid of good health. As such, in 2013, the NIA will heighten its efforts in the promotion of both public health and institutional health initiatives, focusing on all demographics in the population, particularly in the area of non communicable diseases (NCD's).

47. My government is of the belief that the promotion of healthy lifestyle practices must begin in early childhood. 2013 will see the *expansion* of the frequency and range of services offered through the *School Health Programme* with regard to health assessments. Increased health assessments will allow for the early identification of risk factors for NCD's such as diabetes, which continue to be diagnosed in children and young adults in the population at alarming rates. The promotion of healthy lifestyle practices also includes the consumption of balanced nutritious meals. In this light, all meals prepared through government programmes including school meals will be guided by the expertise of a trained food service professional with experience in menu planning and the training of cooks.

48. Also of particular concern with regard to NCD's is childhood asthma. This disease was responsible for almost 300 outpatient cases at Alexandra Hospital in 2011. Recognizing the need for the scale up of services in this area, the NIA will partner with the *University of Virginia* in the second half of this year to undertake *an assessment* looking at social determinants that contribute to this disease. Child health initiatives in 2013 will also include

the availability of Paediatric services at the community health level with the goal of expanding access to quality health care to all of our children.

49. At the other end of the ageing spectrum, the CCM administration recognises that Nevis has a significant aging population, with an average life expectancy of 74 years. As such, it is imperative that programmes be developed that are geared towards their specific needs. One such need is that of physiotherapy. In this regard, a *community physiotherapy programme* will be instituted through the Public Health Department, which will undoubtedly be instrumental to the rehabilitation of persons that have suffered from a health related trauma, for example a stroke. Cognizant of the fact that exercise is important to the prevention and control of NCD's in that population, *exercise programmes* will also be incorporated into the diabetic and hypertensive programmes at the *health centres*. While this Administration understands the importance of institutional geriatric care, we also believe that with increased education, some families can be greater equipped to provide home based geriatric care. As such, a *Geriatric Education Programme* will be facilitated through the Public Health Department beginning this year.

50. Mr. President, institutional health services at the Alexandra Hospital will also be scaled up in 2013. The newly completed urological suite will not only cater for urological procedures but other services such as *orthopaedics and cardiology* thus facilitating *medical tourism*. This Administration also eagerly anticipates the upgrade of *Laboratory facilities* at the Alexandra Hospital which will facilitate the *expansion of available services* including those for prostate cancer. We have already approached friendly international agencies for assistance with diagnostic equipment such as a CAT scan and ultrasound machine to enhance the capability of the Alexandra Hospital. In addition to facilities expansion, human resource capacity will also be strengthened in the areas of *internal and emergency medicine*.

51. The NIA welcomes partnerships in health and are grateful to a number of longstanding international partners such as the Pan American Health Organisation (PAHO) and the Organisation of American States (OAS), the latter of which will be instrumental in the realization of a *computerized system for vital records* including births, deaths and marriages. We expect to see results of this project by the end of 2013.

52. The final and perhaps most critical initiative we would like to highlight for 2013 is the development of a *National Health Insurance Plan* as outlined on page 30, of our manifesto. The first phase of this initiative, which involves the establishment of a *task force*, will come

to fruition by the second quarter of 2013. Additionally, we are also pleased to inform the public of a household health care expenditure survey which will commence in the next few weeks, the results of which will inform this health financing initiative. We look forward to the *phased roll* out of this initiative shortly thereafter, which will increase the accessibility of healthcare services to the population while simultaneously contributing to the development of a sustainable healthcare system.

53. Mr. President, we also need a strong social support system for sustainable growth and development.

SOCIAL SERVICES DEPARTMENT

54. Despite the numerous negative influences, my government continues to be relentless in seeking to fulfil its mission to bring about meaningful social change within the economy through participatory and sustainable action programs in sports, community development, social services and culture. The government through the Ministry of Social Development plays a crucial role in social protection, social cohesion, people empowerment, building community resilience, preservation and promotion of cultural traditions, and the stimulation of the economy. We will intensify our efforts to make these programmes more impactful in the various communities.

55. With the prevalence of social problems, the Department of Social Services (through its Administration, Gender, Family Services, Seniors and Youth Services Divisions) plays a pivotal role in curbing, eliminating and addressing the many social ills confronting the different population segments of the society. In light of this, the Department will broaden its scope and strengthen its capacity for managing social safety net programs and planning and implementing short, medium and long term projects to benefit the most vulnerable in society.

56. My government through the Social Services Department will therefore concentrate on the following:

1. Conducting continuous needs assessments to determine which individuals and groups are most vulnerable and therefore in need of social assistance benefits. A review of the form of Government assistance provided will also be undertaken with the aim of empowering the most vulnerable clients. Individuals with disabilities, unemployed and underemployed single parents, seniors not benefitting from Social Security

Pensions, and foster children are earmarked as most vulnerable and needing additional Government assistance.

2. Training of field workers at the Seniors Division of the Department in an effort to improve their communication and interpersonal skills, and enhance their knowledge of caring for the elderly, including safety and security.
3. Strengthening the capacity of the Family Services Division to engage in evidence based approaches to assessing and interviewing in cases of sexually abused children and crimes against children generally. This will be done through attendance at national, regional and international conferences and seminars.
4. Accessing available resources to implement the **Youth at Risk Initiative**. This involves the Youth Division's **Youth At Work** training project which will assist the government in realizing its goal of job training and recruitment for young persons with little or no CXC General Proficiency qualifications.
5. Training of single parents in areas such as small enterprise initiatives for single women and managing teenagers in the home.
6. Collaboration with guidance counselors in schools to create teen awareness of the difficulties of pregnancy and the responsibilities of parenthood.
7. Use of the media to sensitize the public on the problem of domestic violence.
8. Assisting in the health and wellness of seniors with the implementation of the "Keep Fit" program for seniors.
9. Providing opportunities for youths and seniors to interact by organizing special activities. This is in keeping with the Department's commitment to promote intergenerational interaction and unity.
10. Collaboration with both Magistrate and High Courts with regards to providing case reports, social inquiry investigative reports, adoption reports and supporting clients

involved in matters of neglect, sexual abuse, physical abuse, child maintenance and rape.

11. Consolidation of the partnership among the employees of the Family Services Division and their counterparts in St.Kitts in relation to the operation of the recently opened St.Kitts and Nevis Juvenile Rehabilitation Centre formerly known as the Harris' Home for Boys. This juvenile facility will serve juveniles of both islands.

Community Development

57. As expectations increase for communities to play a more proactive role in coming together and making plans for their future development, the Department of Community Development seeks to actively engage communities in identifying their needs and issues, setting goals for improvement, and responding to problems and needs through empowerment and active participation.

58. In light of this, my government through the Community Development Programme will focus on the following:-

1. Implementing tools and strategies that will help to identify community skills, assets, issues and needs.
2. Developing strategies to encourage community participation and raise community awareness of available services, programmes, and support networks.
3. Developing new resources in dialogue with the community and evaluating existing programmes.
4. Collaborating with other government departments in evaluating community service policies and programs.
5. Researching and assisting in the planning, development, maintenance and ongoing evaluation of community facilities in relation to health, welfare, recreation, housing, employment, development programmes, policies and budgets.

6. Liaising with interested groups and individuals to provide new initiatives and set up new services that will help to combat anti-social behaviour.
7. Building capacity through continued training of community development practitioners.
8. Developing partnerships with local, regional and international agencies to secure funding for community projects.
9. Reviving the Basic Needs Trust Fund (BNTF) to strengthen the communities.

Department of Sports

59. Mr. President, sports play an important role in our society. It is an effective channel for social and human development as it contributes significantly towards social integration as well as physical and mental well-being. Sports also provide experiences to individuals of all ages and abilities, and is a key agent in fostering positive attributes such as integrity, discipline, commitment, and good sportsmanship.

60. My government intends to play a leadership role in sports development in the island of Nevis by creating sporting opportunities for the youth of Nevis. The Department will continue its development programs in cricket, football, netball, and basketball. The programs are currently being restructured to reach a wider population. Through the Department's new development model, youth and adults in all communities would be afforded the opportunity to be actively engaged in sports and recreation on a regular basis. In addition, the Sports Department is in the process of establishing a National Academy for our elite young athletes, a program that is geared towards preparing them for the arena of highly competitive athletics. Out of this initiative, the Department's aim is to form a Student Athlete Association. The new program will not be solely athletics based, but will also be geared towards the holistic development of the athletes. Other Sports Department development programs on the horizon include the **Generation-Next Initiative**. The mission of the Generation – Next Program is to develop our youths into elite athletic performers, to educate them and to instill values and attributes necessary to be “upstanding” citizens. Another sport development program to be introduced is **Game On**. This is in collaboration with the International Alliance for Youth Sports.

61. The Department of Sports has recognized the importance of training and professional development and has therefore embarked on several initiatives to provide training in the areas of sports administration, sports development, and coaching. In March, the Department teamed up with the St.Kitts-Nevis Football Association and FIFA to host a coaching course, the first of its kind in Nevis. As a result of this venture several other courses will be coming to Nevis in the not too distant future. We have also earmarked several other training opportunities for local coaches that we will be exploring. In addition, the Department will be facilitating several workshops and seminars for sporting associations and clubs that will focus on financial management, fundraising, human resource management, marketing and promotion, conflict resolution, and anti-doping.

62. The Department of Sports continues to work closely with the national sporting associations and the Department of Education to facilitate tournaments and competitions in the schools and communities. Recent collaborations include the Nevis Inter-High basketball championship and the Nevis Relay Championships. Our continued effort to revamp and revitalize the sports program in the high schools is well on the way. We will also continue to organize and promote community based sessions, leagues and competitions in the various sporting disciplines as well. In addition, The Department of Sports has begun the process of creating a Nevis Sports Council; a statutory body with the role of building the foundation for a community based sports system and also providing funding, consulting, and other expertise to community sports groups and organizations.

63. Our sporting facilities are integral to the overall sports development plan for Nevis. With this in mind, we have begun phase one of our new sporting facilities upgrade and maintenance action plan. Currently a thorough evaluation of the sporting facilities is being conducted. This evaluation includes examining current conditions, assessing upgrade potential, analyzing frequency and type of use, and exploring all possible usage to make sure facilities will be fully utilized. From this report we will be able to progress to phase two of the action plan, which involves doing the necessary work on the infrastructure to get it user ready. Improved lighting, bathroom facilities, and fencing are just some of the areas that will receive immediate attention. Phase three of the action plan is where the Department will implement a sound facility management plan that would ensure our facilities are properly and regularly utilized, maintained and secured.

Sports Tourism

64. Tourism is very important to our economy, and the link between tourism and sports offers tremendous social and economic benefits. The Department of Sports intends to capitalize on the many possibilities that sports tourism offers, as we seek to create a number of sports tourism related products that would have a positive economic impact in Nevis. We have already witnessed the successful hosting of the St.Kitts-Nevis Triathlon (Tri-Star) over recent years, an event which continues to attract participants from all parts of the world. This event is a clear indication of the potential of sports tourism, and the Department of Sports intends to develop events of this nature to sell to the wider world. We intend to work closely with Nevis Tourism Authority to plan, market, and implement sports and recreational activities of international standards that will generate considerable attention internationally. This includes professionally developed drag racing, tennis and golf tournaments, marathons, cycling events, and aquatic sporting events.

Culture

65. During the year 2013, The Nevis Cultural Development Foundation (**NCDF**) will introduce a number of new initiatives to create a greater awareness throughout the various communities on the island. Every effort will be made to further enhance and develop the arts and culture, to ensure that the Nevisian cultural heritage is sustained for generations to come.

66. It is the intention of the Foundation to have policies put in place that will ensure the Foundation operates smoothly and with the full understanding of all of its goals and responsibilities. The Foundation, during 2013 and beyond, will endeavour to be more proactive with its Cultural Arts, Presentations and Performances, and will place a greater emphasis on the training of its officers as well as our youths, with the aim of ensuring that the Nevis Cultural Development Foundation not only becomes a more viable and professional unit but ultimately be able to generate income to sustain itself and contribute positively to the economy of Nevis.

67. The Foundation will work closely with the Ministry of Social Development, the schools, cultural organizations and groups to provide technical assistance in the areas of Creative Dancing, Steel Pan Music, African Drumming, Cake Walk Dancing, Masquerade & Clown Dancing, Maypole Dancing, Fife Blowing, Quarto & Banjo Playing, Drama, Poetry and Playing Wind Instruments.

68. The Foundation also intends to make greater use of its assets, such as The Nevis Performing Arts Centre (**NEPAC**), The Nevis Cultural Centre, The Cultural Complex and The Cultural Village during the year 2013 and beyond, to showcase all of our arts and culture for the benefit of our citizens and visitors as well.

Festival Secretariat

69. The Festival Secretariat seeks to harness and subsequently showcase the diversified talent of all Nevisians through the organization of the Nevis' Summer Festival, Culturama in such a manner as to stimulate sustainable economic activity within the country.

70. The objectives are as follows:

1. Source culturally minded, creative and dedicated persons to serve on the Culturama Committee.
2. Co-ordinate the activities of, and to give support to, the Nevis Culturama Committee.
3. Solicit sponsorship from corporate organizations and individuals within the general public.
4. Create awareness among nationals at home and abroad with regards to the planned activities for the Nevis Culturama Festival.
5. Educate the populace so that they can develop a sense of pride for the festival and be willing to contribute towards its future development.
6. Encourage participation in Culturama from as many talented Nevisians thereby ensuring the success and continuity of the festival.
7. Create a festive atmosphere each year, which will serve as a stimulus for greater involvement in the festival from Nevisians at home and abroad.

71. Mr. President, I have just highlighted the various initiatives in the social and community development area that will inform our programmes and policies going forward. It is our intention to give a major boost to this sector with more effective targeting of programmes and resources, and linking social development with economic development.

A next important area in the creation of real value is Agriculture.

AGRICULTURE

72. Mr. President, the need to revive Agriculture in Nevis has become more urgent today than in the past. There is mounting evidence to show that the world population is growing faster than agricultural output, increasing wealth is leading to rising per capita demand for food, arable land is declining, and climate change is limiting the productivity of farm land. These worldwide trends are likely to lead to shortage and increased prices in the long term and thus negatively impacting our economy and our ability to live healthy. It is therefore important that we give priority to food security and pursue a path of import substitution by increasing production and strengthening linkages with other sectors such as tourism.

73. In addition, Nevisians and residents are becoming more health conscious and are demanding more local fruits, vegetables, meat and meat products. To this end, we are tailoring our programmes to create the enabling environment to increase production and productivity on the island to meet the growing demand for local food.

74. Mr. President, in moving forward, vegetable production will receive considerable attention to ensure that we produce more of what we eat. The government through the Ministry of Agriculture will target ten major crops for import substitution namely: Cabbage, carrots, corn, cantaloupe/honeydew, onions, sweet pepper, pumpkin, sweet potato, tomato and watermelon. We will specifically target onions, pumpkins, and tomatoes because of the high local demand and high level of imports. Our goal during 2013 is to reduce pumpkin and tomato imports by 30% and increase onion production by over 200%. In a very short time, we have started to make steady progress with our import substitution policy. I am pleased to report that between February and early April of this year, all of the tomatoes consumed, were grown right here on Nevis, resulting in the savings of significant foreign exchange.

75. Mr. President, with increased production, more water is needed for irrigation. My government will develop a sustainable water system of deep wells, distribution lines and storage units dedicated to agricultural usage only. Plans are already in motion and work underway for the drilling of a well at Indian Castle. The water that the well yields will be used for the Indian Castle Stock Farm as well as to support the expansion of crop production

in the area. The well will be funded by the Caribbean Common Market (CARICOM) Development Fund with assistance from the Nevis Island Administration.

76. Mr. President, land in Nevis is a scarce resource and thus we have to utilize modern technology to increase productivity which equates to producing more with less land. As such, we will develop new technologies in Nevis and transfer the knowledge to our farmers. During this year, we will give priority to the implementation of protected agricultural systems to increase production. This will involve the establishment of demonstration shaded houses on government estates which will be used to train farmers and encourage them to use the technology for agricultural production. The two public secondary schools on the island are also benefitting from this technology, through collaborative work with the Inter American Institute for Co-operation on Agriculture (IICA).

77. Mr. President, greater emphasis will be placed on Aquaculture by my government with the aim of increasing the availability of reasonably priced fish on the island, reduce the pressure on inshore fisheries, and decrease importation. A 15,000 cubic foot pond was constructed at the Prospect Agricultural Station and stocked with tilapia. The project has been successful and we are now ready to pass on the technology to farmers by encouraging them to develop small backyard fish farms. We are hoping that more farmers will make the investment so that the project could be expanded in the future to include other species and make Nevis self sufficient in the production of fish.

78. We will also continue to support the traditional methods of fishing. In this connection, your government intends to discuss with the Japanese Government the redesign of the Fisheries Complex Project to include training for our fishermen and the procurement of equipment to enhance the fishing industry.

79. Mr. President, in our effort to increase value added products in the agricultural sector, we will catalyze the development of the agro processing sub sector. It has also been identified as an area with potential for export providing that we are able to improve quality, reliability and cater to more price inelastic niche markets. With this objective in mind, we will work with producers to increase the product lines, access modern technology and improve the presentation of products through packaging and labelling. We will also request NIPA to undertake the necessary research to source finance and technical assistance from regional institutions and to help the producers identify and access export markets exploiting trading arrangements such as CARICOM and the Economic Partnership Agreement (EPA).

80. Mr. President, in addition to some of the new initiatives already highlighted, we will continue to improve existing services. The Abattoir will be upgraded and expanded to offer additional value added products such as pre-cooked meat and meat products. Additionally, we will seek to upgrade and expand the veterinary clinic to accommodate the increasing demand for clinical assistance especially to domestic animals. This will be done through a private public sector partnership initiative with a local organisation with the aim of securing capital to purchase equipment and enhance the quality of care.

81. Mr. President, my government will continue to foster a very healthy working relationship with our allied agencies such as the Caribbean Agricultural Research and Development Institute (CARDI) and the Inter American Institute for Co-operation on Agriculture (IICA). They must be highly commended for their sterling efforts in providing invaluable assistance in the areas of research and capacity building. Mission Taiwan continues to provide tangible support to our programmes and must also be mentioned with approbation for their contribution. My government will enhance and strengthen these partnerships as we collaborate more closely to achieve our goals for Agriculture in Nevis.

82. Similarly to Agriculture, housing and land are basic needs that must be addressed and will be given priority by my government.

HOUSING AND LAND DEVELOPMENT

83. Mr. President, in the last 6 years there has not been a coherent vision for the Nevis Housing and Land Development Corporation (NHLDC) or any level of decent management. We have spent the first 100 days assessing the damage and we are now ready to forge a new era of efficient and effective management, a return to profitability and a continued commitment to providing Nevisians with affordable housing. Based on our review it is clear that the corporation had many shortcomings within the management team. There was a lack of good business practices, a lack of proper accountability and in general a lack of good corporate governance. In addition, the previous management structure was insufficient to provide proper and adequate oversight of the corporation's business.

84. My government has appointed a new professional board of directors who have begun to develop a work plan in order to improve the management of the corporation in line with sound financial and business practices. One of the top priorities is to employ a Chief Financial Officer who will have the responsibility to implement adequate systems to improve transparency, accountability and profitability. We have also made a decision to amend the NHLDC ordinance to remove the Minister as Chairman of the Board in an effort to depoliticize the decision making process and promote transparency and good governance.

85. In the last few months we have outlined the following initiatives:

1. On the matter of NHLDC held mortgages, we are in the process of issuing a proposal to private banking institutions to take over these mortgages. We understand that we are all trying to cope in this challenging global economy and our goal is to maintain the monetary level of payments or lower them in cases where the payments were higher than industry standards. In addition, we have ceased the practice of granting loans to employees or anyone since we neither have the capacity nor the required systems in place to maintain the necessary records. It is our position that the NHLDC should not be competing with the private sector in the Mortgage or Loans business.
2. We have done a thorough review of the Construction of process. There has been a significant number of homes built over the last six years in areas that are now oversaturated. Moving forward we will make an assessment of where to locate homes based on the demand and giving priority to areas that have been underserved. Currently the highest demand is coming from St. George's Parish. Consequently, the corporation is seeking lands at fair market value in St. Georges to construct new homes to address this need gap.

86. My government recognizes that the construction sector has been one of our major economic drivers and as such we are committed to increasing growth in that area through our focus on providing affordable homes and access to land. As such, we are enacting policies that are transparent and fair. These are as follows:

- Every citizen will have the same rights accorded to them no matter their political affiliation.

- Uniform rules on eligibility and transfers of property are two areas which will be strengthened.
- Only persons who are truly eligible will have access to affordable housing.
- The government has been faced with numerous calls from homeowners expressing anger and disappointment about defects to their newly constructed homes. We have concluded that most of these issues are due to poor construction. This matter has been taken very seriously and as such, we have implemented a review process to select reputable licensed contractor with a proven track record in construction in an effort to improve the quality of the homes and to decrease home owners' dissatisfaction. We will also redesign the houses to ensure that persons receive more structurally sound homes.
- The NHLDC will not, as a matter of policy, compete with the private sector contractors.

87. Mr. President, one of the core mandates of the corporation is to support the Tourism Ministry in securing lands and providing development support for the Tourism industry. There is no doubt that if we are to continue attracting investors and growing the number of tourism jobs, we must renew our commitment to aiding the Ministry of Tourism in growing this industry. Therefore, there are several development opportunities that we are considering. The first involves using the lands owned by the corporation at Pinneys Beach to develop a beach park for the use of visitors and locals alike. The second involves using lands owned by the corporation at Belmont, Clarks and Pinneys estates for high end development as a way to enhance the earning capacity of the corporation and generate employment. It is our intention to work closely with NIPA to selectively target credible investors with the requisite financing and experience to undertake these projects.

88. Mr. President, while we take action to grow our economy and create wealth, the increasing incidence of disasters threatens to roll back the gain that we have made. It is in this light that we look at our Disaster Management Programme.

DISASTER MANAGEMENT

89. Mr. President, it is well established that the Caribbean is one of the most disaster prone regions in the world. Here in Nevis, we have been most susceptible to hurricanes which over the years have had a negative impact on our economy and have contributed to the high level of indebtedness.

90. Recognizing this threat, The Nevis Disaster Management Department (NDMD) will continue to develop strategies re-engage with stakeholders and residents on the island, regarding the critical need for comprehensive Disaster Management policies, plans and exercises.

91. To assist in the implementation of this goal, the Nevis Island Administration with the support and assistance of the United States Southern Military Command (US Southcom) is financing and constructing a separate Emergency Operating Center (EOC) and Offices for the Nevis Disaster Management Department. The project includes an enlarged Emergency Operating Center with space provided for Cabinet members to allow the command and control of Nevis in an Emergency/Disaster situation.

92. Mr. President, The Department is facilitating an Organisation of American States (OAS) sponsored project, **“Building Resilience to Natural Hazards, one Community at a Time”**, which is being implemented by HOPE Nevis Inc. in collaboration with the Department of Physical Planning, Natural Resources & Environment. This project dovetails into the local disaster management framework by targeting leaders to facilitate and provide instructions in community emergency responses. This initiative will encourage exchanges of experience, ideas and knowledge within the communities as well as bolstering the self sufficiency in response to emergency situations.

93. This project which primarily trains and outfits the Community Emergency Response Teams (CERT), will train some 100 persons in various aspects of Disaster Management including –

- First Aid and CPR,
- Fire Safety,
- Light Search and Rescue,

- Emergency Shelter Management,
- Vector Control,
- The Dangers of Sand Mining and
- Gender Issues.

94. The first phase of the project has already been completed with the training of some 26 persons in the St. Thomas's and St. Paul's parishes. Training in the St. John's parish has commenced to be followed by St. Georges and St. James. The project also includes the retrofitting of three (3) Community Centers and the posting of signs on the beaches, targeting illegal sand mining.

95. Mr. President, training will continue in a number of other areas including Shelter Management, Initial Damage Assessment, Mass Casualty Management, Incident Command, Logistics Support, Search & Rescue, Emergency Operating Center (EOC) & Warehouse Management.

96. Other areas of focus for the year 2013 will include:

- Development of a Mass Crowd Policy & Management Plan in time for the 2013 Culturama activities.
- Development of an Evacuation Policy to be utilized where necessary and in response to hazards such as Hurricane/Storm surge, Tsunamis, and Major Fires.
- Continuation of Disaster Management Exercises in conjunction with other stakeholders including Fire & Rescue, NASPA, Police Services, Solid Waste and others.
- Assist in the implementation of the Nevis Arterial Drainage Master Plan Project, which targets primarily the greater Charlestown area.
- Development and implementation of a Disaster Preparedness Week of Activities.

97. Mr. President, as we begin to put in place polices to minimize the effects of disaster, I urge the people of Nevis to make the necessary preparation to protect their assets from disaster. This year has been predicted to be an active hurricane season and thus we have to be ready. The government will continue to improve its disaster management capability but ultimately the onus is on all of us to take action to preserve life and property through property insurance and other mitigation activity.

98. I now turn to the public sector investment programme which is designed with economic growth and employment generation in mind.

PUBLIC SECTOR INVESTMENT PROGRAMME

99. Mr. President since the CCM government was given the mandate by the people of Nevis, the Ministry of Works has been evaluating all of the ongoing projects and is examining new ones with a view to ensure that these projects are implemented in a cost effective manner and that there is a level of sustainability after implementation. I would therefore like to highlight issues concerning the thrust of this Administration going forward in terms of the following categories:

Infrastructural Development

100. This category will cover areas such as roads, buildings, water, and energy.

Roads:

101. Mr. President, I want to assure all the people of Nevis that we will continue to maintain and upgrade the roads throughout the island in a sustainable and cost effective manner. The Ministry of Works has already started a process of reviewing and evaluating ongoing projects such as the Hamilton Road Rehabilitation & Drainage Project and other secondary village road projects which we believe were not implemented in the best possible way for the benefit of the people of Nevis. Following this comprehensive assessment it is our intention to develop and implement proper strategies to maintain, rehabilitate and upgrade various roads using the limited financial resources at our disposal. However, in order for this to be done in a sustainable way we are cognizant that our people must be empowered and given the necessary tools and equipment in order for us to be effective.

102. Mr. President, your CCM government will develop a road rehabilitation and maintenance plan that would be used to tackle a number of secondary village road projects in a systematic manner given the limited resources at our disposal. For example we would

rehabilitate the main carriage way at Hanley's Road as well as tackle a number of smaller road networks in the area over the short to medium term. There are other secondary village road projects throughout the island in various Parishes which will be rehabilitated as well. Mr. President, with the financial situation of the NIA, we are fully aware that all of these road projects will not be implemented at the same time but will be spread out over a period of time as the funds become available. We kindly solicit the patience, cooperation and understanding of the good people of Nevis in this process.

Buildings:

103. Mr. President in 2012 the Administration budget was EC\$885,000 for rental of assets of which a significant portion would have been allocated to rental of buildings. We believe we can generate significant savings and thereby obtain a high return on our investment in this area if we construct our own office buildings. To this end Mr. President, it is our intention to complete the upstairs of the Public Works Office Building, renovate the Repair Shop complex which includes rehabilitating the old 'CARDI' Building next to the repair shop at Prospect and complete the upstairs of the Labour Office Building in Charlestown.

104. Mr. President, this Administration will pursue the renovation and rehabilitation of Government House which has been neglected for many years. Currently the Administration is paying rent to house the Deputy Governor General who has no official site for hosting certain official functions at this time.

105. In addition, we will also develop plans and seek to allocate funding for the construction of an Office Complex and a Psychiatric Unit at government road next to the Alexandra Hospital along the main road. Some of the allocated funds will also be used to construct a new facility to house the Lab Unit at the Alexandra Hospital. Currently lab services are sought in St. Kitts or out of the Federation due to damaged equipment stemming from the deteriorating environment in the Lab Unit area. This cannot continue because we are aware that the lab is at the heart of providing outstanding and efficient medical services to hospital and by extension to the people of Nevis. It is also a revenue generating centre at the institution. Mr. President, we intend to look at the entire Hospital Complex and develop the appropriate Master Plan for the property as we expand the services provided in this area.

106. Moreover Mr. President, we will work with strategic partners locally, regionally and intentionally to enhance the Administrative services of the government by building a new Administration Building in Charlestown located in the area of the old electricity power plant. This Mr. President will not be short term but more long term.

Water:

107. Mr. President, we recognized that some work had started on a Caribbean Development Bank (CDB) project dubbed the Nevis Water Supply Enhancement Project when we came to office weeks ago. We met with the relevant stakeholders of the project and assessed the situation as it relates to water services. We also had very fruitful discussions with the CDB during the month of March relating to this project and other important projects that are in the pipeline over the medium to long term.

108. Mr. President, having conducted a thorough assessment, we have concluded that this project is important as it is part of our thrust to provide the highest quality, most cost effective and efficient public utilities on the island of Nevis with a view to create a climate for growth and investment. To this end civil works is expected to commence in the early second half of this year which involve replacing reservoirs, pipe line upgrades, construction of pump stations, purchasing and installation of equipment. This project, Mr. President, is in line with this Administration's goal which is to provide training or building capacity within the Nevis Water Department (NWD). The project will be expanded to include a reservoir at Morgan Estate which is in the Zetlands area.

109. The Nevis Water Supply Enhancement Project is not just about civil works such as building reservoirs, but includes developing a Water Resource Management Strategy for the island and some institutional strengthening. Mr. President this aspect is very important to us as we seek to create a climate for sustainable growth and investment because it will involve converting the NWD into an independently run utility either jointly with Nevlec as one utility company or the establishment of a separate water utility company. The factors that would influence our choice include the one that is more efficient, cost effective and that will encourage the rapid development of the water services sector. These options were discussed with the Caribbean Development Bank who had a team visiting the island on a project mission in mid March 2013.

110. Furthermore Mr. President, we discovered that one of the conditions for the CDB loan with the NIA is for the water rates to be increased by at least 30% which should have been implemented by the previous Administration since 2011. According to CDB this is necessary since the bank is investing about EC\$30 million in the Nevis economy which has to be paid back sometime in the future at concessionary rates. However the CDB Team accepted our proposal to conduct a tariff study before the implementation of the rate increase. We were reminded during the discussions that the water rates in Nevis have not been increased since 1984 and they are the lowest in the Caribbean. Other countries have gone ahead to increase their water rates by as high as 60% in recent times. Mr. President because we are a government of transparency, accountability and good governance, we will seek to push the tariff study ahead of time so that we can give the consumers the facts concerning the costs of producing water versus the revenue collected by the NWD. It will also help us, along with the water project, to deal with the inefficiencies in the system and the overall water resource management on the island.

111. Mr. President, on the water supply side we have conducted an assessment of the BEAD Company's contract with the NIA and will shortly discuss with the company a new approach to supplying additional water to the island which will be in the best interest for the people of Nevis. We recognized the importance of the water drilling program for the economy of Nevis since any growing economy will require an adequate and reliable supply of water to support the climate for sustainable growth and investment. However, we want to ensure our well drilling and resource management programs continue on better terms and conditions; and that our people are in a position to take-over the activities in this area in the medium to long term as smoothly as possible. We want to express thanks to BEAD for their patience while we evaluate their activities on the island.

Energy:

112. Mr. President, your CCM Administration was able to fulfill its promise to the people of Nevis by reducing their electricity bills by twenty five per cent (25%) within a few days after the people of Nevis returned us to manage the affairs of Nevis. I want to promise the people that we would not rest until we can eliminate completely the fuel surcharge on the electricity bills for domestic as well as commercial consumers. This will be done by engaging in the

development of a more diversified energy mix going forward. We believe firstly that geothermal energy development provides the best alternative for a cheaper and more reliable electricity supply on the island; but the development of this resource must be done in the best interest of the people and must be done properly working with the right stakeholders and investors. We are assessing the situation by examining the terms and conditions of the Power Purchase Agreement (PPA) between NEVLEC and the previous developer and the contract between developer and the NIA. We are fully aware that the previous agreements were embroiled in legal issues which we will have to untangle before moving forward. We are very hopeful that in the near future these legal matters will be put to rest so that we can move forward in earnest with the development of this important natural resource.

113. Mr. President, it is necessary to tell the people that we have had many interested parties coming forward to discuss the role they can play in moving the Nevis Geothermal Project forward. However we will move cautiously working with strategic partners such as the Organization of American States (OAS), the United States Government through the US Embassy in Barbados and the US Department of State, CARICOM, and CDB, and will remain focused until we achieve our goal.

114. Moreover, we will also look at the role that other alternative forms of energy such as solar and wind energy, can play in the energy mix on the island. We already have a privately owned wind energy plant that is connected to the NEVLEC grid; however, we are in the process of evaluating this wind farm's contribution to the energy production to determine how effective this is to NEVLEC. It is also our attention to encourage and support individuals and businesses that are interested in harnessing this form of energy.

115. Mr. President, we are aware that several homes are using solar energy and we will seek to work with friendly governments and regional and international organizations for assistance in this area. Mr. President, I do believe we need to develop the appropriate policies, laws, regulations and guidelines for renewable energy development mixed with our traditional fossil fuels, and this will be one of our thrust moving forward so as to create the appropriate climate for economic sustainable growth and investment. Energy efficiency and energy saving techniques will also be implemented. We want to let the regional bodies such as the Organisation of Eastern Caribbean States (OECS), CDB, CARICOM, and Caribbean Electricity Utility Service Corporation (CARILEC) know that the NIA will continue to participate in regional projects to move the energy agenda for the Caribbean forward because

we believe that these programs and projects play an important role in creating the climate for investment and sustainable growth.

116. Mr. President, thirteen (13) years ago your CCM government converted the Electricity Department into a private company called the Nevis Electricity Company Limited (NEVLEC). Today the Nevis economy is better off because of the deliberate decision this Administration took. Mr. President despite the global climate and the economic situation locally you would agree with me that NEVLEC is a success story. However after conducting an assessment of the company on returning to office, we discovered that there are challenges in collecting receivables and subsequently this has placed a cash flow constraint on the company's ability to implement necessary projects at a steady pace to further improve the system. In addition, the company has been operating without any assistance from its shareholder the NIA, which is ironically the largest debtor to the company in terms of its payment of electricity bills. In light of this Mr. President we pledge to help the company to reduce its receivables and will make a great effort to reduce government debt (electricity bill) to the company by bringing it to an acceptable level within the medium term. We are also aware that this has been a concern for the IMF and the CDB as the program is implemented in Nevis.

Environmental Protection and Sand Mining

117. Mr. President, it did not take long for the people of Nevis to understand and appreciate that the CCM government believes in protecting and preserving our natural resources and environment. The first thing we did, Mr. President, is to stop any effort to introduce a Fuel Storage Facility on Nevis mainly because we believe that the proposed facility would pose a high risk to our natural environment. When we weigh the potential environmental costs versus the potential economic benefits we concluded, even before returning to office, that this project was not good for the high end tourism and unique environment of Nevis. Therefore from the onset this Administration will continue to work with Non-Governmental Organizations such as the Nevis Historical and Conservation Society (NHCS) and regional and international bodies such the OECS, USAID, CDB, the Global Environmental Facility (GEF), the World Bank and other entities in developing strategies, policies, regulations and projects and programs to preserve and protect our environment which is absolutely necessary for our survival.

118. One of the fundamental problems on this 36 square mile island is illegal sand mining. My government, Mr. President, did not spare any time in starting the process in tackling this growing problem. One of the first things we did on returning to office is to conduct a press conference which was held on the Thursday 28th March 2013 on the subject matter by announcing a zero tolerance approach to illegal sand mining on Nevis. The people of Nevis would be aware that before 2006 this issue was under control when the Nevis Housing and Land Development Corporation (NHLDC) was the main importer of sand from overseas and was selling it at a reasonable price. However we noticed that the previous Administration abolished this approach without putting in place a proper alternative to prevent illegal sand mining and to control the cost of sand aggregate for the important construction sector on Nevis.

119. Mr. President, with the backing of the National Environmental Protection and Conservation Act of St. Christopher and Nevis (NCEPA), the Mineral (Vesting) Act of St. Kitts and Nevis and the Nevis Physical Planning and Development Ordinance, we will do everything within our power to prevent and eliminate sand mining on the island. We will work with the St. Christopher and Nevis Police Force, NGOs, the Legal Department, the Department of Physical Planning, the Ministry and Department of Agriculture and Fisheries, the construction sector, the tourism sector, the private sector, the people of Nevis and regional and international organizations to deal with this issue. We invite members of the private sector who are interested in importing sand to seek a permit from the Ministry of Physical Planning. We make one final appeal to businesses or individuals who do not have a permit to import sand to seek a permit from the NIA as soon as possible. Failure to do so will result in the enforcement of punitive measures within the laws at our disposal. The NIA has decided to provide the necessary concessions to facilitate the importation of sand to Nevis. This should assist in controlling the price offered by sellers of sand aggregate on the island. We will also explore the possibility of appointing Sand Mining Wardens on the beaches of Nevis; and with the help of the police we will train them and increase beach monitoring and patrol provided that there is an improvement in the financial situation and hopefully with help from the private sector.

120. Mr. President, we want the people of Nevis to understand that illegal sand mining is not just an issue for government; it affects everyone who lives on this island. With the onset of

climate change we have seen constant sea level rise, the increase frequency of severe storms and the rapid erosion of our coast. The sand is an important barrier to prevent damage to coastal communities, buildings, homes, businesses and our infrastructure as a whole. In addition, many of our Water Wells are located on the coast of Nevis hence the sand act as an important natural filter and barrier to prevent salt water intrusion in our water table and contamination in general. The picturesque coast line of Nevis is also negatively affected by illegal sand mining impacting our tourism sector by extension. Finally sand mining has the tendency to have a negative impact on our marine environment and ecosystem.

121. Mr. President, these are just a few examples of the negative impact sand mining can have hence we are sure that you have a better understanding and appreciation of the importance of preserving and protecting our environment for our survival and for future generations. If we are going to create the appropriate climate for sustainable growth and investment, protecting and managing our environment is a very important activity.

PUBLIC FINANCE

122. I now turn to the intent of my Administration with regards to the government's fiscal operations.

123. Mr. President, my government intends to take the needed corrective actions to restore fiscal stability conducive to long run economic growth and development. Thus the fiscal strategy is designed to reposition the use of resources to improve the growth prospects and welfare of our people. In addition, consolidation of the fiscal deficit will be done over time in order to cushion the impact on our already fragile economy. As a result, the tenets of the 2013 fiscal strategy involve charting a roadmap that includes:

1. Significantly reducing the budget current deficit through a more proficient allocation of resources and effective supervision by heads of ministries and departments. Produce a current account surplus when using the economic classification format of presentation.

2. Administering capital investment projects to foster sustained economic development. Public sector investment projects are essential to the development of the island and cannot be severely stifled over a long period of time. Therefore projects will be implemented in a conscious effort to create a positive economic and social impact.
3. Rationalizing the borrowing requirements of my Administration while intensifying our efforts to source funds from multilateral agencies like the Caribbean Development Bank to execute capital investment projects.

Review of 2012 Fiscal Operations

124. Mr. President, the review of the 2012 fiscal operation reveals an underperformance of revenue based on the total revenue and grants budget of \$158.83 million. The budget had earmarked \$128.72 million to be collected as current revenue and \$30.11 million as grants. However, there was a realization of \$116.51 million in current revenue instead. Tax revenue was less robust than anticipated. Subsequently, the actual out turn of tax revenue was under the budget by \$7.22 million or 7.31 percent.

125. The comparison of the actual performance is more optimistic. The actual out turn for 2012 against the actual for 2011 highlights an overall improvement of 7.01 percent. Total revenue and grants in 2011 was \$119.64 million. By 2012 it had risen to \$128.03 million. The dominant reason for the increase was a higher contribution in grant revenue from the St. Kitts and Nevis Sugar Investment Diversification Foundation (SIDF). The rise in grant funds totalled \$11.46 million; moving from a minuscule \$0.06 million in 2011.

126. Current revenue saw deterioration in the collected amount in 2012. \$119.59 million was collected in 2011; however, this amount had fallen to \$116.51 million in 2012 strongly because a fall in tax revenue collected at the Ministry of Finance: taxes were the main culprit creating this decline where they were quantitatively less by 4.13 percent.

127 Indirect taxes were especially susceptible to the stagnation in the economy and witnessed a downward movement totalling 5.49 percent. Inland Revenue Department collection of taxes on domestic goods and services although positively affected by increases in the collection of stamp duties were unable to withstand the major contraction in the Value Added Tax and other auxiliary taxes. Moreover, taxes on international trade and transaction

collected at the Customs Department narrowed by 15.44 percent. The decrease in these border taxes was caused by lower levels of imports for the year. Thus import duties fell to \$8.72 million in 2012 from \$9.72 million in 2011.

128. Mr. President, in 2012, faced with a shrinking resource base, the former Administration was forced to cut spending. The result was an unprecedented low level of spending in capital expenditure. The budgeted total expenditure for that year was \$179.14 million with \$51.8 million slated to be spent on capital expenditure. The ex post spending was \$143.81 million with \$17.68 million spent on capital which reflected the severe difficulty in accessing finance. The result of the above out turn was a total budget deficit of \$15.78 million in 2012 down from the extravagant \$54.71 million in 2011.

2013 Fiscal Resources and Allocations

129. The 2013 fiscal year is anticipated to produce total revenue and grants of \$131.32 million. Of this total recurrent revenue projection is \$123.02 million; a growth of 5.58 percent when compared to actual current revenue collected in 2012. The 2013 budget is a fiscally neutral one as I am of the view that increasing taxes further at this time can jeopardize economic activity. With this stance the Ministry of Finance is expected to collect revenue of \$112.62 million with Customs Department collecting \$38.56 million and Inland revenue Department collecting \$54.32 million.

130. At the Inland Revenue Department, anticipated increases in social service levy will have a positive impact on taxes on income and profits which are expected to expand slightly over the actual collection in 2012. The budget for these income taxes is \$13.75 million or 11.18 percent of recurrent revenue. Additionally, taxes on domestic goods and services have a budget of \$53.01 million with a VAT estimate of \$16.99 million.

131. Customs Department will collect \$38.56 million according to the estimate for 2013; taxes on international trade and transactions of \$22.93 million should benefit from a higher level of import duties in 2013. An anticipated increase in construction is expected to create this higher import levels ensuring increases in VAT and other import related taxes at the department.

132. Mr. President, non tax revenue is projected at \$30.34 million for the 2013 period. The projected revenue for the Financial Services Department is \$12.18 million. The department in collaboration with the Legal Department is expected to reform the legislative infrastructure that governs the operations of financial services on the island of Nevis. As a result, a number of key legislation will be amended in the 2013 and 2014 period which is expected to boost new business and lead to an increase in revenue as the year unfolds.

133. The 2013 total planned budgetary expenditure is \$148.78 million. \$124.69 million is devoted to current spending and \$24.09 million to capital spending.

134. The Ministry with the largest current budget allocation is the Ministry of Finance with \$58.90 million or 47.24 percent of the budget. The deviation from the 2012 budget is very minimal at about 1.00 percent, even with the inclusion of Trade, Small Enterprise, Consumer Affairs and Supply Office as departments within the Ministry. This resulted from a significant reduction in debt servicing of \$9.60 million, reflecting the terms of the restructuring arrangement.

135. Mr. President, the Ministry that had the most notable increase in its budget allocation when compared to the 2012 budget is the Ministry of Education, moving from \$16.09 million to \$19.55 million. In addition to some teachers returning from The Clarence Fitzroy Bryant College in the 2013 period, the 2012 figures did not take into account substitute teachers at the primary school level.

136. The Ministry of Social Development has been allotted \$6.55 million; an expansion of 21.27 percent over the previous budget, reflecting an increase in grants and contributions to the Nevis Cultural Development Foundation and the Nevis Performing Arts Centre. This supports the commitment of this government to enhance the development of arts on the island.

137. All other Ministries remain with minimal changes as outlined in volumes 1 and 2 of the budget estimates.

138. Mr. President, our commitment to reduce the budget current deficit of 2012 is strengthened by our agreement as a team to take a 10 percent cut in our salaries. We recognize that we have to set the tone for fiscal sustainability and have not hesitated to take

this measure. On the other hand, there is an increase in the allocation of resources to the Ministry of Education over the budget and the actual of 2012 in order to provide funds for needed graduate teachers. There is also a consolidation of the Ministry of Trade, Industry and Consumer Affairs under the Ministry of Finance. We feel this consolidation reduces duplication of efforts and better harmonize trade policies with other macroeconomic policies.

139. Capital spending is increased over the actual outlay in 2012 by 36.82 percent. It is my government's goal to continue to improve the delivery of essential services in water, agriculture and road maintenance. The water development project, funded by the Caribbean Development Bank will continue in 2013. The amount allocated for this project for the year is \$5.82 million. In fact, the Ministry of Communications will witness an increase of 20.85 percent rise in the capital expenditure allocation over the allocation of 2012 and 37.38 percent over the actual. The emphasis of this increase is in part to facilitate this needed project.

140. Mr. President, with the fiscal stance my government has taken; the budget current deficit is expected to move from \$9.62 million in 2012 to \$1.67 million in 2013. Against the backdrop of higher capital investments, the total budget deficit balance is set to widen from the actual of \$15.78 million in 2012 to the budget of \$21.99 million in 2013.

DEBT PERFORMANCE

141. Mr. President, the debt of the Nevis Island Administration and more so the Public Sector has escalated over the past six years mainly resulting from the inability to generate enough revenue to absorb excessive spending. This led to the federation's home-grown economic programme and comprehensive debt restructuring which aims to bring the debt stock on a downward trajectory and reduce debt service cost.

142. On March 15, 2012, the Federal Government issued a press release announcing the success of its debt exchange offer. Holders of Eligible Claims were given the option of exchanging their current instruments for either:

1. Partially guaranteed (up to US\$12 million) Discount Bonds; which entails a 50.00 percent reduction in face value with the balance repayable over 20 years, and coupons set at 6.00 percent for the first four years and 3.00 percent thereafter.

Or

2. Par Bonds with a final maturity of 45 years, a 15-year grace period on principal and 1.50 percent fixed interest rate throughout.

143. The two NIA external instruments affected by this arrangement were Royal Merchant Bank's \$1.50 million bond and UTC Financial Services Limited \$13.50 million bond - both Trinidad and Tobago based Institutions with interest rates of 10.50 and 9.50 percent interest rates respectively. During 2012, these bonds were converted to the new discount bond, with a small portion (\$150,000) as the new par bond. Additionally, the US\$10 million UTC bond of the Nevis Housing and Land Development Corporation was reduced by 50.00 percent, with extended maturity to May 2032.

144. Mr. President, the restructuring of the domestic debt instruments will be in the form of debt for land swap arrangements, and refinancing at lower interest rates and extended maturities. The debt for land swap will be managed by a Special Purpose Vehicle (SPV), which is an entity set up as independent body to deal with the land sales transactions. Discussions with domestic creditors are ongoing and it is anticipated that this process would be completed in the not too distant future.

145. Mr. President, based on recent information the effects of the restructuring of the external debts have had a positive impact on the debt portfolio. Revision of the debt data indicated a decline in Public Sector Liabilities by \$45.02 million; moving from \$413.88 million at the end of 2011 to \$368.87 at the end of 2012.

146. Additionally, 79.66 percent of the total outstanding debt is denominated in EC dollars, 13.89 percent in US dollars and the remainder in SDR's and Kuwaiti Dinars. The debt portfolio is proportioned as follows: 56.89 percent loans, 1.4 percent bonds, 22.16 percent treasury bills and 19.66 percent overdrafts, Mr. President, I must mention here that the total overdraft amount moved from \$37.93 million at the end of 2006 to \$70.27 million by December 31, 2012. This figure does not include the amount of \$64 million which was

converted to a long term loan at National Bank. Without the refinancing plan, the overdraft would have grown exponentially to \$134.27 million.

147. Mr. President, the restructured bonds of the NIA now form a part of the debt stock of the Federal Government. However, the NIA has signed an agreement to compensate the Federal Government for payments made on its behalf and hence the debt is included under the Nevis domestic portfolio for transparency. Consequently, public sector external debt declined from \$114.10 million in 2011 to \$75.03 million at the end of 2012; while domestic debt expanded from \$299.78 million to \$301.41 million over the same period. The domestic debt is expected to contract significantly after the proposed debt for land swap is completed. This is a conditionality of the IMF to facilitate its support for the fiscal stability of the NIA.

148. As it relates to debt servicing, Mr. President, the government is of the view that the high debt service cost has consumed the budget for too long and we have no intentions of reliving the debt restructuring process. The average debt service to current revenue ratio over the past five years was 37.06 percent; well above the target of 15.00 percent set by the Monetary Council for the Eastern Caribbean Currency Union (ECCU). This suggests that on average, 62.94 percent of current revenue was allocated to current programmes, including Personal Emoluments, thereby restricting expenditure and stifling growth in the local economy. Going forward, the Administration intends to seek external finance with concessional terms so as to reduce the debt service cost and prevent crowding out of private sector investment in the domestic market.

149. Mr. President, my government understands the implications of rising debt on the economy and future generations, and as such, the intention is to develop capacity within the Ministry of Finance to better manage Public Sector Debt. The continued assistance from the Canada Eastern Caribbean Debt Management Advisory Service (CANEC DMAS), the Eastern Caribbean Central Bank and other local and international agencies, will be solicited to equip key persons at the Ministry with the necessary skills in areas such as a Debt Portfolio Review (DPR), Debt Sustainability Analysis (DSA) and also a comprehensive Medium Term Debt Management Strategy (MTDS) that would guide borrowing and outline the plans and objectives of the government as far as debt is concerned.

FISCAL MEASURES

150. Mr. President, we have inherited an extremely tenuous financial situation with a high level of indebtedness, a strangling public sector wage bill and a fragile economy. Our response, within the limited time frame to produce a budget, has been to curtail capital and non recurrent expenditure to meet the targets prescribed by the IMF. We are also hoping that the completion of the debt restructuring exercise will bring much needed relief by improving the cash flow situation. However, the most problematic expenditure is the wage bill which ballooned under the previous government and is stifling our ability to expand the capital budget to induce real economic growth. There were some unproductive wages that had to be pared, but in the main we have kept the salaries and wage budget intact recognizing the hardship that retrenchment would create in these difficult economic times. Despite the harsh criticisms that we have received from opposition forces trying to distract attention from their mismanagement and incompetence, we have nonetheless been a caring government motivated by the unselfish desire to serve and protect the interest of all Nevisians and residents.

151. With the world still experiencing the throes of economic recession, there is no room for tax increases and thus our efforts will focus on improved expenditure management and tax administration. The Ministry of Trade will be downgraded to a department and subsumed under the Ministry of Finance in an effort to consolidate programmes and reduce costs. The focus of this government will be on improving efficiency in the public sector through skills training and the introduction of new systems and procedures. We will also begin to rationalize the Civil Service to restore its professionalism and efficiency. The training budget will be reviewed by undertaking a critical assessment of needs and focusing resources on priorities that are important for the development of Nevis. In the future, we will publish a list of the priority areas so that students can align their career paths with the needs of the country and enhance their marketability in the workplace. We will also use ICT solutions to improve efficiency. The government wide area network will be expanded during 2013 to cover all departments and in the medium term the plan is to establish an IT centre in Nevis to train both public and private sector employees in computer science.

152. Mr. President, we will also begin to assess the cost effectiveness of the Supply Office and other safety net programmes. In the near future we have to decide on streamlining and reorganising the operations of the Supply Office to make it more effective in supplying staple food items to low income consumers at a reasonable and affordable price. The safety net programmes will be streamlined and more surgically targeted to benefit the most vulnerable in our society.

153. In the area of tax administration, we will utilize modern technology at Customs and Inland Revenue to make the systems more user friendly for tax payers with the aim of improving compliance and collection. We will work in conjunction with the federal government to upgrade the systems at both departments to allow brokers and taxpayers on-line access so that taxes could be processed and paid in an expeditious manner.

154. We have also begun a comprehensive review of the tax incentive policies with a view to eliminating arbitrariness and targeting incentives to give a fillip to the priority sectors of the economy aimed at creating employment and growth. While these policies are being reviewed, we will continue during 2013 to give duty concession to hotels, restaurants and small businesses. The programme to assist first time home owner will be continued for a limited time as well. The intention of my government is to give a boost to these sectors especially construction which is regarded as a top priority for employment creation.

155. Mr. President, my government recognizes that functional cooperation should be strengthened with the Federal Government to create an environment of peace and stability, a necessary prerequisite for sustainable growth and development. We will continue to work closely in areas of common interest such as security, trade and foreign affairs but there are issues specific to Nevis that must be addressed to ensure equity and balance in the relationship, to solidify the bonds of friendship, and to give Nevis a fair share of internal and external resources. The previous government started negotiation on issues such as Revenue Sharing and greater autonomy for the Nevis Island Administration but their efforts were in vain.

156. My government believes that these issues, which are vitally important to the people of Nevis, should be given urgent attention and be pursued in a spirit of cooperation and mutual respect. In this regard, we wish to bring resolution to such issues as the VAT revenue sharing arrangement, corporation taxes due to Nevis but paid in St. Kitts, allocation and investment of SIDF funds, security on the island of Nevis, allocation of development assistance, and

greater autonomy for the NIA. We believe that these issues could be resolved without rancour and provide a solid foundation for the prosperity of both islands. We are therefore looking forward in anticipation to begin serious discussions in the near future on the matters highlighted.

CONCLUSION

157. Mr. President, it is well established in the business literature that a stable economic environment is essential for generating jobs and growth. This is the premise from which my government will approach the development of Nevis going forward. Over the last six years, we have witnessed the growth of a huge government bureaucracy, and a policy of excessive, arbitrary expenditure, and handouts by a government determined to hold on to power at all cost, without assessing the negative impact of such policies on present and future generations.

158. Mr. President, in seeking to restore fiscal stability, my government has been subjected to virulent opposition from opposition party loyalists who have a vested interest in preserving the status quo. They have been disingenuous in suggesting that the previous government was able to find the financial resources to keep the economy afloat during the recession; however, they have not critically analysed the effectiveness and sustainability of those programmes. With the massive accumulation of debt to fund its programmes, the island of Nevis stood close to the precipice of economic and social collapse. In fact, the NRP government virtually quadrupled the overdraft as an example of poor fiscal management. Since the start of the economic recession, the world is replete with examples of economic failures. Countries that were once considered epitomes of success have retreated to the back water of economic decadence, dashing the hopes and aspirations of their people. The important lesson that shines through the clouds of misfortune hanging over these countries is that irrational exuberance, resulting in countries living above their means, could have destructive consequences for their people.

159. Mr. President, this is the path on which the previous government had taken the people of Nevis. While the ministers were blowing their trumpets about performance, they were clandestinely meeting with the IMF begging for help to avert an economic crisis.

160. As a result of the financial situation, we have had to act decisively to restore faith and confidence in the Nevis economy. This government is for all the people of Nevis and has no interest in victimization. Our interest is to restore probity, prudence and thrift in government so that we can create the fiscal space and enabling environment to grow the economy out of recession.

161. Mr. President, the island of Nevis has huge potential for economic development. We have talented people at home and in the diaspora; we have arable land for agricultural production; we have the potential for wind, solar and geothermal energy; and we have a pristine environment alluring to visitors and investors.

162. What is needed now is dynamic leadership that could motivate our people and leverage our assets to enhance our competitiveness in the global economy. I can assure everyone that this CCM government has the intellectual, political and social capital necessary to advance the economic interest of our people as we face the challenges of the future. However, we all have an important role to play.

163. We have to increase productivity faster than wages; we have to boost exports by being more creative in business and finding niche markets; we have to find ways to reduce input cost by developing alternative energy resources and lowering taxes and tariffs; we have to develop policies to make credit more accessible by reducing interest costs; and we have to live within our means by controlling debt accumulation. My government is engaged fully in the management of the economy but our role is to create the enabling environment. Ultimately, our success as a people will depend on the enterprise, energy and initiative of individuals and organizations searching for opportunities and promoting the common good.

164. Mr. President, we are aware that some persons are vulnerable and will need government's assistance. We have given relief to our people by reducing the surcharge on electricity by 25 percent. As the financial fortune of Nevis improves over time, your CCM government will look at other areas to provide additional relief so that the people can have a better quality of life and be able to provide for their future security.

165. Mr. President, on the 23rd of January, 2013 the Almighty answered the prayers of the people of Nevis. The morning mist was dissipated by the rising sun signifying the dawn of a new day, the birth of a new beginning. There will be obstacles to progress in the future, but

we have the confidence that God will continue to be our guide and our light as we strive to create a climate to stimulate economic growth and development in Nevis.

166. Let us rally behind the CCM government and secure a future of peace, stability and prosperity for all.

167. May it please you Mr. President.