

THE NEVIS ISLAND ADMINISTRATION BUDGET ADDRESS 2014



“Facilitating Macro-economic Stability, Inclusive Growth and Employment”

Delivered By

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Premier and Minister of Finance

Nevis Island Administration

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1. Mr. President, I beg leave to move the second reading of the bill shortly entitled the Appropriation Ordinance, (2014) 2013.

INTRODUCTION

2. Mr. President, it is a privilege to rise this morning to present the second budget for my CCM government since taking office in January of this year. Despite the untenable economic, political and social conditions that we inherited, the people of Nevis have continued to repose confidence in the leadership of the CCM party knowing that equilibrium will be restored through our collective efforts and the implementation of sound policies and programmes.

3. In just eleven months of being in office the CCM government has been faced with the herculean task of reviving the economy of Nevis and restoring hope to the people of Nevis. All the financial gains that we had achieved during the 14 years of CCM leadership virtually dissipated overnight. The public debt nearly doubled to over \$400 million and overall deficits were generated consistently from year to year. Consequently, the island of Nevis, along with the Federal Government, had to participate in an International Monetary Fund (IMF) structural adjustment programme, and a debt restructuring exercise, retaining at a very high cost the professional services of Debt Advisors out of London.

4. Immediately on returning to office, the CCM government had to develop a rescue plan to abate the excesses of the past and to restore fiscal prudence and confidence. We do not have the same level of access to resources from state owned or controlled financial institutions, but we have prudently managed our limited resources by trimming fat, improving efficiency and targeting our intervention to critical projects and sectors. We still have a long way to go but we are making steady progress. For the period January to October 2013, the total expenditure has been reduced by 3.91 percent; moreover, the total budget deficit fell from \$3.97 million in 2012 to \$0.93 million in 2013, a fall of \$3.04 million. The public debt is also on a downward trajectory.

5. Mr. President, in spite of the challenges, we are looking ahead to an era of growth and prosperity. It will take some time, but we have the confidence that your CCM government could deliver on its promises. To this end, the overarching theme for this budget is **“Facilitating Macro-economic Stability, inclusive Growth and Employment.”** Macro-economic stability implies making our economy resilient to external shocks which in turn provides the enabling environment for sustained growth. This is achieved by implementing the appropriate mix of sound monetary and fiscal policies. We have very limited control over monetary policy and thus we will continue to focus our efforts on fiscal policy by improving expenditure management, and tax administration, as well as reducing the deficit and the debt to GDP ratio within the limits prescribed by the Eastern Caribbean Central Bank. A low Debt to GDP ratio indicates that the government will have the fiscal space and flexibility to address local needs rather than making large outflows to external creditors. This also creates the environment for high foreign and local investments as economic stability make return on assets more predictable and thus less risky.

6. For growth to be sustainable in the long run, it will have to be broad based across sectors and include a large proportion of the population and the labour force in particular. The commission on Growth and Development 2008 noted that inclusiveness encompasses equity, equality of opportunity, poverty reduction and protection in market and employment transition. These are essential ingredients of any growth strategy. We will therefore continue to maintain our safety net programmes as well as initiate new social programmes to assist the most vulnerable in the various communities. These programmes will necessitate some level of income redistribution but ultimately we have to grow the economy and increase productivity to lift the wages of the employed and the income of the self employed through the enhancement of the economic climate and increased investment and economic activity.

7. Consequently, my government will place employment creation at the centre of its policies and strategies. We will initiate programmes to deliberately stimulate employment in the sectors that have the greatest promise. The areas of focus will include hotel expansion, financial services, green energy, food security, infrastructure development and protection of natural assets. To supply the quality skills needed for employment, we will continue to focus on education, health, human resources and other productivity attributes that will enhance the productive

capacity of our people to achieve their full potential and contribute positively to the development of the island.

EXTERNAL ENVIRONMENT

8. Mr. President, I have highlighted the financial challenges that were thrust upon my government on assuming office. In addition to the domestic issues, the world economy has remained sluggish. According to the International Monetary Fund (IMF) most recent economic outlook, global growth is expected to recover slightly above 3 percent in 2013 to 3.75 percent in 2014. Growth in the United States is projected to rise from 1.75 percent in 2013 to 2.75 percent in 2014. The Euro area will remain in recession in 2013 but growth is expected to rise to just under 1 percent in 2014. The emerging markets will continue to be the engine for global growth but are expected to evolve at a more moderate pace. They are expected to grow at 5 percent in 2013 and about 5.5 percent in 2014. China will lead with an average growth rate of 7.75 percent in 2013 and 2014 with India following, increasing from 5.6 percent in 2013 to 6.7 percent in 2014. Growth in our other major trading partners is expected to remain subdued with the United Kingdom growing from 0.9 percent in 2013 to 1.5 percent in 2014 and Canada from 1.7 percent in 2013 to 2.2 percent in 2014.

9. The lackluster projected economic performance of the developed countries does not augur well for the Caribbean countries, including Nevis, that are heavily indebted and are largely dependent on tourism receipts, investment and remittances from these centres. Since the financial crisis in 2008-09, many Caribbean countries have tried to boost their stagnating economies by increasing public expenditure. This has resulted in debt to GDP averaging about 70 percent and current account deficits climbing to an excessive 23 percent according to IMF statistics for 2012. We have now found ourselves in a debt trap where we need to cut expenditure but this will further reduce growth which is already extremely low. As a result, many Caribbean countries have defaulted on their debt including St. Kitts and Nevis. In June of this year the island of Nevis

also defaulted on a \$20 million treasury bill issued on the Eastern Caribbean Stock Exchange. It is very likely that many Caribbean countries will have difficulty raising debt financing in the future as investors become wary of their fiscal challenges and poor economic prospects. Our economies are therefore in precarious positions and require that we design and implement creative policies and strategies to avoid economic collapse.

10. As part of our policies and strategies, my government is surveying the environment for opportunities to expand tourism, financial services and other sectors of the economy. This budget will demonstrate that we are serious about development and have the skills and knowledge to improve the fortunes of Nevis again despite a weak global economy and the six years of financial and economic decadence. With limited resources, we have started the process of recovery and transformation and we are confident that our efforts will restore pride in the hearts of all Nevisians and residents.

11. I will now turn to some of the specific policies and programmes that will be implemented in 2014. It is our goal to create a vibrant and sustainable economy through structural transformation. This will involve developing a healthy and well educated work force, expanding and more effectively targeting our social programmes, exploiting our natural resources in a responsible and sustainable way, improving and maintaining our infrastructure and expanding entrepreneurial opportunities. I would like to begin by discussing the areas earmarked for growth and employment since these will be top priorities for my government over the next four years.

STRATEGY FOR GROWTH AND EMPLOYMENT GENERATION

12. Mr. President, I have already highlighted that we inherited a veritable mountain of debt, a weak economy, high unemployment and increasing levels of poverty. Our inclusive growth strategies are designed to provide decent work for our people and improve their overall standard of living. In this regard, we will focus on sectors with high employment creation potential and in which we have a competitive advantage.

INVESTMENT PROMOTION

13. Mr. President, as global growth begins to show some sign of improvement, my government has to explore creative ways of attracting both foreign and local investments to sustain the economy and create jobs. In pursuit of this goal, our broad policies will be as follows:

- Encourage free enterprise in the various sectors of the economy;
- Focus investments on building value-added activities, expanding the knowledge base and developing the human resource capacity;
- Implement transparent policies, rules and regulations;
- Develop strategic plans to provide the broad direction for the economy;
- Protect local businesses by limiting foreign access in certain critical areas;
- Establish systems to better coordinate private and public sector activities;
- Give high priority to the greening of the Nevis economy; and
- Utilize the citizenship by investment programme to attract investments in the real estate sector in collaboration with the Federal Government.

14. Mr. President, the Nevis Investment Promotion Agency (NIPA) will play a pivotal role in providing the strategic direction for the promotion and attraction of investments. It will work with the government to formulate investment policies, to promote key sectors internationally by mounting missions abroad to capital exporting countries, to publish and disseminate promotional materials, and to collaborate with the private sector to increase the number of eligible and feasible projects.

15. My government will also place greater emphasis on consulting with the private sector. In this regard, we will continue with the annual meetings to discuss national plans and budgets. We will not stop here. We will reactivate the Public/Private sector committee that existed under the previous CCM government up to 2006. The purpose is to create a formal mechanism for regular feedback and brain storming on current government policies, incentives and the business and investment climate.

16. To facilitate investments and the ease of doing business, NIPA will operate as a one stop investment promotion agency. Its responsibility will include processing alien holding licences for approved projects; evaluating applications for investment projects; and developing and administering fiscal incentive packages for development projects.

17. We are confident that these initiatives will make Nevis more investor friendly and provide the impetus for sustained growth and development.

18. Mr. President, I now turn to tourism which is one of the most important sectors for the attraction of local and foreign investments.

TOURISM

19. Mr. President, tourism continues to be the dominant engine in the Nevis economy. It is, in every sense, everybody's business. Its impact goes well beyond the direct revenue generated from hotels and jobs created for hotel workers. It also impacts our shops and restaurants, our taxi drivers, our farmers and fishers. Tourism generates a significant portion of Nevis' tax revenue estimated at over 10 percent of total recurrent revenue. The multiplier effect of this revenue impacts every household in Nevis, thereby enhancing their standard of living.

20. On regaining the reins of government in January of this year, my government immediately recognized that this critical industry had not been given sufficient priority. Promotion of the sector was inadequate and airlift into Nevis was almost non-existent. My government therefore immediately set about taking important steps to remedy these deficiencies.

21. In relation to promotion, my government has been aggressive and relentless in its quest to have Nevis regain its position at the top of the niche luxury market in the Caribbean. The government, through the Nevis Tourism Authority, has invested heavily in targeted promotion of the island in our key markets in the United States of America, Canada and the United Kingdom.

22. Those efforts have borne fruits thus far. Nevis has been, in the past few weeks, featured in numerous online blogs as well as main stream media outlets. By way of example, the island and its tourism product has had recent invaluable exposure in the Sunday Times, the Guardian,

and the Express Newspaper, all in the United Kingdom, the Dallas Morning News, the Washington Post, the New York Times in the United States, the Australian in Australia, the Montreal Gazette and Toronto Star in Canada and several other daily newspapers. Our beloved island has also been featured recently in international publications such as Conde Nast, Departures Magazine, Elite Magazine and even smaller magazines such as Sainsburys magazine. The recent surge in good press for Nevis has not been by accident. It has been as a deliberate policy of my Government of re-engaging the international media and market. This unprecedented media coverage has permitted Nevis to reach well over 2 million potential visitors and has injected a new enthusiasm into the tourism sector.

23. My government has also had phenomenal success in attracting **new airlift** into Nevis. On entering government, we met a daily capacity to our major hub, San Juan Puerto Rico, of 14 seats. Cape Air has now been servicing that route for just over 2 years and my government publicly records its gratitude to Cape Air for its continued support for and commitment to Nevis.

24. However, my government has been firm in its view that we must have **airlift** into and out of Nevis' airport if we are to truly grow the island and its tourism sector. As a consequence, every effort was made to attract **additional airlift**. To that end, negotiations were entered into with Tradewind Aviation and Seaborne Airways. Those discussions were successful and my Government was pleased to welcome Tradewind direct daily service to and from Puerto Rico which commenced on November 2nd, 2013. We look forward to welcoming Seaborne Airways to the San Juan-Nevis route when they make their inaugural flight on January 15th, 2014. These two additions to airlift mean that my Government has now moved daily capacity from 14 seats to 100 seats. That represents an increase of more than sevenfold in airlift on that critical San Juan route. With major airlines such as American, JetBlue, US Airways, Delta and even now flights from Madrid, Spain direct to San Juan from our major markets, the ability to transport our citizens, residents and visitors into and out of Nevis has been immeasurably enhanced. My government urges our travelling public to use this new service recognising the attendant economic spin offs for our economy.

25. Mr. President, Nevis was saddened to hear of LIAT's temporary suspension of its Antigua-Nevis service but we have immediately negotiated with Fly Montserrat and SVG air to

fill the void to ensure that there is no disruption in the service from the crucial Antigua hub. LIAT has assured us that it will resume its service to Nevis on January 15th, 2014 and we look forward to engaging with them again.

26. Your government has also continued its discussions to increase the frequency and reliability of airlift into and out of St Maarten, our other major hub, where we hope to capitalize on the important European market with flights from Amsterdam and Paris. I wish to record my government's sincere appreciation for the invaluable assistance from the Four Seasons Resort and other stakeholders in advancing these important discussions with regards to airlift.

27. This government has not rested. It has been tireless in attracting small high end cruise lines to Nevis and looks forward this season to 33 cruise calls with some 8,500 passengers. We hope that these passengers will be motivated to return to Nevis as stay-over visitors on subsequent visits to the island. Our Ministry of Tourism has worked relentlessly to re-emphasize **tourism product development**, especially in terms of improving our historical and other sights of interest. The recently rediscovered Russell's Rest Waterfalls in the Madden's area have created a buzz amongst locals and visitors alike. Our efforts have been redoubled to create Nevis' first open air museum at New River Estate and extensive work has been done at the Heritage Village at Fothergills. The historic Bath Hotel has been transformed with remedial work to the building and the creation of beautiful gardens on the terraces. The Bath Stream continues to be cleaned by volunteers and continues to attract large numbers of locals and visitors alike. My government encourages our own people to enjoy these sites as well as our visitors.

28. Mr. President, the thrust in sports tourism continues. The island continues to make strides in attracting different visitors for various sporting activities, such as, the **Nevis Fishing tournament**, the recently launched **Booby Island Regatta**, the newly branded **Nevis Macca X Triathlon**, the new lionfish hunt, diving, and boating. The branding of Nevis' triathlon by the world's leading Triathlon athlete, Chris McCormack or Macca, promises to be a bonanza for the island. Macca X counts some 1000 members worldwide and Nevis hopes to attract many here for the event as well as the annual training camp put on by Mr McCormack. My government publicly records its thanks to Winston Crook and Greg Phillip for leading this important initiative.

29. Nevis has seen early indications of success in its new approach. Direct tax revenue from hotels for the first quarter of 2013 compared to the first quarter of 2012 has increased by 11 percent. While the second quarter of this year registered a 10 percent decline over the corresponding period in 2012, the third quarter of 2013 showed the most significant increase compared with 2012, when revenues increased by 38 percent. The overall hotel tax revenue for the first three quarters of 2013 has improved by 7 percent over the same period in 2012.

30. Based on preliminary information, it appears that the 2013/2014 tourism season will be a success with a significant increase in arrivals projected for stay over visitors. This augurs well for the industry and for the economy as a whole.

31. In relation to investment in this sector, my Government continues intense discussions on a number of promising projects including Aman Resort, as well as two proposed hotels, villas and golf course at Pinney's and a high end spa resort at Hurricane Cove Bungalows. More on these will be said as Nevis moves closer to the realization of these important projects. Mount Nevis, Four Seasons Resort Estates, Deon Daniel and Tamarind Cove continue apace to develop high end villas and condominiums and we expect villa development and sales on the island to exceed US\$100 million over the next 3 years. Your government is also very pleased that it partnered closely with the former Villa Paradiso which was closed for many years and which will reopen shortly as Paradise Beach, after a multi-million dollar renovation.

32. My government remains committed to capacity building and human resource development in the tourism sector and has recently concluded marketing training for small hotels - this is just one of the initiatives we have pursued and will continue to pursue to ensure that an optimal experience is provided for our visitors. Your government has also ensured that taxi drivers continue to be trained. We will continue to dialogue with the taxi operators to ensure that the services they provide, as well as their employment opportunities, are maximized.

33. Tourism continues to be a significant revenue generator for our beloved island. Your government remains committed to this critical industry and will continue to partner with stakeholders to deliver a first class product for our visitors. In that thrust, the Nevisian people must be front and centre and must be able to rise to the very top of available job opportunities in the industry.

34. Mr. President, to complement the tourism sector we will continue to give high priority to financial services which is a key area for investment and job opportunities.

FINANCIAL SERVICES

35. The financial services industry has been stagnant for the past six years and thus it is time that we take a more aggressive posture in marketing and regulating the sector to engineer its renaissance. The low level marketing and promotion has been compounded with the efforts by the Organisation for Economic Cooperation and Development (OECD) to impose standards and rules on Offshore Financial Centres (OFCs) in a calculated attempt to protect their shrinking revenue base from perceived threats and to maintain the status quo of financial imperialism.

36. Over the years they have created many subsets to keep OFCs in check. The Financial Stability Board has focused on supervision and regulation, The Financial Action Task Force on implementation of anti-money laundering regimes, and Basel 111 on Bank Regulation. Furthermore, the International Monetary Fund and the United Nations have joined the international effort with the UN focusing on corruption and the IMF undertaking regular assessment of the financial systems in many countries. The most recent initiative is the Foreign Account Tax Compliance Act (FATCA) which is driven by the United States and is likely to be copied and implemented by other G20 countries. A national FATCA committee was established to determine the best approach for the Federation to comply with the FATCA requirements. The committee consulted with the Bankers Association and the Nevis International Service Providers' Association (NISPA) and submitted a report, with its recommendations, to the Chairperson of the Financial Services Commission. It is anticipated that a decision will be taken early so that the Federation could meet the July 2014 deadline for the implementation of FATCA.

37. St. Kitts and Nevis has continued to be proactive in responding to demands of the various international bodies. We have already signed Tax Information Exchange Agreements with countries around the world. We have also been very successful with the implementation of phase

1 of the Global Forum standards dealing with the legal framework and during this month there will be a peer review of the Nevis Financial Services Sector to assess the effectiveness of implementation. We are very optimistic that the outcome of this evaluation will be positive.

38. In spite of the many challenges, my government will continue to forge ahead in the development of the Financial Services Sector. Based on our assessment of the market situation, we believe that the wealth of businesses, families and investors will continue to increase over time and opportunities for tax, estate and financial planning will increase. The trend also suggests that the old world will lose some importance and wealth will be created in other areas. The consensus among the experts is that those OFCs that continue to improve the regulatory infrastructure and to be innovative and flexible in product development and marketing will defy gravity and continue to grow. We intend to propel Nevis into the forefront in the region once again.

39. In our quest to remain competitive, my government will undertake the following initiatives:

1. Ensure that the pricing of products and services by government and private practitioners is internationally competitive.
2. Continue to upgrade legislation to ensure that we are on the cutting edge. We already had a first reading of legislation to amend the Nevis Business Corporation Ordinance and the Nevis Limited Liability Ordinance. These will be passed in the Assembly early next year and new amendments will be tabled for trust and the insurance legislations. We are also finalizing the drafting of a modern banking legislation which is expected to give a boost to the banking sector.
3. Continue to improve regulations and supervision to meet international standards.
4. Continue our efforts to more effectively implement and enforce anti-money laundering laws, domestic financial laws, and the exchange of information in tax and criminal matters.
5. Continue to contract consultants and partner with private sector organizations such as NISPA and Society of Trust and Estate Practitioners (STEP) to develop the sector.
6. Refine our marketing strategy to attract the industry leaders to Nevis and to focus greater attention on growth areas of the world including Asia and South America.

7. Continue to upgrade the technology at the Registry to make the registration process easier and more convenient. We have already signed an agreement with IBM to build a state-of-the-art registry which will provide online access for service providers. The work has begun and will be completed during 2014.

40. I will now turn my attention to another important growth area which is extremely important if we are to fully capitalize on the benefits of both tourism and financial services.

AGRICULTURE

41. Mr. President, I believe that Agriculture is one of the pillars on which we can continue to build a stronger and a more vibrant economy, increase employment, reduce import of food, and enhance healthy living. My government through the Ministry of Agriculture will create the enabling environment for sustained growth and development of this sector.

42. Even though our farmers have been doing a tremendous job in putting local products on the plates of Nevisians, residents and visitors; the potential exists for a large increase in production to reduce the importation of agricultural products.

43. To achieve this objective, we will intensify our buy local campaign which has been ongoing under the aegis of the Department of Agriculture. The campaign will seek to make our people more aware of the health and economic benefits of buying and eating local and the boost that could be given to the local farmers.

44. In 2014, the Agro- Processing Unit will be completely overhauled and restructured to become more efficient and productive. There will be a new management structure and trained staff employed to maximise the use of our fruits and vegetables for preservation and sale both locally and overseas if quantities are realized.

45. My government will work diligently with our farmers to not only increase production, but to be strategic in the approach so that the production can be consistent. We have made considerable inroads into the hospitality sector, but in order for us to capitalize on the increasing

demands of the tourism industry; we must be more consistent in the quantity and quality of production. Consequently, the government will ensure that additional acreages are brought into production and that existing government owned agricultural lands which are currently underutilized become productive. We will also work more closely with the Nevis Growers Co-operative in an effort to re-introduce crop scheduling that would subsequently lead to more consistent production.

46. Mr. President, as we advocate increased and consistent production, farmers will be encouraged to invest in improved technology, particularly shade house production or protected agriculture. Through the Ministry of Agriculture, we will facilitate the transfer of the requisite knowledge to successfully execute shade house production and will continue to collaborate with allied agencies to organize training programmes to ensure that our farmers keep pace with advances in technology. Our farmers will also be encouraged to venture into new crops in order to capitalise on niche markets that are available in the hospitality sector.

47. Mr. President, the demand for local meat and meat products continues to increase and our livestock farmers must position themselves to take advantage of the opportunities that are and will become available. The government will initiate this process by working closely with livestock farmers to improve the management and quality of their stock and also improve housing and pasture management to ensure better quality meat and meat products.

48. Mr. President, plans are at an advanced stage to expand and upgrade the Veterinary Clinic through a private/public partnership, a project that would commence early in 2014. The upgraded facility will provide improved services to the livestock farmers to keep pace with the anticipated upswing in livestock production.

49. Significant strides have been made at the abattoir in the production of value added products. We will seek to consolidate and improve on such advances by enhancing the range and quality of meat products to meet the demands of hotels, supermarkets and members of the general public.

50. With our nationals and residents becoming more health conscious, the consumption of fish continues to increase. Tremendous opportunities exist in the fishing industry and the fishermen will be given the necessary support to take advantage of such opportunities. With near

shore fishing stocks being depleted, fishermen would be urged to fully utilize the Fish Aggregating Devices (FADS) that are being deployed in our waters. Our Government continues to discuss, with the Japanese, the construction of the Community Fisheries Complex and we are hopeful that we will have agreement for the relocation of this project in the not too distant future. At our last meeting on 4th December, 2013 we again discussed the merits of the relocation with representatives of the Japanese Government and representatives of the Federal Government and we have written to the Federal Government on the advice of both sets of representatives, asking for support for the relocation of the project.

51. Mr. President, the government remains committed to providing the support necessary to move the Co-operative Sector forward in a way that will redound to the benefit of all stakeholders. The Co-operative Department will provide training and technical assistance to the existing co-operatives in an effort to strengthen these organizations. Additionally, the department will provide strict monitoring and oversight of the groups to ensure that they comply with the Co-operative by-laws.

52. Mr. President, Agriculture will remain a top priority of my government as we seek to transform it into a modern, dynamic and competitive industry with the potential to create employment and alleviate poverty.

53. Mr. President, another important area for my government is the development of the housing subsector to generate employment and growth as well as alleviating poverty.

HOUSING DEVELOPMENT

54. Mr. President, my government through the Nevis Housing and Land Development Corporation (NHLDC) has continued the housing revolution which was started under the previous CCM Administration, with investment in 19 affordable homes at a total cost of **\$3.48 million** during this current year. Of that number, ten (10) have been completed at a cost of **\$1.47 million** and nine (9) are under construction in Maddens, Prospect, Colquhouns and Potworks at a total cost of **\$2.01 million**. These include new and improved designs introduced by my

government namely the Sparrow, Hibiscus and Angel Eyes which are superior in quality to those built in the past. Some of the houses have also been constructed on land owned by the applicants. Pictures of the new designs can be viewed on the NHLDC website.

55. Mr. President, during 2014, we will continue the housing development thrust with the construction of over 100 homes. Nine (9) acres of land are presently being cleared at Colquohoun, St. Thomas, to create 52 lots for the construction of homes. In addition, an acre of land consisting of seven (7) lots will be made available to housing applicants in Nisbett Settlement, St. James Parish; one acre with another seven (7) lots in Hard Times, Gingerland; and 2 acres of land with 15 lots in Hamilton. We are also negotiating the purchase of lands in Bath Village to construct six (6) houses in an effort to stimulate development in that area and similarly we are negotiating the purchase of two (2) acres of land in Hanleys Road for the construction of houses in that area as well. We continue to receive requests from individuals to build on land already owned and thus we have projected to build 12 of these homes in 2014.

56. Mr. President, in our quest to stimulate growth, we would also enter the high end of the market. This will be done in partnership with private developers to reduce the burden on government and avoid direct competition with the private sector. In this regard, we have earmarked 11 acres of lands at Spring Hill bordering Garners Estate for high end residential purposes. This development is projected to start in 2014.

57. Mr. President, I must mention that the NHLDC inherited a number of delinquent loans which is a cause for concern. Presently, the arrears for land, leases and houses total \$0.89 million. Of note there are **75** persons paying for homes through the corporation at a total portfolio of **\$12.25 million** of which **29** are delinquent with arrears of **\$695,606.62**. I want to make an appeal to all the delinquent persons to make a special effort to update their loans. This is important to ensure that the NHLDC has the resources to continue the housing programme which is such a vital component of our development agenda.

58. Mr President, I must also report that as a result of poor workmanship under the previous government, we have had to effect repairs to many houses. The Cherry Gardens Housing Project which was officially opened in 2009 consists of 119 units of various designs. Since the change in government earlier this year, about 75 complaints have been received from dissatisfied

homeowners on various issues. The majority of these complaint relate to soak-away, poorly constructed septics, rotting railings and door frames, leaking roof, and cracked walls just to name a few. The NHLDC has already expended \$22,030.00 in repairs to four (4) units in Cherry Garden, one (1) in Hamilton and one (1) in Mount Lily. There is even a case where the NHLDC received a claim against it, registered in the High Court in late August 2013, from a home owner claiming damages and loss as a result of a structurally defective house purchased in April of 2009. The claimant is seeking damages in the amount of \$177,187.40

59. Mr. President, in spite of the challenges faced, we are encouraged by the fact that a number of home owners have been expressing their appreciation to the government and the NHLDC for the speedy response in effecting repairs. I believe that we are now back on track in constructing quality homes for the people of Nevis by ensuring that we hire experienced and qualified architects and contractors to undertake work. We will continue to give priority to this important subsector to improve the housing stock on the island and to empower our people to become home owners.

60. Madam President, the growth of Agriculture and the other growth sectors already highlighted could have a significant impact on the small business sector to which I now turn my attention.

SMALL BUSINESS DEVELOPMENT

61. Mr. President, the growth and development of the small business sector is extremely important to my government's goal of promoting inclusive growth and alleviating poverty through employment generation. It is well known that small businesses face many challenges, including lack of access to market and information, lack of access to finance and credit, and low technical and managerial skills. My government will strengthen the operations of the Small Enterprise Development Unit (SEDU) to assist small businesses with the development of business plans, market research, and marketing. We will also continue to provide training in

critical areas such as accounting, finance, management, quality control computer skills, pricing and marketing.

62. Most importantly, we have to address the challenge of access to finance and credit. Through SEDU we continue to provide loans to these businesses; however, the delinquency rate is very high and has reduced the resources available for lending. Since the change of government, we have reduced the delinquency rate from 77 percent to 65 percent but this is still extremely high compared to industry standards. I, therefore, appeal to these businesses to work closely with SEDU to update their loans so that we can continue to expand for the benefit of the small business subsector. Despite these challenges, we recognise that funding is inadequate and thus during 2014 we will seek to raise \$2 million in grant or soft funds for on lending to small business. These resources will be used primarily to assist production oriented businesses as part of our strategy of creating value-added products and reducing imports.

63. Mr. President, one of the priorities of my government is to develop the craft cottage industry to create greater synergy with tourism. With the projected growth in tourism arrivals and the increasing local demand, the Craft House will increase the range and quality of its products using local raw materials. Through SEDU, we will also provide training and fiscal incentives for local craft producers to enhance their skills to produce high quality products comparable to our regional competitors and meet the international standards.

64. Throughout the world small businesses have been playing a critical role in reducing unemployment and contributing to economic growth. They also provide a market based approach to the redistribution of wealth, income and opportunities. Recognizing these facts, it is our intention to use our small business policies to promote entrepreneurship and create a better life for many of our people especially in these challenging times.

65. Mr. President, I now turn to our public sector investment programme for fiscal year 2014 as we strive to build an efficient and modern public infrastructure in all communities in Nevis.

INFRASTRUCTURAL DEVELOPMENT - PUBLIC SECTOR INVESTMENT PROGRAMME

66. Mr. President, the Public Sector Investment Programme (PSIP) is critical to economic growth and the creation of employment. However, we have to control the growth of debt accumulation in the present economic climate and thus we have consolidated and rationalized the PSIP to give priority to the critical projects that will achieve the objectives already highlighted. We will also focus on creating a bigger economic and social impact utilizing less resources so that the benefits to the people of Nevis are maximized without increasing the debt burden.

Roads:

67. Since the CCM led NIA took the reins of government due to the confidence placed in us by the good people of Nevis, a number of activities and projects have been evaluated to determine the best way forward so as to generate savings, employment, fiscal and macroeconomic stability in our small vulnerable economy. One of the new policies implemented by this government is a shift from offering significantly high road contracts to companies when the work can be ably implemented by our own people living on Nevis. One such project is the Hamilton Road Rehabilitation Project which is being carried out under the guidance and leadership of the Public Works Department (PWD). Mr. President, what this means is that the local contractors will have an opportunity to benefit from the project going forward leading to an increase in employment and the generation of income that will circulate in the Nevis economy. We anticipate that works will continue through year end and the early part of 2014. The PWD also completed certain sections on the Brown Pasture Road at a significantly reduced cost to the administration. In 2014, it is our intention to carry out a well managed road programme which will facilitate inclusive growth and employment in the Nevis economy. We will complete the Hanleys Road Rehabilitation Project, Taylors Pasture and Shaws Road which are necessary for immediate infrastructural improvement and your Government will engage in a significant rehabilitation of the Island Main Road in the Cades Bay to Cotton areas.

Building:

68. Mr. President, we will continue to maintain an environment conducive to work through the provision and maintenance of adequate working spaces to serve the general public. However

since we came into office we have been met with several challenges which we intend to overcome. Firstly Mr. President, the Government House Building which is an important landmark and historical structure has been neglected by the previous Administration for several years even though work had started and significant financial resources spent on acquiring building materials from as far as Guyana. In addition, the NIA is currently renting a house to accommodate the Deputy Governor General who plays an important part in the public administration on Nevis. Therefore, Mr. President, the NIA has budgeted EC\$1 million in the 2014 Estimates to re-commence the rehabilitation and renovation of Government House.

69. Secondly, Mr. President, the Lab Unit at the Alexandra Hospital is in need of serious work as it is infested with termites and unwanted moisture which will affect the proper functioning of certain equipment. Your CCM Administration has already identified a possible source of funding for modern lab equipment. However, it is not a wise decision to place new equipment in the current environment. Consequently, after serious consideration the NIA has decided to construct a brand new building to house the laboratory which is the heart of proper medical services at the Hospital. The construction of this unit is the first phase of a larger project which will enhance diagnostic services at the Alexandra Hospital. We have allocated EC\$800,000 for this project which we intend to execute in 2014. Mr. President even though the above were mentioned in the 2013 budget address a proper assessment had to be conducted and resources had to be identified. We will seek to conduct other renovation projects as resources become available throughout the fiscal year 2014.

70. This Administration reported in last year's budget that we intend to develop plans to reconstruct several public sector buildings next to the Alexandra Hospital at government road. I am pleased to report that preliminary plans have been produced and the process towards construction will start in the early part of 2014.

Water:

71. Mr. President, civil works on the Caribbean Development Bank (CDB) funded Nevis Water Supply Enhancement Project will continue in full within the first half of 2014, due in part to the slow but thorough internal processes of the CDB and the longer than expected tender and

procurement processes. However, we are pleased to report that some civil works have started on this project in the form of constructing the concrete pads that would accommodate the reservoirs that have already been ordered from the Supplier. Even though the winning contractor is a company out of St. Lucia (FDL Consult Inc.), it is utilizing a local company to construct the pads, hence generating employment and income in the local economy. Mr. President, this is the model we are encouraging going forward in the implementation of this important project. We anticipate the arrival of the other items for the project such as pipes, materials, and equipment to allow for more civil works to commence on pump stations and the trenching and laying of pipes along our roads very early in 2014. This means that it would be necessary to repair the roads shortly after the distribution mains are installed bringing added economic activity on the island. Therefore the investment from the water project will certainly facilitate growth and employment.

72. Mr. President, on the water supply side we continue to work with BEAD to develop the best approach in securing additional supplies of water for future development; and ensure our people are trained and have the capacity to manage and control our water sector so that we can take-over the activities in this area in the medium to long term as smoothly as possible. Further Mr. President, several of our workers have had training in areas such as hydrology and water resource management overseas. We continue to work with our regional partners such as the Caribbean Water and Wastewater Association (CWWA), the Organization of Eastern Caribbean States (OECS), the Caribbean Community (CARICOM) and the Caribbean Development Bank (CDB) to name a few, to build capacity in the various disciplines in the water sector. Some attention will also be given to the physical environment from which our workers operate and provide the essential services in the management of water services on the island.

Physical Planning:

73. Mr. President, we have had some complaints from the public concerning the time it takes for processing development and building plans from the application to the approval stages. If we are going to create the right business environment to facilitate macroeconomic stability, inclusive growth and employment then it is imperative to ensure that our planning system is efficient. To

this end, it is the intention of the NIA to streamline the planning process to make it more efficient in terms of the processing and passing of plans. One of the new initiatives would be to introduce a new Electronic Form for applicants or people doing business with the Department of Physical Planning. Moreover, we will take an integrated approach to the planning process by involving various agencies in government such as the Environmental Health Department into the planning process so as to ensure that plans are properly evaluated and executed as per approved. We continue to crave the support of the general public and the business community in following the planning rules when processing and implementing their projects.

74. Mr. President, one of the goals of the NIA is to enhance and maintain the ecological integrity of the island through the provision of sustainable management and rational use of our natural resources. We have noted with great concern that some of our resources have been exploited especially on the coastal areas of Nevis, by persons or entities mining top soil and other aggregates illegally, defacing the last remaining lands of government. As a result your CCM Administration has taken a no-nonsense and zero tolerance approach to these unwanted activities. In addition, in the area of illegal sand mining, we continue to work with the St. Kitts and Nevis Police Force who has been very supportive in this process, and we want to register our thanks at this time to the police. We have also employed a Beach Monitoring Attendant to monitor the beaches in the St. Thomas Parish area. We will look at the feasibility of employing additional Beach Monitoring Attendants in other locations on the island of Nevis. Furthermore, we will seek to continue to educate the general public on the negative effects of illegal mining of sand and other aggregates and about physical planning in general through the Department of Physical Planning.

75. Finally Mr. President, we will seek to table and implement the Nevis Physical Development Plan in the near future after a review by technical officers and the Cabinet of the NIA. We believe it is important in the development and application of appropriate measures for conservation and regeneration of natural resources; and is a comprehensive environmental zoning and management plan for the establishment of terrestrial and marine protected areas.

Energy:

76. Mr. President, we now turn to an area of great interest for the people of Nevis and will perhaps turn out to be one of the most important keys which will facilitate macroeconomic stability, inclusive growth and employment in the Nevis economy. I am referring to the pursuit in the development of geothermal energy.

77. Mr. President, since your CCM led Administration took the reins of government in January 2013 we have worked with strategic partners to assist us in evaluating the project and advise the Administration as to the best path forward to reduce the legal, financial and technical risks and to realize geothermal energy for the people. We want to express from the onset our sincere thanks and deep appreciation to the United States Department of State in Washington DC for their tremendous support and assistance so far in this process. The US Department of State through its Bureau of Energy Resources has provided free technical assistance in the issuing of an RFP or Request for Proposals, to develop the geothermal resources on Nevis. In addition, they have provided technical assistance in evaluating these proposals through independent observers. Furthermore, assistance in negotiating, drafting and executing the Power Purchase Agreement (PPA) and Resource Contract has also been provided. It is now a matter of record that through this transparent process your CCM Government has selected Nevis Renewal Energy International (NREI) to develop in partnership with the NIA the geothermal resource of Nevis. It is expected that work on this area will commence in early 2014 with a thirty-six (36) month window of delivery of electricity to NEVLEC from the Geothermal resource.

78. Recently important officials from the Clinton Foundation also met with officials from the Nevis Island Administration and offered technical assistance in the development of renewable energy on the island of Nevis including geothermal and the development of a smart grid for NEVLEC. These organizations have shown strong confidence in the Nevis Island Administration and share similar goals and ideals of bringing relief to the people and business establishments on Nevis in terms of energy costs; and energy security. We will continue to work with all stakeholders and partners in implementing this project.

79. Mr. President, as you are well aware, your government in the interim has implemented a policy to bring much needed relief for consumers by granting twenty five percent discount on the fuel surcharge component of electric bills. While the ultimate goal is to totally remove the fuel

surcharge component of the electric bills for all consumers on Nevis, your Government has to further evaluate this policy to ensure it achieves the objective.

80. Moreover, we continue to evaluate other proposals for alternative forms of energy such as waste energy as a means to deal with our solid waste disposal on Nevis; and solar and wind energy. Despite these proposals, we will focus mainly on geothermal energy since it is the most feasible and cost efficient source of renewable energy for the people of Nevis at this time.

81. Mr. President, the development of geothermal and other renewable forms of energy will be the foundation for our strategy of creating a green Nevis. We believe that this is the way forward to improve the standard of living of our people. It is our intention to formulate a comprehensive sustainable development plan with detailed strategies and policies to create a green and environmentally friendly economy in Nevis. It will be approached from the stand point of social justice for current and future generations. We feel strongly that the monetization of green assets should not create greater inequalities and place the poor at a disadvantage. Through appropriate policies we will ensure that the benefits are spread throughout the communities so that the population as a whole could support and buy-in to the programme of change.

82. Mr. President, I will now give a more detail account of the private sector development plan which will help to stimulate all sectors of the economy and reduce the burden on government that has been the engine of growth over the years.

PRIVATE SECTOR INVESTMENT

83. Mr. President, your CCM government has been engaging in serious discussions with private sector investors to encourage the creation of employment and to enhance the economic revival of our island economy. Already the Investors in the Four Seasons Real Estate development have commenced the construction of four units consisting of 10 fractions each on property which it owns south of the existing Four Season Resort Hotel. The developers have indicated that they will be investing some US\$60 million in developing 15 such units and have already employed some 100 workers to undertake this project. In addition to this development, the FSRE investors have begun the preparation of the infrastructure to facilitate the development and construction of some 25 units on their Poinciana property at a cost of some US\$100 million

and this will come fully on stream in 2014, providing employment for additional construction workers.

84. In addition, your government has approved the application for the further development and expansion of the Mount Nevis Hotel and Condominium Project which will be undertaken at a cost of US\$60 million and will provide employment for 60 workers in 2014.

85. Your CCM government has also approved the development in the Butlers Area to be undertaken by local investors in partnership with a well known developer from Anguilla. In discussions with the principals of this project they are indicating that they will break ground in the New Year and this will also provide employment opportunities for a number of our tradesmen who have been languishing due to lack of any meaningful investment in the Private Sector for some time.

86. Mr. President, your CCM government has also given approval for the establishment of a small distillery in Nevis to produce high quality alcoholic beverage. The Cabinet has approved the concessions and it is expected that this new enterprise could be up and running by the middle of the new financial year. The principals of this project have advised that they will be employing at least 10 workers in the initial stages and this could increase as the demand for its products increase.

87. All this Mr. President, in addition to ongoing work at the Hamilton Beach Resort and the Tamarind Cove Development, augurs well for the future growth and economic development of Nevis. There has also been increased interest and activity in the LIVE Nevis project, another citizenship by investment project.

88. In addition to these private sector commitments, your CCM government has opened negotiation to raise private investment in government projects such as the expansion of the airport facilities. This will accommodate the increased airlift that has already been negotiated and additional traffic which will be attracted to Nevis. There is also the improvement in our schools and the construction of a new Government Headquarters. In this regard, discussions with the

SIDF and other local financial institutions are ongoing, and I have also commenced discussion with a group of financiers who indicated a willingness to invest in government capital projects. Moreover, they have also expressed a willingness to invest in long term NIA issued bonds to provide liquidity for our recurrent and capital activities. There have also been signs of a rebound in the construction of private and commercial dwellings. From January to November 2013, 167 building applications have been submitted for various classes of projects including 122 residential, 22 commercial, and 11 villa/condominium units. Of the total applications, 126 have been approved to date and preliminary indication is that a significant number of these projects which have already started will be completed in 2014.

89. Mr. President, I have placed these matters as part of your government's plans for the revival of the Nevis island economy and to demonstrate that the private sector, both foreign and domestic, have shown and will continue to show confidence in this CCM government. It is clear that we will see significant economic activity in Nevis once again, starting in 2014. This Private Public Partnership (PPP) is the new paradigm for development which this CCM government will pursue to revive the economic fortunes of Nevis and provide employment, and increase income for all our people to improve their quality of life and productivity. This will go a long way to alleviating the creeping poverty which seems to have taken hold of our country since 2007.

90. Mr. President, I do not wish to sound any negative note but I wish to caution that there are those who seek to thwart the forward movement of our island's development. While we recognise that the Nevis Island Government must cooperate and collaborate with the Federal Government, it must not be to the diminution of the Constitutional provisions which govern the operation of the Nevis Island Government or the loss of dignity of the people of Nevis. It would be more mutually beneficial were there to be support for the development initiatives of the Nevis Island Government as this would redound to the mutual benefit of all the people of the Federation. The call for greater equity and a fair share in the Citizenship by Investment Programme must be reiterated and the Federal Government would do well to support the development of the Programme for Nevis Projects.

91. I can only encourage our people to recognise that this CCM government has begun to put

in place a new strategy to empower our people through the provision of good quality employment in partnership with the Private Sector Investors. This is the thrust of this budget and it will create a new environment in Nevis which will restore the dignity and the pride of our people. This is our mission and the HOPE which we wish to instil in our people, especially our youth and those who have been longing for the restoration of good fortune and opportunity for all.

92. I wish to thank all of our donor governments and non governmental agencies which have been supportive of our initiatives to revive and restore the fortunes of our people. I must make mention of our traditional donors, the Republic of China (Taiwan), the Caribbean Development Bank (CDB), the European Union (EU), the Kuwait Fund for Arab Economic Development (KFAED), Canadian International Development Agency (CIDA), Pan American Health Organization (PAHO), the IMF/ World Bank Group; and the governments of the USA, Cuba, Venezuela, Brazil and Japan. In the new Fiscal year 2014, it is my intention to pursue as close relations as possible to take advantage of any technical assistance or soft funds, scholarship and training opportunities to continue the development of our people.

93. Mr. President, I will now turn my attention to the Social Sector which is also a high priority for my government.

SOCIAL SECTOR

94. Mr. President, the ultimate goal of my government is to improve the quality of life of our people. While the provision of safety nets is an important part of our strategy, we will not encourage our people to rely on hand outs. The real goal is to empower our people to become productive members of our society and thus advance the economic objectives of the government.

EDUCATION AND LIBRARY SERVICES

95. Mr. President, as a developing society, the Nevis Island Administration views education as the back-bone to the progress of its people.

96. With the successes realized over the past year, my government is committed to maintaining and even surpassing the already high standard of education attainment and achievement for all citizens and residents of this island. It is our intention to refocus the emphasis of our educational thrust in schools by putting our children at the centre of all our activities and to provide such holistic teaching to develop the well rounded citizens which will preserve the integrity of our country and propel it to future growth, development and success.

97. Mr. President, the Child Friendly Schools initiative, a framework to enhance the effectiveness of education provision will be aggressively pursued. By focusing on inclusion, democratic participation and child-centred practices within our schools, my government will insist on the implementation of school-wide positive behaviour management systems, increasing school safety mechanisms, and strengthening democratic participation of students through effective student councils.

98. In an effort to improve access to education, and improving the quality thereof, the Nevis Island Administration will enlist the support of regional and international funding agencies for the instalment of an ICT Centre for the Nevis Teacher Resource Centre (NTRC), and a Community Health & Wellness Centre at the Gingerland Secondary School. Among other initiative, we have already established a new preschool facility for the St. James area. In addition, it is our intention to further enhance the area of literacy and numeracy through interschool programs and competitions. We will ensure success in Mathematics, Science and Technology by equipping all schools with functioning laboratories and upgrading the networking system to facilitate research and interconnectivity between our schools and the rest of the world. The School Feeding Program will also be extended to the Special Education Unit and the Joycelyn Liburd Primary School.

99. With rapid changes in our global economy and new technologies being introduced every day, more highly skilled workers are required. In this vein, my government will seek to provide the technical support and relevant training in order to develop and further enhance programs at

the Multi-Purpose Centre. Both the school population and members of the wider community will be given the opportunity to acquire and develop the critical skills demanded by the labour market through after-school programs which will be offered through the Ministry of Education's TVET and Adult and Continuing Education (ACE) programmes.

100. Additionally, in keeping with the transformation of the global economy, so too would the Education system be transformed through continued efforts in the training of Principals, Teachers, and Administrative and support staff.

101. It is my government's intention to also make the provision of Library Services more efficient and of more relevance to our society. To this end, we will redouble our efforts in providing comprehensive, up-to-date and timely information for the educational, cultural and recreational reading needs to all patrons of our libraries. In an effort to widen our user research base and to stay abreast of the rapid advances in technology we have sought the automation of the public libraries' collection; and will continue to encourage the training of our library staff in the areas of library and information studies, technology, media relations, cataloguing and acquisitions.

102. Through effective collaboration and shared responsibility, the Ministry of Education and Library Services will redesign its professional development strategies to effect maximum productivity for the overall enrichment of all citizens and residents of the island of Nevis.

103. Mr. President, in addition to our educational programmes outlined, we will embrace a holistic approach to human resource development targeting the needs of the country. It is also our intention to introduce during the course of 2014, the teaching of Spanish in the Primary Schools of Nevis. In this connection, your CCM Government will establish a Languages Division within the Department of Education to spearhead this initiative.

HUMAN RESOURCE DEVELOPMENT

104. My Government, recognizing that our people are by far our most important resource will remain committed to the development of our human resource capital in 2014. It is against this

background that the Human Resources Department will seek to organize and implement programmes that are in keeping with our goal to foster a public service built on principles of accountability, efficiency, equity and professionalism. Our aim is to place the Public Service in a position to fulfil its overall mandate of delivering quality service to the people it serves.

105. In 2014, training will again feature among our priorities as we continue to provide financial assistance to Nevisians pursuing higher education up to the Bachelor's degree level. However, while we will be willing to assist students who are in need we will continue to ensure that our assistance programme adequately caters for the needs of our country, so that our training would not merely be done in a vacuum. Therefore, there will be some correlation between our priorities and the level of assistance granted. Again, we shall recommend our regional institutions; the University of the West Indies, the University of the Virgin Islands and the University of the West Indies Open Campus, which offer many opportunities in quality education at a much more cost-efficient level. We will also continue to partner with friendly governments and organizations to promote the training of our people. In 2014, your Government will give priority to those who wish to pursue further education in English Language and Literature, Mathematics, Sciences, Geography, General Nursing, Psychiatric and Geriatric Nursing and allied Health Sciences, including Physiotherapy, Radiography, and Vocational and Technology Education and Special Education. The objective here is to strengthen the resources which will have the greatest impact to satisfy the needs of our country at this time.

106. Furthermore, in-house training will form part of our drive to improve standards at all levels in the workplace. To this end, the Human Resources Department will again schedule visits to various government departments and ministries to further expose public officers to the rules and regulations which inform the conduct of the public service and to give all employees the opportunity to air their concerns. Training activities will also be conducted in the crucial areas impacting performance, attitude and productivity. In this regard, it is the intention of your government to strengthen as well the personnel division within the Ministry of Human Resources, to provide intervention and guidance for employees in the Public Service.

107. Mindful of the need to foster greater public awareness of the Public Service, the Human Resources Department will partner with the Department of Information to initiate programmes to sensitize the public to the functions of the different departments in the Public Service. Programmes highlighting the achievements of public servants who have given exemplary service to our people will also be organized.

108. We are fully aware that we ought to give due recognition to our people who excel in various fields. In light of this, we will recognize the efforts of public servants who have served commendably and have given high quality professional service over the years. This, we hope, will serve as a source of inspiration for all of us who seek to render exemplary service and aim for higher standards as we commit ourselves to the important task of nation building.

109. Our expectation is that with the direction outlined for the Human Resources Department for 2014, there will be a general improvement in the quality of service we offer to the general public and the projection of a more positive and progressive image.

110. Mr. President, another important area of human resource development is Health.

HEALTH

111. As we endeavour as a nation to attain macroeconomic stability and inclusive growth, investment must first be placed in the health of our people. The old adage, the health of the nation is the wealth of the nation is arguably the most important indicator in this regard. Without healthy people, wealth cannot be attained, as productivity in the workforce is reduced.

112. My government is cognizant of the importance of health promotion which reinforces behavioural change and the importance of adopting healthy lifestyles. Activities in this regard are of particular importance in youth where there is a greater likelihood that healthy behaviours will be adopted and practiced throughout the course of life. In 2014, it is expected that healthy eating practices in primary school aged children will be realized as the result of the employment of a food and nutrition specialist in the third quarter of 2013. This specialist will also reinforce this

concept in other health programmes including but not limited to diabetic and hypertensive clinics, antenatal and men's clinics, the latter of which will be expanded to all health centres in 2014. As has been the practice health promotion programmes will continue in communities, workplaces and faith based organizations, with a heightened focus on the prevention and management of non-communicable diseases. These prevention and management strategies will encourage residents to take advantage of the multitude of education and screening services available for prostate, colon, breast, and cervical cancer, hypertension and diabetes. It will also address communicable diseases such as HIV/AIDS, which remains an urgent priority for the Ministry of Health as my government strive for the attainment of goal 6 of the Millennium Development Goals which is to Combat and eradicate HIV/AIDS, Malaria and other diseases. Already we are making great strides in the prevention of mother to child transmission of HIV due to the high uptake of free HIV testing offered to all antenatal clients.

113. While my government places greater emphasis on its thrust in the area of health promotion, we recognize that there are instances in which individuals in the population will have to access curative health services which can be costly and create a barrier to accessing health services. Cognizant of the tremendous financial burden that healthcare can place on individuals and families which can sometimes result in poverty; my government has continued to support requests for medical assistance to those individuals who require overseas care in particular. These medical costs are oftentimes exorbitant and have contributed to the unsustainable health financing situation which currently exists. In an effort to address this financial burden, we will continue to discuss the development of a national health insurance scheme in 2014 which will allow **all** residents to access health insurance coverage. Other policy decisions regarding medical assistance will include means testing for all medical assistance requests and the implementation of a ceiling value on the amount of assistance granted by government to each individual.

114. A significant contributor to the rising health costs is the rising rates of life expectancy. With a current life expectancy of 75 years of age, our seniors are living longer and thus require access to health services with greater frequency. Cognizant of the importance of satisfying the primary healthcare principle of being responsive to people's health needs, my government will respond to the needs of our seniors with respect to the provision of community physiotherapy services. With several persons in this category in need of rehabilitation due to stroke and other

conditions, we have acquired the necessary human resources and will be prepared to roll out this activity in the first quarter of 2014. This service will enhance our geriatric health programme at the community level.

115. The provision of adequate human resources in the health sector with the appropriate knowledge and skills is of paramount importance to my government. While we recognize that we have tapped into our well educated human capital in some areas as evidenced in the return of several of our retired nurses, we also acknowledge the need for strengthened human capacity in critical areas including mental health, and cancer services. As such, we will increase the staff complement at the Mental Health Unit to include an additional nurse and contract the services of a full time psychiatrist. With an average incidence of 25 cases of cancer per year over the last three years, we also look forward to the return of a medical technologist trained in cytology which will facilitate the reading of pap smears on island, thus reducing turnaround time for results and early identification of cellular changes.

116. Adequate and sustainable resources in the health sector extend beyond human resources to that of facilities and other inputs. My government recognises the importance of providing the public with adequate health facilities. In this regard, we have identified the construction of a new laboratory facility as a priority in 2014. The laboratory is oftentimes referred to as the nerve centre of an institutional health facility, it is therefore imperative that it is housed in a space that is ideal for its optimal function. It is also our intention to expand at least one community health centre to allow for the expansion of public health services in accordance with the draft National Health Policy which speaks to the provision of suitable health facilities for the delivery of health care at the primary and secondary levels. The completion of this policy is critical to the investment in health infrastructure among other areas as it provides a standard for investors and others with respect to the provision of quality health services.

117. An increase in adequate health facilities is not only contingent on government investment but also that of private partners. In this light, the Ministry of Health has advanced plans to utilize the recently constructed surgical suite at the Alexandra Hospital which will among other services cater to the provision of additional urological services as well as orthopaedics, oncology, cardiology and general surgery. Beyond the provision of medical services at the local and national level, this surgical suite will also contribute to the advancement of medical tourism on

the island, as patients are expected to access the services offered by this suite from regional and international destinations. In addition to advancements in this new wing of the Alexandra Hospital, we are pleased to announce great strides in ocular health. In collaboration with the visiting physicians of the Nevis Eyecare Programme we have recently acquired approximately US\$100,000 worth of equipment which will allow for the introduction of cutting edge cataract and other eye surgeries. We continue to affirm that public/private partnerships will also advance the feasibility of the establishment of a dialysis unit on Nevis. My government continues to discuss this possibility with national, regional and international partners, and will soon make a decision on the way forward in that regard.

118. My government recognises that partnerships are not only important with the private sector but with line ministries. In 2014, in collaboration with the Ministry of Agriculture, we will establish a garden at the Alexandra Hospital which will allow for a certain degree of sustainability with respect to the provision of fruits and vegetables at this facility, thus translating into increased accessibility to healthy food, while at the same time reducing expenditure.

119. I now turn my attention to the social development which is important to our objective of inclusive growth.

SOCIAL DEVELOPMENT

120. Mr. President, the Ministry of Social Development has devised and adopted plans that will enhance the campaign to reduce the risks of unemployment, underemployment, poverty and anti-social behaviour in our society.

121. The Youth Division will continue its established programmes such as the Summer Job Attachment Programme along with providing technical training aimed at increasing the employability of young people and enhancing their interpersonal and leadership skills.

122. Extending beyond the Boys' Choir, the Ministry will launch a Youth Empowerment through Music Initiative. Its aim is to harness the musical potential of boys by providing an avenue through which they can develop their skills.

123. The Division has partnered with Operation Future to bring the first Creative Youth Academy to the island. This will provide youths with the opportunity for meaningful engagement with the society by appealing to their interests. We will continue this partnership and work diligently to bring additional programmes and resources to the academy.

124. The following additional partnerships will be initiated:

1. Partnership with the private sector including financial institutions to empower youths through training in financial literacy and entrepreneurship skills development.
2. Collaborate with various departments such as the Health Education Unit to provide health and wellness programmes for youth.
3. Strengthen partnership with the Ministry of Education to provide programmes focussed on issues facing youths.

Social Services Department

125. Mr. President, the Social Services Department will embrace new programmes under the National Social Protection Strategy. One such programme is R.I.S.E. (Restore, Inspire, Secure and Empower) which aims to consolidate a range of social safety net programmes.

126. Under RISE families will be afforded government financial assistance with the requirement to fulfil a range of co-responsibilities with the guidance of trained counsellors and social workers. Families will be mandated to register with a primary health care practitioner to take advantage of free preventative care. Moreover, children under the age of five must be enrolled in an early childhood programme and school attendance has to be regular with adults undergoing skills and academic training to gain and upgrade employment. In short, RISE will seek to develop each member of the family to ensure a strong and stable family and community.

127. The Gender and Family Affairs Divisions in conjunction with UNICEF has launched an intense programme to raise awareness of child sexual abuse. My Administration endorses this programme along with the "Blue Bear" initiative launched in conjunction with the US Embassy

and UNICEF. The anti-child abuse campaign is manifested in a series of advertisement aired regularly on NTV. We wish to send a clear message that domestic and child abuse will not be tolerated.

128. Mr. President, the new Junior Minister has committed to improve the lives of women in Nevis in her inaugural speech at Mount Nevis Hotel at a symposium to commemorate International Women's Day. A new Gender Coordinator and additional staff have been added to the Gender Division. The plan is to establish a Council of Women in Nevis. The department will strengthen efforts to assist abused persons through a range of new services which include the operation of a hotline for use in crisis. We will continue public education through advertisement and community talks on ways to combat domestic violence.

129. The provision of funds to teen mothers is part of a programme, "Second Chances" which is providing life skills and job preparedness training to young mothers. This is in tandem with the Teen Mother's Academic Assistance Programme that provides scholarships for young teen mothers to continue their education.

130. The Intergenerational Bonding Programme conducted by the Senior Citizens Division has seen activities held at the Violet Jeffers Nichols and the St. Thomas' Primary Schools. These activities encourage greater interaction between our young people and seniors and will be extended in the New Year to areas such as Hanley's Road and Bath Village.

131. A health and fitness programme has been implemented this year with trained instructor Masefield Nisbett at the community centres across the island. Moreover, the new free utilities programme will see the Administration offering concessional rates on electricity and water for seniors through a phased approach which has started in October with seniors 80 years and over.

Community Development

132. The role of Community Development Department is to assist in enabling the community to build the capacity to improve their emotional well-being and problem solving ability in order to effect positive change. Thus, the Department organizes and plans activities that will encourage positive interpersonal relationships and provide technical support. Furthermore,

liaison officers are provided through which the communities can comfortably present their views, access information or negotiate agreements.

133. In light of this, the Department will focus on carrying out its role by implementing the following programmes:

1. Extend its Homework Assistance Programme to include English and Mathematics to students at the secondary level.
2. Computerize all community centres with access to the internet in order to give technical support to the community in areas of research and documentation and to facilitate the increasing demand for persons to become more computer literate.
3. Establish community libraries in all community centres to encourage reading at all levels, and to provide a safe place where community members can go to do their research.
4. Continue the **Character Building Programme** as an extension of the UNESCO Parent Empowerment Project. The Department has offered training in character building in St. Thomas', St. James' and St. Paul's through the use of UNESCO funds; however, we will endeavour to make the training accessible to many persons in the community, with the hope that it will help to bring about positive social change and to create a more harmonized community.
5. Increase access to recreational and cultural development activities and resources by upgrading community play fields and the organization of community drama groups and dance groups in various communities.
6. Develop and deliver support to the unemployed which would increase employability. The Department seeks to establish a **'Job Preparation' Programme** that will help to prepare persons for the world of work. Participants enrolled in the programme will receive training on employment skills; CVs & interview preparation.
7. Increase the employment prospects by facilitating a **Landscaping Design and Stone Wall Building Workshop**. Persons will receive training in stonewall building and garden layout. This project also seeks to provide the avenue whereby community members can utilize their innate skills and natural resources to enhance their own communities.

8. Facilitate a workshop in fruit preservation. This programme will help the community to exhibit a variety of techniques in fruit preservation, utilizing local fruits in different forms to decrease spoilage and to increase healthy eating. This will be undertaken in collaboration with the Department of Agriculture.

Culture and Cultural Development

134. Mr President, 2014 marks the 40th anniversary of Culturama and in this year your Government wants this celebration of our culture to be a super spectacle. We are conscious of the role which culture plays in the lives of any people and the people of Nevis is no exception. We have a rich and varied culture, born of our history and our ancestral heritage. Your Government is committing itself to making the 40th Anniversary celebration of Culturama a homecoming event for all our people; a showcase of our dance and music, our folklore and drama and an opportunity for our people both young and old to showcase their talents to entertain all of our visitors and returning nationals and the world.

135. Your Government has already begun to promote this Celebration and with the increased airlift and access to Nevis, Culturama 40 will be the biggest and best ever.

136. Mr President, Cultural Development is not all about Culturama but about the cultivation of the cultural attributes which our people have inherited to ensure that our children are steeped in our rich cultural heritage and practices. In this regard, your Government will strengthen the relationship between the Nevis Cultural Development Foundation (NCDF) and the Department of Education and wherever possible, integrate the resources of both entities to maximise the effects of cultural development in our country.

137. It is your Government's intention to identify individuals who demonstrate talent and provide exposure and training for them to develop such talent through sponsorship by Government in the relevant discipline, be it music, drama, dance or singing. Your Government believes that there are latent great actors and musicians among our young people and we are prepared to support such development where it is discovered. Your Government also believes

that if culture is promoted efficiently, it could provide significant economic benefits for our talented people and the country.

138. Your Government will support and promote the development of our culture as an important part of our future economic thrust.

Basic Needs Trust Fund Unit

139. The Basic Needs Trust Fund (BNTF), which is geared towards poverty reduction by the Caribbean Development Bank, will continue to be administered by the BNTF Office, which is now under the purview of the Ministry of Social Development.

140. The Mission of the BNTF will be to identify, implement, monitor and report on BNTF Sub-Projects that support Education and Human Resources, Water and Sanitation, Community Access and Drainage and Economic activities, through skills training, organizational and infrastructure development and services. A community participatory approach will be used throughout the life cycle of all Sub-Projects, allowing for a more socially inclusive development process. For the BNTF 7th cycle a total of six (6) Sub-Projects will be pursued, four (4) under Education and Human Resources and two (2) under Community Access and Drainage.

141. It is our hope that this programme which is aligned with the Millennium Development Goals will continue to impact the economic and social landscape of Nevis, as we seek to strengthen poverty reduction and human development.

142. Mr. President, I will now highlight our plans for disaster management. This is an important area without which economic growth could be derailed and our social support services undermined.

DISASTER MANAGEMENT

143. Mr. President, it is critical that attention be given to disaster management due to the increasing intensity and frequency of hazards which are caused by climate change. The ensuing

negative effect on the economy could be traumatic, resulting in poverty and hardship for the people of a country. Focussed planning that addresses the disaster cycle through collaboration with stakeholders, training and public awareness will be conducted in order to mitigate the risks of disasters.

144. The construction of the Emergency Operation Centre has been completed and will be fully operational in 2014. This facility was constructed with the assistance of the United States Southern Military Command Humanitarian Programme to a tune of US\$1.7 million. It will assist in the continuation of government operation after a natural disaster as it is designed to withstand category five hurricanes and major earthquakes. The communication capabilities of the Disaster Management Department have also been expanded to include a satellite terminal which will allow worldwide real time communication through data, voice and video feeds.

145. Mr. President, recent multi dimensional training was undertaken in partnership with organizations such as the Embassy of the Argentine Republic, the Caribbean Disaster Emergency Management Agency (CDEMA), OAS and USAID. Training will continue in 2014 and will include emergency operation management, shelter management, mass casualty and emergency care and treatment. The School Safety Programme will be expanded to include hazard and vulnerability assessments. Moreover, new initiatives such as the launch of a Nevis Disaster and Tourism Plan and the development of a Volcanic Response and Tsunami Plan will be implemented.

146. The provision of a Community Liaison Officer is planned with the responsibility for establishing and maintaining village teams for coordinating initial damage and needs assessment after a disaster.

147. With these initiatives, we are confident that in Nevis we will be able to mitigate the effects of disasters thus reducing the cost of rehabilitation and preserving the assets of the island.

148. Mr. President, I now turn to the third section of the budget which deals with fiscal and financial performance. We have looked at the growth sectors and social support programmes and now we will address a very critical component which is the financial plan. But first I would like to put forward the broad financial policies of this government.

FINANCIAL POLICIES

149. Mr. President, to create the environment for sustainable growth and development, we must do a better job of controlling expenditure and managing the debt of the Nevis Island Government. A high debt to GDP results in large outflows to creditors which limits government's ability to invest in the economy and thus stymie economic growth. It is imperative, therefore, that we put our fiscal house in order to establish the foundation for a resilient economy.

150. My government will put in place rigorous appraisal systems to ensure that projects are properly screened to optimize the use of borrowed funds. Priority will be given to projects that contribute to growth and generate employment.

151. We have already put in place a functioning debt management unit that will undertake regular debt sustainability analyses.

152. We have also observed that many of the statutory bodies have also accumulated significant debts over the years. To address this problem, we have already taken steps to improve the financial management practices of these entities by implementing new procedures and systems. In the future, we intend to evaluate the staff and ensure that we have trained personnel performing accounting and financial management functions. The Ministry of Finance will also exercise strict supervision over these agencies especially those that require subventions from government on a regular basis.

153. Since taking office, we have requested assistance from CARTAC to improve the budgeting system and treasury management functions. The budget system will be simplified and greater attention will be given to planning and expenditure control, the tracking of the impact of post-budget spending decisions, and the updating of revenue forecasts. In the case of the treasury, cash management and forecasting will be improved, manual procedures will be computerized, and the International Public Sector Accounting Standards will be implemented to improve efficiency and promote greater transparency.

154. In 2014, your Government will also institute such staff changes and departmental structural changes to ensure the business of Government is transacted in the most efficient manner and that the systems and procedures are followed to eliminate systemic weaknesses, in order to provide effective checks and balances.

PUBLIC FINANCE

155. I now commence the report on the financial operation of my administration where I will highlight the fiscal outturn for January to October 2013 and the fiscal prospects for 2014. Mr. President, my cabinet continues to focus on proactive fiscal policies in order to generate stable revenue inflow which does not restrict the growth of the private sector nor inhibit foreign investment. The ambit of our policies will facilitate inclusive growth as the most potent tool to generate employment and a positive future for our people. Subsequently, private sector expansion will be supported through targeted tax incentives in sectors such as tourism and agriculture and the spending priorities will harness improvements in public infrastructure, social protection and overall operational efficiency to obtain the best value for our tax payers and our people generally.

Fiscal Review 2013

156. The fiscal review analyses the financial outturn for the period of January to October 2013 and it underscores improvement in the fiscal balance when compared to the same period in 2012. One example of this improvement is the narrowing of the total budget deficit from \$3.97 million in 2012 to \$0.93 million in 2013. There was a reduction in total expenditure of 3.91 percent. An examination of the balance as per the economic classification emphasizes an overall surplus of

\$3.76 million in 2013 compared to a deficit of \$4.42 million in 2012. The primary and current account balances produced similar positive movements in the period.

157. Mr. President, \$106.47 million was collected in total revenue and grants with current revenue reporting an increase of 2.4 percent and summing to \$98.20 million. The Ministry of Finance collected \$84.99 million in 2013 compared to \$82.53 million collected in 2012. Tax Revenue of \$73.50 million accounted for 74.8 percent of current revenue and was accentuated by increases of 12.65 percent in Taxes on International Trade and Transaction collected at the Customs Department. The VAT for the period was \$30.16 million. Current Revenue was also positively impacted by a 6.50 percent increase Non Tax Revenue which totalled \$24.70 million by October 2013. The collection from the Financial Services Department of \$9.87 million expanded by 6.66 percent

158. Total expenditure for January to October 2013 was \$112.45 million. Current Expenditure including principal repayment of \$9.74 million was \$104.41 million. This amount exceeded that of October 2012 by a nominal 2.22 percent and is mainly attributable to the extra salary paid in September of this year. As a result, personal emolument of \$46.04 million in 2012 had risen to \$50.53 million in 2013.

159. Capital investment slowed in 2013 due to tight financial constraints. From January to October 2013, expenditure in this area was \$8.03 million against \$14.88 million for the same period in 2012. The main thrust was the water enhancement initiatives and road construction; especially the construction of the Hamilton to Government Road project and other secondary roads such as that at Brown Pasture. Capital investments in other areas were curtailed due to the debt situation and the need to consolidate the fiscal and financial position of the Government.

Fiscal Prospects 2014

160. Mr. President, the utilization of the public purse will see policies implemented that will reap tremendous benefit for the people of Nevis. The Administration will embrace new initiatives to invigorate the expansion in our economic sectors and the provision of services in health, education and social development.

161. These initiatives will be fuelled by resources in total revenue and grants of \$140.04 million; an increase of 6.64 percent over the budget for 2013. Grant revenue which includes development aid and budget support will amount to EC\$14.24 million. Additionally, loans of \$21.92 million will be sourced to assist in the financing of needed capital investments.

162. Current revenue constitutes 89.83 percent of total revenue. The projected current revenue of \$125.80 million is 2.26 percent higher than 2013. The Ministry of Finance will account for 86.25 percent of current revenue with \$93.28 million generated from taxes. Direct taxes will account for 13.47 percent and indirect taxes 60.67 percent of this total. The budget for the most significant indirect tax, the VAT is \$34.42 million.

163. The Customs and Inland Revenue Departments are expected to collect \$39.09 million and \$54.39 million respectively. Meanwhile, revenue collected from the Financial Services Department is set to increase to \$13.56 million due to anticipated growth in international insurance and registered offshore entities, and a small increase in fees. The Premier's Ministry is expected to collect \$8.98 million of which the Supply Office projection is \$7.00 million. Water Department on the other hand is projected to collect \$6.27 million.

164. Mr. President, the NIA intends to spend \$171.02 million in 2014. \$126.85 million will be on current expenditure and \$44.17 on capital investment. This calculates to an allocated ratio between current and capital expenditure of approximately 74 to 26 percent respectively.

165. The most significant current expenditure is for Personal Emoluments which amounts to \$62.55 million or 49.31 percent of total recurrent expenditure and the payment for Debt Servicing amounting to \$26.50 million or 20.89 percent of total recurrent expenditure.

166. The details of the allocation of resources to the various ministries and departments are outlined in the Recurrent and Capital Budget Estimates of Expenditure and Revenue Volume. Therefore, permit me the opportunity to delineate the areas of major change.

167. The Premier's Ministry is expected to expand its mandate to include the supervision of the Department of Trade. It encompasses the task of administering the operations of the Small Business Unit, Trade and Consumer Affairs and Supply Office. This along with the Ministry's

core mandate of ensuring the security and advancement of the people of Nevis has enlisted an expansion of its allocation to \$11.19 million. The inclusion of the Department of Trade will help to bolster the development of small businesses and facilitate an equitable arrangement for the trade domestically and internationally. This expansion also includes the Craft House which is expected to be an area of productive activity which my Government intends to promote and develop to provide craft items and artefacts.

168. \$52.26 million is allocated to the Ministry of Finance. Over 50 percent of the budget for the ministry will be spent on the debt servicing. Mr. President, the large share of debt service payment constitutes a rigidity that the Administration continues to address. Lower debt service cost instinctively allows for the augmentation of social and development spending. In this regard, debt reduction can only benefit the people of Nevis and thus is a dominant objective of my Administration.

169. The Ministry of Health is expected to expand its focus on the reduction in the prevalence of non communicable diseases in our community. These diseases have significant impact on our health system, the family and the economy. Thus my Administration feels it necessary to increase funding to address this health issue. Consequently, allocation to the Ministry has been increased by 6.48 percent to \$14.11 million.

170. The other ministry with major increases in its allocation is the Ministry of Tourism. The ministry is allocated \$5.14 million in 2014 up from \$2.80 million in 2013. The Department of Information is now hosted under this ministry.

171. Mr. President, \$44.17 million is budgeted for public sector investment projects in 2014. The Ministry of Communication is allocated a capital budget of \$30.68 million of which road development constitutes \$10.05 million. Thus the physical infrastructure of the island will be augmented by renovation to the roads at Taylor's Pasture and Shaw's Road. The Administration is expected to borrow \$7.00 million to implement these projects. The Hanley's Road project will also continue in the New Year.

172. Other major project initiatives will be the continuation of the water development project funded primary by a loan from the Caribbean Development Bank. The project commenced in 2013 and is expected to improve the quality and availability of the water supply. In 2014, the

project is expected to spend \$14.97 million with \$10.92 million financed by loan funds and the balance of \$4 million from revenue.

173. The Ministries of Health and Education capital budgets have increased by \$2.1 million and \$2.7 million respectively. \$2.00 million will be spent to improve the health facilities. This will include the construction of a new laboratory at the Alexandra Hospital. Major upgrades will be done to the Gingerland Secondary and Ivor Walters Primary Schools. Likewise, the much needed refurbishment of the Marion Heights Building, which houses the Department of Education and the UWI Open Campus will be undertaken in the year at an expected cost of \$350,000. I have already approached a friendly Government source to assist with this project.

174. I must also mention that an amount of \$85,000 was budgeted under capital to assist the Police Department with training and purchase of equipment. With the assistance of the Republic of Taiwan, we will also continue to install CCTV cameras around Nevis to improve security on the island. It is our plan to cover the whole of Nevis as resources become available.

DEBT PERFORMANCE

175. Mr. President, The Eastern Caribbean Currency Union's (ECCU) eight point stabilization and Growth Programme ranks Debt Management as number three, after Financial Programmes and Fiscal Reforms. This Programme is a comprehensive action plan developed to address the negative effects of the global financial and economic crisis on the ECCU. Similarly, debt management is a top priority area for this CCM led government. High debt levels and debt service costs have consumed a large portion of the government's finances for some time now. It is therefore incumbent on the government to take measures that will stabilize debt and stimulate growth. One such measure is to increase capacity at the Ministry of Finance to better manage public sector debt. Consequently, one additional person was employed within the year and received training in managing and maintaining the debt database through the Canada Eastern Caribbean Debt Management Advisory Service (CANEC DMAS) project.

176. Mr. President, as it pertains to the progress of the Debt Restructuring Programme, during 2013 the restructuring of the Bank of Nevis instruments and Social Security loans were completed. The following terms were negotiated for these restructured instruments:

177. The Bank of Nevis loan amount was \$49.71 million, with a maturity of 35 years and interest rate of 3.5 percent; moving from an average rate of 8.25 percent.

178. The Social Security loan amounts totalling \$12.53 million has a maturity profile extending to 2053 and principal repayment begins in 2023. The interest rate structure is as follows:

April 2013 to April 2018	3 percent
April 2018 to April 2023	4 percent
April 2023 to April 2028	4.5 percent
Thereafter	5.5 percent

179. Prior to restructuring, the Social Security loans had interest rates averaging 6.75 percent.

180. Negotiations are still ongoing with National Bank as we evaluate the land for debt swap that was agreed by the previous government in 2012.

181. Mr. President, at the end of October 2013, the debt stock of the NIA was \$335.96 million; representing a reduction of \$8.12 million, compared to a total of \$344.08 million at December 31, 2012. External Debt declined overall due to the repayment of principal, bringing the total to \$52.83 million from \$58.31 million. Similarly, there was a decline in the domestic debt portfolio of \$2.64 million; resulting in \$283.13 million outstanding at the end of October 2013.

182. Mr. President, during the month of June, the Nevis Island Administration defaulted on its 365-day Treasury bill of \$20 million due to the fact that the NIA was unable to obtain a Federal Guarantee for the usual rollover on the Regional Government Securities Market (RGSM). As a result, steps had to be taken to resolve this matter. On the 17th of July a letter was sent to each

holder of the matured Treasury bill giving them the option to exchange their security for a 365 day Over-the-counter facility at 7 percent instead of 6.50 percent. The offer was accepted by the majority. However, for those investors who did not accept, alternative arrangements had to be made. Subsequently, the government was able to obtain financing through a Bank of Nevis loan to make full or partial payments to those investors. These transactions resulted in a balance of \$15.94 million on this security. This would be further reduced as additional payments are made. Your Government is grateful to the Bank of Nevis for acceding to our request to facilitate this process. We are also grateful to our other creditors, including St Kitts-Nevis- Anguilla National Bank for assisting the NIA to weather the financial difficulties over the last year.

FISCAL MEASURES

183. Mr. President, my government is cognizant of the apprehension that is created by this section of the budget address. However, in the present economic climate, your caring government will not seek to place any additional burden on the people of Nevis by increasing existing taxes or by imposing new ones. Instead, we will focus our efforts on broadening the tax base through policy reform and improved revenue administration. Working closely with the Federal Government, we will upgrade the computer technology at both the Customs and Inland Revenue Departments so that brokers and tax payers could complete their transactions online. The new system will reduce processing time, minimize underreporting, improve operational efficiency, and enhance timeliness of receipts and overall revenue collection. To complement the upgrade of systems, we will, with the assistance of CARTAC, give greater attention to enhancing the skills of tax officers by providing training in auditing, tax administration and collection. With these initiatives, we believe that we can increase collections significantly without further burdening our people.

184. Mr. President, as a result of the open border between St. Kitts and Nevis, there is significant leakage of revenue from the Nevis economy to the Federal Government. While this situation is unavoidable at this point in time, our policy will be to continue the negotiation with

the Federal Government for a larger share of the VAT revenues as well as agreeing on a formula for the sharing of Corporation taxes to recover loss of tax revenue from subsidiary companies operating in Nevis that file their corporation taxes returns in St. Kitts. We will also continue to make a strong case for a fair share of the resources of the Sugar Industry Diversification Foundation, and of the application fees collected by the government for economic citizenship. We will also insist that Nevis projects be accorded a high priority so that approvals under the economic citizenship programme could be expedited. These issues are extremely important to the people of Nevis as my government seeks to drive growth and employment for their social and economic advancement. This will also have mutual benefits for the people of St Kitts and the Federation as a whole.

185. I have said that there will be no increases in taxes; however, we will review some of the fees charged at the Financial Services Department. After factoring the increase in the cost of providing the service, we have decided to increase the fees by 10 – 15 percent. A new schedule of fees will be published early in 2014. It is our contention that this moderate increase will not seriously affect individuals or companies which seek to register their entities in Nevis. In fact even with the increase the cost of registering and maintaining companies and other entities in Nevis, we will be still significantly lower than other jurisdictions offering similar products and services. Any such moderate increase will not affect the ordinary people of Nevis but will enable the Government to further promote and develop this very important sector in Nevis.

186. Mr. President, in spite of the economic challenges, my government has agreed to implement the 10 percent salary increase that was initiated by the Federal Government. Since the introduction of the IMF programme, the Civil Servants have made sacrifices foregoing annual increments. This package will provide some relief as well as make the public sector wages more competitive in attracting the best talents. A four percent increase will take effect in January 2014 to be followed by 3 percent increases in 2015 and 2016 for both civil servants and pensioners. I would like to encourage all Civil Servants to continue to increase productivity and efficiency as these are the bases on which government could sustain salary increases in the future.

CONCLUSION

187. Mr. President, the people of Nevis experienced six years of economic and political instability from 2006 to 2012. In addition to the poor economic performance, the highly cherished ideals of our democratic system were severely threatened by skulduggery, and the misguided attempt by the party leadership to hold on to power at all cost. My CCM government has aggressively defended our democratic traditions and in short order has restored decency, probity and good governance to the island of Nevis. Despite inheriting a government on the verge of financial and economic collapse, we have been making steady progress, with limited resources, in reversing the chaos, despair and imprudence to give our people a new sense of **HOPE** and **CONFIDENCE** in the future.

188. In just 10 months we have:

- Reduced interest on debt from 8.5% to 3.5%;
- Sent off several students to study with full or partial assistance;
- Facilitated full scholarships for several more students to study abroad;
- Started the Hamilton Road;
- Completed the Brown Pasture road and Government road;
- Garnered positive press coverage in the Sunday Times in London, New York Times, Dallas Morning News, The Australian, Washington Post, Montreal Gazette, Elite Magazine, Departures Magazine, Conde Nast magazine and Chile Pepper to name a few;
- Increased airlift into Nevis from 14 seats per day into and out of Puerto Rico to 30 seats per day and soon to 100 seats per day by **January 15th, 2014**;
- Fast tracked work at the former Villa Paradiso which was closed for several years and has now been beautifully refurbished and due to reopen soon;
- Hired a cardiologist, an internist and an orthopedic surgeon to add to the medical staff at the Alexandra Hospital;
- Opened a pharmacy in Brown Hill as a pilot project;
- Relocated the health centre in Cotton Ground;
- Deployed CCTV cameras around Charlestown (and YES they ARE working);
- Partnered with Operation Future to open Creative Youth Academy in Cotton Ground;

- Secured services of Regina Police Services from Canada to do training of police officers in Nevis;
- Started the entrepreneurship series with our first guest Amos Winbush III;
- Introduced free water and electricity for qualified seniors;
- Started the golden portraits programme for seniors who reach 90 years; started preliminary work at the national park at Pinneys Beach;
- Cut salaries of ALL ministers by 10 percent;
- Cut All statutory boards stipend by 40 percent as well as convince some members to serve free of costs;
- Completed the 1st phase of the beautiful gardens at Bath Hotel and commenced transformation of New River Estate into an Open Museum;
- Undertook tremendous work at Heritage Village;
- Passed Integrity in Public Life Ordinance as very first piece of legislative business;
- Facilitated a 25% cut in fuel surcharge for consumers; and
- Lowered overall island debt by \$3 million;

189. Mr. President, our policies and programmes are not only creative and innovative but are people centred. We do not boast about infrastructure projects that benefit foreign companies and increase the debt burden on our children. The hallmark of this CCM government is people development. We believe that people are our most important assets and thus all of our projects and activities are designed to increase employment and income and overall to improve the standard of living of Nevisians and residents. When we speak about engendering growth, we are not just interested in dry statistics. More importantly, we are focused on how the growth is impacting the lives of the ordinary citizens of this country. It is for this reason that we speak of inclusive growth. It encapsulates our election mantra, **‘people matter more’**.

190. I want to thank the people of Nevis for rallying with the CCM government. This is a government of progress; a government that respect its people and the democratic systems; a government that upholds the rule of law; a government that is responsive to the needs of its people; a government that lends a helping hand to the economically disadvantaged; a

government that will turn on the geothermal switch to provide reliable and cheaper energy to the people; a government that will attract new hotels to the island; a government that will improve the investment climate and transform the economy of Nevis; a government of men and women who are willing to fight for the interest of all Nevisians regardless of income, social status or political persuasion. With the ideas that we have put forward and our dedication and determination to succeed, we will overcome any obstacle that stands in the path of our journey to progress and prosperity. We ask the people of Nevis to keep the faith, to continue to support your government, and to strengthen the hands of your leaders when called upon so that we can work to together for a better and brighter Nevis for ourselves and for posterity.

191. Thanks again for the faith and confidence that you have placed in my government and may you have a happy Christmas and a New Year filled with confidence and hope for a brighter future.

192. Mr. President, I so move.