



THE NEVIS ISLAND ADMINISTRATION

BUDGET Address 2016

*Framing the New Economy:
Inspiring Economic Resilience & Human Progress*

Delivered by

*The Honourable Vance W. Amory
Premier & Minister of Finance, NIA*

Tuesday December 8, 2015





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1. Mr. President, I beg leave to move the second reading of the bill shortly entitled the Appropriation Ordinance, (2016) 2015.

INTRODUCTION

New Paradigm	Cohesive and Amicable Society
Economic Diversity	Sector Expansion and Deepening
Human Development	Education and Training

2. Mr. President, it is an honor and privilege for me this morning to rise and present this budget under the theme **“Framing the New Economy: Inspiring Economic Resilience and Human Progress”**.

3. Today I seek to present a national plan for moving our economy forward in a sustainable way. This budget seeks to provide a framework for development that harmonizes the policies of the administration with the plans of our private sector partners in a way that stabilizes the economic environment and foster sustainable growth.

4. Mr. President, when we commenced this current fiscal year 2015, we buttressed hope and faith with judicious planning and hard work. We recognized that we had to change the political landscape within our Federation of St. Kitts and Nevis if Nevis is to develop in accordance with our policies and programs and within the time frame prescribed. It is no secret that we were operating in an atmosphere of palpable acrimony and strife. At every step there were covert and overt actions designed to erode the incremental gains that my Administration would have made for and on behalf of the people of Nevis. Our country was under seize and heading in a direction that lacked confidence and credibility. There was a clarion call for a new paradigm, a change of course, a more amicable social and political relationship in our twin island federation.

5. On the 16th February, 2015 under the guidance of the Almighty our people through the quintessential power of their ballot effected a political change and delivered us from the tyranny of the former federal leadership. Today, we are now witnessing a level of corporation and harmony among the Federal Government and the Nevis Island Administration which was

unheard of for the last decade. Mr. President you can actually feel the calmness and the reduced level of tension and anxiety among our people.

6. Mr. President, my Administration is proud to be a part of this new government of national unity as Nevis can now be assured of its fair share. This unity arrangement among other things,



provides for an equitable sharing of revenue from passport processing fees under the Citizenship by Investment Program, equitable sharing of revenue from the Sugar Industry Diversification Foundation or its

successor agency and also an equitable sharing of grant funds including but not limited to the European Union grant funding. It further provides a recourse to address the historical unfairness in the prior distribution of federal funds to which a lump sum payment will be made as a goodwill measure and acknowledgement that an injustice was done to the people of Nevis.

7. Mr. President, the atmosphere is now conducive for us to set out to build that new economy as outlined in my last budget address. We now have an excellent opportunity to craft a new vision for the federation and more importantly for the island of Nevis as we embark on this fresh start. To this end, your CCM Administration will continue to implement measures to enhance economic stabilization in the short term, whilst simultaneously reinforcing the foundation for economic expansion in the medium to long term. This objective is already on track as we continue to see increases in our recurrent revenue by greater than 5% annually over the past two years especially in areas such as Import Duties, Transfer Taxes, revenue from the Financial Services Sector and the Value Added Tax (VAT).

8. Mr. President, we are now witnessing steady growth in some of the major pillars on which our economy is built. Evidence of this growth is seen in our annual employment data which show average employment for the first half of 2015 stood at 5624 when compared to 5467 for

the entire year 2014, an increase of 2.8 percent, driven mainly by increasing employment in the Hotel and Restaurant sector, Construction, Wholesale and Retail Trades and Public Administration. Further analysis reveals that for the first half of this year, employment in the Construction sector increased by 14.4 percent while the Hotel and Restaurant Sector saw an increase of 3.2 percent when compared to the same period last year.

9. Mr. President, this new budget year 2016 will definitely present a tremendous opportunity for us to continue on the path to build that new economy and to put our island on a trajectory for fiscal sustainability and growth. This new economy must now be based on: Innovations in Agriculture, Fiscal Reform leading to debt sustainability and growth in the real sector, Energy sustainability and an Enhanced Human Resource Development agenda encompassing a well-trained and technically competent workforce.

10. My Administration will continue to implement the measures adopted under the recently concluded IMF structural adjustment program for the federation. These measures are already bearing fruits as growth in our country is now averaging 2.5% which is comparable to countries in the OECS and CARICOM region. As part of our developmental strategy, we will continue to initiate programs to deliberately stimulate employment in the emerging sectors. We will continue to focus on hotel and villa expansion and real estate development, financial services, alternative energy, food security, infrastructure development and protection of natural assets.

11. Mr. President, in order to supply the quality skills needed for employment, we will continue to invest in education and skills training, improved health care, and other productivity attributes that will enhance the productive capacity of our people. We will also continue to maintain our safety net programs as well as initiate new social programs to assist the most vulnerable in the various communities

12. Mr. President, be assured that this CCM Administration will continue to pursue policies that would enhance our economic climate, promote investment and stimulate economic activity with the ultimate goal of inspiring human progress and enhancing economic resilience.

INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

Creating Partnerships	United States of America and United Kingdom
Global Economic Activity	GDP Growth and Labour Market Improvement
Regional Integration	Caribbean and Latin America

13. Mr. President, the World Economic Outlook, as forecasted by the IMF, predicts global growth at 3.5 percent in 2015 increasing to 3.8 percent in 2016, with uneven prospects across the main countries and regions of the world. The First quarter of 2015 has been increasingly challenging for the global economy, leading to some significant adjustments when compared to the Economic Outlook as presented in 2014. The changes are to a large extent the result of greater volatility and uncertainty in the global economy. These include the rapid decline in oil prices and the quick adjustments in exchange rates (with the US dollar appreciating against most other currencies, notably the Euro). In addition, there is increased geopolitical uncertainty related to the Russia-Ukraine and Middle East conflicts, as well as increased concern about the economic and political future of the Euro Area and European Union.

14. While the overall global real GDP growth average is projected to be 3.3 percent, the global average reflects a combination of upside and downside risks. Downward revision are primarily due to a moderate decline in the Euro Area from 1.6 to 1.4 percent while as upward revisions include countries such as the United States, Mexico and India. The United States will continue to register stronger growth than its peers, projected to grow at a modest 3.6 percent in 2015.

15. The economic conditions in Latin America are unlikely to improve rapidly in 2015, with regional growth at only 1.6 percent. Other major emerging markets will continue to grow, but their pace will vary depending on the net impact of declining oil prices and exchange rate depreciations, as well as the progress of their own reform agendas including policies to invest in human resource development so as to raise productivity and to rebuild trust and confidence.

16. Mr. President, the last IMF report on the performance of the Federation and Nevis by extension shows that economic growth continues to increase out pacing many of our regional

partners both in the Caribbean and Latin America. The medium-term growth outlook for 2015/2016 is projected at 3.5 percent and this is based on conservative CBI inflow assumptions. The IMF further projects that over the next 5 years to 2020, our economy will continue to grow at a steady average rate of 2.5% per annum.

17. Mr. President, it is important for all economies to strive to achieve positive growth rates. The Growth rate of a nation is an effective indicator of the quality of life for that nation. Sustainable and inclusive economic growth is more than a political slogan or technical mantra; it is the pulse rate of the country. The lack of meaningful, sustained economic growth will manifest itself in declining economic activity resulting in fewer jobs, limited opportunities, and most dangerous of all, diminishing hope.

SUMMARY OF SELECTED ACHIEVEMENTS

Infrastructural Development	Road Rehabilitation Projects
Effective Waste Management	Procurement of Garbage Trucks
Promoting Education	Renovation of Educational Facilities

18. Mr. President, worthy of note is that for this financial year, my Administration has accomplished the following, to name a few:

- Created additional fiscal space in 2014/2015 resulting in an increase of over 5.0 percent in government revenues despite external economic challenges;
- Substantially completed two phases of the Water Enhancement Project which involved the laying of water lines to the water storage facilities and pumping stations;
- Successfully completed debt restructuring exercise with the Kuwait Fund thus reducing debt service payment;
- Partnered with private entities to procure two brand new garbage trucks valued at US\$ 300,000.00 to enhance our waste disposal program;
- Partnered with a private entity to procure two brand new school buses;
- Refurbished all school plants in preparation for 2015 school year;
- Completed phase 1 of the Hanley’s Road rehabilitation;

- Commenced construction of a new hot meals kitchen at Joycelyn Liburd Primary School;
- Completed extension of the cruise pier in Charlestown in preparation for tourism season;
- Commenced construction of extension to the veterinary clinic to provide enhanced services to our livestock farmers;
- Placement of Nevisians at the forefront of the Ministry of Foreign Affairs and in ambassadorial and diplomatic positions globally;
- Completed substantial work on the rehabilitation of the Department of Education building at Marion Heights;
- Secure full Scholarships for our students to study Agriculture at Earth University in Costa Rica;
- Restoration of New River Estate Mill and environs;
- Work with the Federal government to remove VAT from food, medicine and funeral expenses to reduce cost of living for our people;
- Completed the installation of a second X-ray baggage machines at Customs Department;
- Commissioned an air cargo warehouse in Charlestown to facilitate the clearing of online purchases for Nevisians;
- Facilitate training in Quick Books accounting for micro organizations to assist accountability and financial management;
- Completed the Regulations to support the Offshore Banking Ordinance as we seek promote Nevis as a premier Offshore Banking jurisdiction, to be fully implemented in 2016 as we have already had interest from at least five entities which are being vetted for licensing in 2016.

DOMESTIC ECONOMIC PERFORMANCE

Fiscal Sustainability	Prudent Fiscal Operation
Revenue Generation	VAT, Stamp Duties and Import Duties
Expenditure Management	Salaries, Wages and Capital Investment

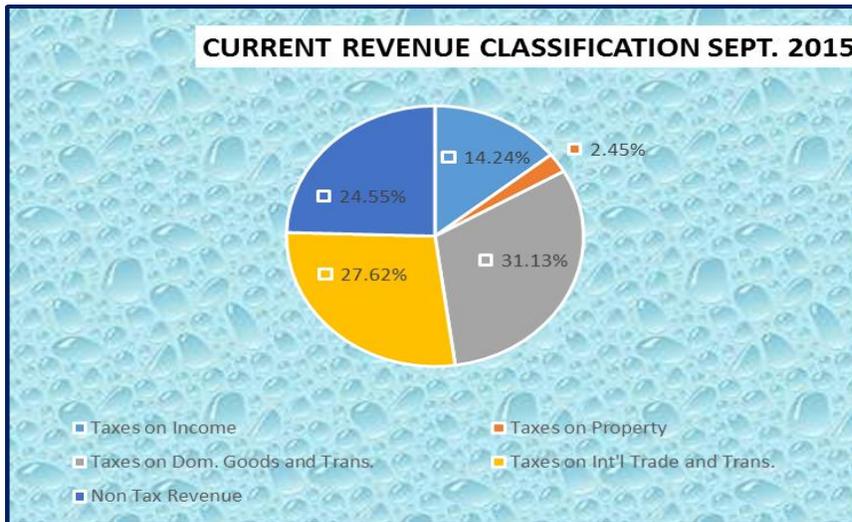
Fiscal Performance 2014/2015

19. Mr. President, prudent fiscal management has always being the hallmark of the CCM administration. Our commitment to fiscal stability has led us to pursue a path to efficient cash flow management characterized by conservative approach to spending, while emphasizing the importance of aggressive and timely revenue collections. The fiscal outcome of the Administration for the entire period 2014 saw a positive overall balance. Total Recurrent Revenue collected for this period amounted to \$ 128.47 million, again surpassing the revenue collection for 2013. This revenue collection was driven mainly by collections of tax revenue which accounted for 77 percent of total revenue collected. Notable performances came from the Value Added Tax which contributed 30 percent, Import Duties- 8.3 percent, Stamp Duties on property transfers – 12.3 percent and the Financial Services Sector – 9.9 percent.

20. Total Recurrent and Capital Expenditure for this period 2014 stood at \$ 148.34 million. Recurrent Expenditure stood at \$ 124.79 million driven mainly by personal emoluments which accounted for 52% of recurrent expenditure. The unfreezing of annual increments coupled with the 4.0 percent increase in salary and wages for Civil Servants has contributed to this increase in expenditure. Expenditure on goods and services accounted for 25 percent with Debt Servicing 21.0 percent.

21. Capital Expenditure amounted to \$ 23.55 million driven by expenditure on road rehabilitation projects and the ongoing Water Enhancement project funded by the Caribbean Development Bank and a modest capital grant of \$4.0 million from the Federal Government of St. Kitts and Nevis.

22. Mr. President, the period ending January to September 2015 saw the Administration

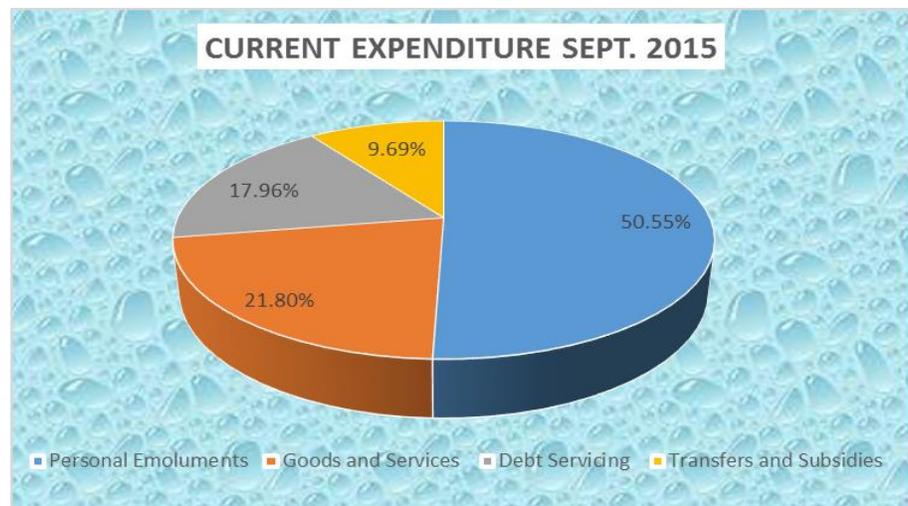


achieving an overall surplus of \$6.25 million when compared to the \$2.81 million achieved for the corresponding period in 2014. Total recurrent revenue collected during this period amounted to 97.02 million, an increase of \$ 2.22 million or 2.34

percent when compared to the corresponding period last year. This trend indicates that the revenue collected for the entire period 2015 should surpass the amount collected in 2014. Tax revenue contributed significantly to this revenue total, namely: the Value Added Tax – 26.62 percent, Social Services Levy – 10.27 percent, Stamp Duties – 10.31 percent, Import Duties/Customs Charges – 16.4 percent and revenue from the Financial Services Sector – 10.6 percent.

23. The current expenditure account recorded \$89.49 million up to the end of the third quarter

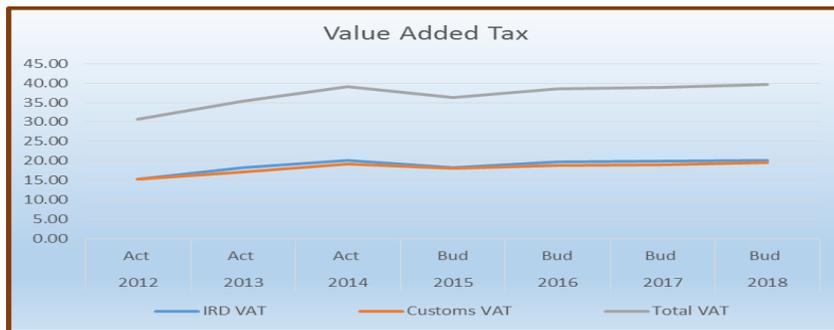
of 2015, an increase of 6.42 percent when compared to the same period 2014. This expenditure was driven mainly by the 3.0 percent increase in personal emoluments in 2015 along with annual increments for Civil servants.



24. Mr. President, Capital Expenditure especially through infrastructure development spurs economic activity. Expenditure up to September 2015 amounted to \$16.28 million driven mainly by rehabilitation work on a number of government buildings including the Ministry of Education Building at Marion Heights, extension to the Veterinary Clinic, construction of a Hot Meals Kitchen at the Joycelyn Liburd Primary School, rehabilitation work on all Primary and Secondary schools for the start of the new school term, rehabilitation of Hanley’s Road and other village roads and the Water Enhancement project. Financing for these projects were done mainly through a capital grant from the Federal Government in the amount of \$10.0 million. The economic classification presented in annex 1 highlights the growth pattern for the Administration over the past three years, reflecting increasing revenue patterns coupled with modest increases in expenditure.

Performance of the Value Added Tax (VAT)

25. Mr. President, the performance of the VAT has to be noted. Since its introduction in 2010,



the VAT, being a broad base tax, continues to increase annually by an average of 13% percent over the past three years. It continues to be the single major contributor to our annual revenue

collection. The Value Added Tax collected for the financial year 2014 amounted to \$ 39.1 million representing 30.0 percent of the total annual revenue of the administration. Further analysis would indicate that VAT generated from domestic goods and services amounted to \$20.0 million, representing 51.2 percent of total VAT collections while the remaining \$19.1 million or 48.8% percent was generated from international trade.

26. For the period January to September 2015 the VAT collected during that period amounted to \$25.70 million being 26.4 percent of total annual revenue of the Administration for that same period. This represents a 15.2 percent decrease over the \$30.22 million collected for the corresponding period in 2014. Further analysis indicates that 58.8% percent was generated from

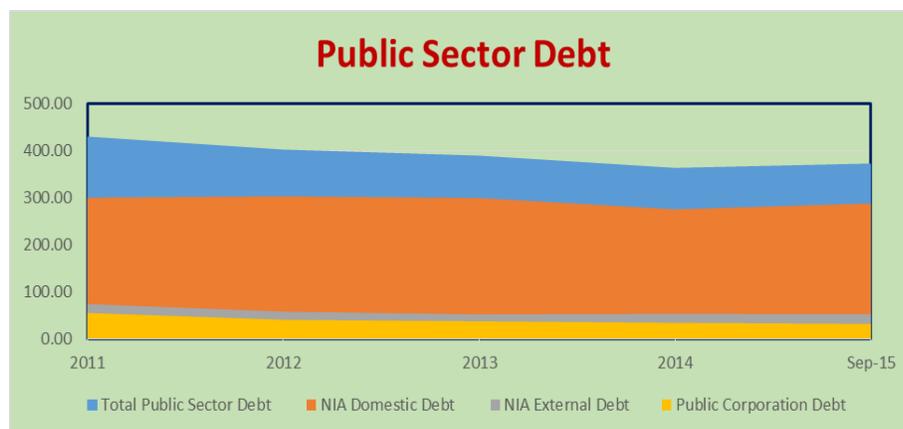
domestic transactions while the remaining 41.2% was generated from International trade and transactions. While total revenue would have increased during this current year, the revenue collected from the Value Added Tax is expected to decrease over that collected in 2014. This is due largely to the decision to remove VAT on all food items, medicine and funeral expenses to bring some measure of relief to the citizens of this country. It is expected that his imbalance will be adjusted as the level of consumption increases over time.

27. Mr. President, it must be noted that these figures are in no way reflective of the total VAT generated from activities in Nevis. It merely shows the VAT filed and paid in Nevis. There is a significant unrecorded quantum of VAT and other taxes due to the pattern of trade and movement of goods between St Kitts and Nevis. The above analysis therefore underscores the growing strength of the Nevis economy over the past three years.

Public Debt and Debt Restructuring

28. Mr. President, maintaining a sustainable debt level continues to be an important part of this Administration’s agenda. Throughout the year, this CCM Administration adopted collaborative strategies towards debt restructuring, reducing debt servicing payments and other consolidation measures as part of our strategy towards debt sustainability.

29. The total indebtedness of the NIA as at 30th September 2015 stood at \$340.87 million, a decrease of 3.37 percent when compared to the amount of \$ 352.76 million at September 2014.



Domestic debt remains the larger portion of NIA’s debt portfolio totalling \$288.00 million at the end of September 2015 while external debt stood at \$52.87 million at the end of the same period.

A large portion of the domestic debt is comprised of the over the counter Treasury Bills offered through the Treasury Department along with the recently restructured loans.

30. Mr. President, these Treasury Bills instrument carried an interest rate of 6.5 percent per annum from inception. In keeping with the trend of the recent reduction in interest rates on all instruments offered through the commercial banking sector, this Administration will reduce the annual interest rates on Treasury Bills to 5.5 percent per annum effective January 2016. Efforts will also be made to reduce the amount of rolled over interest so as to keep the growth level of this instrument within manageable limits.

31. During this year, this Administration was successful in renegotiating its outstanding debt with the Kuwait Fund for Arab Economic Development. The total outstanding debt to this entity was re-amortised over an additional fifteen (15) year period thus substantially reducing annual debt servicing burden to the Administration. In addition, my Administration has successfully completed its debt servicing obligation to the European Investment Bank (EIB).

32. Mr. President, over the past two years this Administration has been having numerous meetings with the St. Kitts-Nevis National Bank to arrive at a consensus for the settling of our indebtedness to this institution. I am happy to report that an agreement has been reached whereby the remaining outstanding debt to this institution will be converted into a long-term loan amortised over a 25 year period with the interest rate reduced from 9 percent on average to 5 percent. This will provide a substantial reduction in the debt servicing payments of the Administration and will pave the way for the normalising of banking operations with this institution.

NEW PROGRAMS & INITIATIVES

33. Mr. President, in this dynamic economic environment facing small island states, there is always the need for creativity and adoption of new programs and initiatives to cope. In addition to our infrastructure program as laid out in our Capital Budget, the New Year 2016 will witness the implementation of the following additional new initiatives:

- Continue to roll out fibre optic program as a means of facilitating inter connectivity within government departments;
- Launch Faces of Nevis campaign and 50 stays 50 ways campaign to build our tourism destination awareness;
- Launching our new Tourism Development Plan;
- Enact legislation to govern Registered Agents in the Financial Services sector;
- Request the Federal Government to approve the establishment of a division of the Citizenship by Investment Unit (CIU) in Nevis; to process CBI applications before submission to CIU in St Kitts;
- Launch our Small Grants Micro Business program;
- Implement a Land Records Modernization Project;
- Commissioning a Solar Energy facility at the Solid Waste Disposal Site;
- Advanced methodology in the delivery of education especially in the teaching of sciences;
- Expand TVET programmes for greater Skill Training and Adult Education.

Mr. President, these are just a synopsis of the new initiatives to be implemented by my government in the upcoming budgetary period.

FRAMING THE NEW ECONOMY

Information Technologies	Agro Processing
Renewable Energy	Resilient Financial Services Sector
Sustainable Tourism	Supporting Small Businesses

Development of Information Technology Capabilities

34. Mr. President, as we seek to build that new economy, advances in our information technology capability must be at the forefront of this thrust. During 2015 this CCM Administration has made substantial investment in our Fibre optic network connectivity so as to

upgrade and modernise our government wide communication system. This has greatly enhanced our ability to deliver on a number of IT related programmes at critical institutions such as the Health Management Information System, the newly deployed Customs Management System – ASYCUDA as well as activating our Emergency Operations Centre at the Office of Disaster Preparedness. This achievement should not be understated as it is a clear indication of the Administration’s interest in the developing our information technology capabilities.

35. The increasing reliance on network connectivity for daily operations has caused the Information Technology Department to improve the resilience in its network infrastructure. To this end, this Administration has negotiated a reciprocal agreement with a private business entity for the provision of network redundancy for sites primarily in the Pinney’s area. This sharing of network connectivity is important as it allows both the Administration and the entity to enjoy network connectivity around the business centre of Charlestown, stretching from Long Point to Pinney’s via the bypass road returning to long Point via the island main road. This reciprocal arrangement carries no recurring cost to either party and highlights the power of public/private sector partnerships in areas of mutual interest.

36. Mr. President, the area of cyber-security is an important one and this was highlighted when the websites of a number of Caribbean governments were compromised. The IT Department has taken note of these events and continues in its efforts to ensure that our ICT systems are adequately protected from external and internal threats by the upgrading of all servers to the Windows Server 2012 platform and install industry standard firewall and antivirus software.

37. This direct investment in fibre optic technology has given the Administration the opportunity to take control of its own internal telecommunications infrastructure at substantially reduced cost. The IT Department started to deploy ‘Voice over IP’ technology as a direct replacement for all existing analogue telephone lines and handsets within all departments of government. A total of 139 devices, representing 65% of the Administration’s telephones, have been deployed to date across a number of departments already connected by fibre optic cable. It is anticipated that as the number of connecting sites increase so will be the number of IP phones until all departments are covered. This technology will result in substantial cost savings as all

internal calls occur at no cost to the government. Installation costs are also substantially reduced as the single, dual purpose (Category 6) cable now being deployed in all new government buildings will now cater for both data and telephone connectivity.

38. Mr. President, during this current year 2015, extensive work began on a number of software systems, including: the ASTARIS program which serves as the current budget platform, an invoice tracking system to allow improved tracking of expenditure commitments and the implementation of the Vizor FATCA Platform to facilitate the reporting requirements under the FATCA legislation. Work is also progressing on developing an Education Management Information System (EMIS) for the secondary schools which would serve as a management tool for the department.

39. Mr. President, as we seek to take steps to inspire human progress, the IT department in collaboration with the Republic of China on Taiwan was able to commission its own computer training facility. We express our sincere gratitude to our partners at the ROC on Taiwan for this timely donation of 12 Desktop Computers, 15 Laptops and 1 Projector & Screen. These pieces of equipment will play a critical role in the training efforts of the Administration going forward. In support of these ongoing projects, staff members at the department were exposed to a number of courses including: the Certified Fibre Optic Installer Course, Oracle (12C) PL/SQL, Administration & Fusion Middleware Training, Customs Asycuda Training, FATCA, the Common Reporting Standard & Vizor Training. In anticipation of continued CCTV deployments throughout the island, one staff member was afforded the opportunity to attend the IFSEC Conference in London held earlier this year. The exposure gained from this training is being used to shape the project going forward.

Tourism Sector

40. Mr. President, the Tourism Marketing and Promotion Authority (NTA), working closely with its public relations representatives in the North American and UK markets continue to adopt a marketing strategy designed to build destination awareness in the market place. In this regard the theme adopted for our 2016 marketing strategy for North America is “**50 stays 50 ways**”.

Using this strategy, the Tourism Authority will host 50 journalists in the New Year who will each produce 50 different editorials of Nevis as part of our destination awareness campaign. Likewise, our UK Public Relations team has launched the **“Faces of Nevis Campaign”** as its 2016 marketing strategy. In support of this strategy, we hold fast to the view that the people of



Nevis are the ones who make the visitor experience memorable. This campaign will therefore be built around the notable achievements of Nevisians both at home and abroad.

41. In this intensely competitive tourism industry, we must now recognize that any strategic marketing plan must be able to successfully differentiate a destination in the mind of the traveler. We must be mindful that destinations like Cuba, the “shiny new object” in the Caribbean, is already captivating the traveler’s imagination and will no doubt be a formidable competitor in the US market. To remain competitive, it is critically important that Nevis be proactive in differentiating itself as we strive to become a premium year round destination. A smart, strategic, compelling and integrated multichannel campaign is therefore necessary to raise awareness, drive visitor arrivals, and bring the charm and allure of Nevis to our preferred target audiences. We believe that Nevis is uniquely positioned to take advantage of several trends in travel today, especially the desire for authentic and truly memorable travel experiences.

42. Mr. President, we continue to focus our marketing efforts on the north east coast of the United States. This is extremely significant to us as 31 percent of our North American travelers originate from the north east coast. Our public relations effort in the UK market is also showing significant growth as a number of our hotel properties are reporting increases in bookings from UK travelers ranging from 30 percent to 109 percent for this upcoming season. In this regard, our 2016 marketing plan will see a redoubling of our efforts in building awareness and the implementation of policies and programs to convert awareness into sales by training and building

relationships with tour operators and travel agents who are actively selling the destination. The primary focus will be to elevate awareness of Nevis across travel and niche markets, increase visibility of Nevis events, increase hotel occupancy rates and closing the off season by growing business in the summer.

43. Social media must be part of any comprehensive marketing plan as there is an increase in the number of social media users especially among the younger age group. Enhancing Nevis' online presence will result in increased awareness and sales. We firmly believe that it is our raw and naturally authentic beauty that will become the draw for many on social media as these potential visitors regularly view our magnificent island paradise.

44. Mr. President, during this 2015 Tourist season, Nevis successfully hosted a number of events in its efforts to continue to raise awareness of the destination. The second Nevis Mango



and Food Festival, our premier culinary tourism event was facilitated by three international chefs, and has gained increased international attention in securing Nevis' place on the list of acclaimed international

culinary destinations. In addition, the Nevis Travel Symposium of Romance attracted a number of travel professionals to Nevis and gave them a splendid opportunity to witness why Nevis is considered to be the most romantic destination in the Caribbean by USA Today and Caribbean Journal. They were able to visit important historical sites, hotels and restaurants on Nevis and interacted with local suppliers in the travel industry with the intention of establishing partnerships to facilitate the movement of romantic travelers to Nevis. All travel agent who participated in this event were certified as Nevis Romance Specialists.

45. As we seek to build awareness in the UK market, the Nevis Tourism Authority in partnership with the St. Kitts Tourism Authority participated in the third annual Destination St Kitts & Nevis. This is a marketing and promotional initiative specifically targeting the UK

market and it is an integral part of our overall program to attract more UK travelers to Nevis. We will continue to build and maintain a firm relationship and alliance with key partners such as BA Holidays and Black Tomato Agency. This agency specializes in creating unique, brand infused travel incentives and reward programs around the world, tailored precisely to target audience. It specializes in high end, unique experience holidays to an elite group of travelers between the ages of 30-50 who spend an average of 12,000 pounds per year on holidays.

46. Mr. President, over the past year, the Nevis Tourism Authority has worked closely with our airline consultant as we seek to dialogue and negotiate appropriate and convenient airlift into Nevis. We continue to partner with WINAIR through the St. Maarten gateway as we believe that the increasing number of international airlines serving St. Maarten on a daily basis provide a convenient and hassle free options for visitor arrivals to Nevis. We are heartened by the recently announced code sharing arrangement between Jet Blue and Seaborne which will now allow the US travelers to book to their final destination, Nevis, on a single booking. We have also forged links with Caribbean Helicopters to facilitate regional and UK travelers who readily use the Antigua gateway to get to Nevis.

47. Mr. President, the Ministry of Tourism has launched its development plan which highlights the sum total of processes and activities geared at ensuring that our destination is at a state of readiness to provide consistently excellent, high quality and memorable experiences to visitors and residents. It also involves the enhancement and diversification of physical and socio-cultural assets as well as human resource development in a sustainable framework that provides a distinct competitive advantage for the destination. To this end, we will focus our efforts on capacity building to ensure that our staff and stakeholders are adequately trained and have competencies, attitudes and skill sets necessary to deliver a consistently superior experience to our visitors. I am also happy to report that seven (7) members of staff at the Ministry of Tourism are currently being enrolled in an on-line program in sustainable tourism which will lead to a Sustainable Tourism Professional Certificate endorsed by the prestigious George Washington University.

48. There is an increasing inclination of travelers to gravitate towards destinations which demonstrate principles of responsible tourism. Hence, an important part of our tourism product



development strategy will be a strong emphasis on sustainable tourism. This will entail the development of an action plan for sustainable tourism and diagnostic testing using international criteria and destination monitoring. This will undoubtedly place Nevis in a

more competitive position and ensure that product development is consistent with the marketing tagline of the island **“Nevis Naturally.”**

49. Destination Nevis prides itself as being a premium destination and as such, it is important for us to ensure that our stakeholders conform to consistent high standards of service. We will continue to enforce the tourism transport minimum standards for all taxi and tour operators. We will also place emphasis on enforcing the **Tour Guide** minimum standards in order to ensure the satisfaction and safety of visitors who engage in sports tourism and soft adventure activities such as rainforest hiking. We will also seek to promote the Tourism Accommodation minimum standards in order to ensure that our hotels, villas, apartments, condos and guest houses remain competitive and that our stakeholders continue to provide a consistently excellent product.

50. Mr. President, the Ministry will continue to put emphasis on its tourism education and awareness programs. One of the new initiatives for 2016 is the introduction of tourism education in the secondary schools and we will move to roll out the program in all three secondary schools early in the New Year. Given that tourism is one of the pillars of the Nevisian economy, we are of view that post-secondary tourism education merits some attention. We will seek to introduce Tourism Education at CAPE level at the Nevis Sixth Form. In addition, this Administration will encourage participation in the OECS Network of Tourism Excellence, also known as the OECS Hospitality Institute, which will be based at CFBC. The OECS Secretariat has committed to providing networking equipment so that post-secondary students and working tourism professionals in Nevis can have the opportunity to access the wide

array of tourism and hospitality specializations via the virtual network, which links centres of excellence in all OECS member states.

Agricultural Sector

51. Mr. President, the Ministry of Agriculture continues to build on its knowledge base through an array of training collaboration with our the Taiwanese Technical take advantage of annual for training in Agriculture, we during this present academic leaver has left to pursue Science at the Earth



programs offered in partners IICA, CARDI and Mission. As we seek to scholarship opportunities are happy to report that year one additional school studies in Agricultural University in Costa Rica.

52. My Administration will continue to place greater emphasis on shade house technology or protected agriculture as it has the potential for increased production and productivity. The evidence is clear that both the quality and quantity of crop produced through shade house technology far exceeds conventional production, especially in the production of tomatoes and sweet peppers. To boost production of vegetables on both government and private farms, the Marketing Unit will be mandated to source improved variety of seeds for sale to farmers. This unit continues to play a major role is ensuring that the produce from local farmers are marketed to our hotel and restaurant sector. During the first nine months of this current year a total of 146,228 pounds of produce was processed through our marketing facility representing an increase of 16.6% when compared to the same period last year.

53. Mr. President, the Department of Agriculture, in response to the increasing demand for local onions, has embarked on the cultivation of 13 acres of onions, ten acres at Potworks and three at New River, with an estimated output of at least 110,000 pounds. This increase in production will allow us to supply our local demand for a number of months thus reducing our

reliance on the importation of onions. I am delighted to report that the Ministry and Department of Agriculture continue to receive great reviews regarding the quality of our local onions.

54. The increased demand for value added products has necessitated the need for additional infrastructural development at the abattoir. I am very pleased to report that work will commence



to improve the facilities at the abattoir. This will entail the construction of a meat processing facility to complement the existing structure. During the period January to September 2015 this facility has processed 155,392

pounds of meat representing an increase of 4.5 percent when compared to the output of last year. I am also happy to report that during the first nine month of 2015 the total quantity of value added products sold namely, ground beef, sausages etc. amounted to 21,208 pounds.

55. Mr. President, your government will continue to offer incentives to elevate agriculture within the hierarchy of our local economy. Every effort will be made to encourage the establishment of backyard poultry farms so as to ensure self-sufficiency in egg production. We will continue to encourage the establishment of poultry farming in the area of broiler production along with livestock farming in the area of pork production. In analyzing the data on the output from the abattoir for 2014, pork related products represent the largest output and in spite of this, we are only supplying 24% of our local demand for this product. It is obvious that there is much scope for growth in this sector. Hence, in the New Year there will be a more concerted effort to promote and encourage pork production as we firmly believe there lies excellent entrepreneurial opportunities in this area.

56. Expansion work is near completion at the Veterinary Clinic. This project is being undertaken with the assistance of our allied partner, the Humane Society, ARK. This new facility will provide additional space and will be equipped with state of the art equipment for our animal health officials thus enabling them to provide enhanced and improved health care for our animal population. The Ministry is firmly of the view that if we are to improve the quality of our meat products then we must first improve the quality of our local breeding stock. To this end, this modern facility will provide our veterinary officers with the ability to introduce artificial insemination techniques as a means of enhancing the quality of our breeding stock of animals on island.

57. Mr. President, my Administration continues to value the importance of the Fisheries subsector and is fully committed to ongoing support for our local fisherman and fishing enthusiasts. The Ministry of Agriculture is pleased with the support that has been forthcoming from the Japan International Cooperation Agency (JICA) and will therefore continue to work very closely with this institution to execute the Caribbean Fisheries Co-management (CARIFICO) project that will see more Fish Aggregating Devices (FADS) being deployed in our waters.

58. Through the Department of Co-operatives, every effort is being made to encourage farmers and fishermen to formally organize themselves to be able to take advantage of the numerous opportunities readily available to co-operative societies for capacity building. The Global Environmental Facility (GEF) is currently providing funding through a project designed to increase efficiency and capacity at the Newcastle Pottery so as to inject new life into this co-operative. The department will continue to provide training opportunities and technical assistance to the existing co-operatives in an effort to strengthen these organizations while promoting the establishment of others. Strict monitoring and oversight will continue to ensure that existing co-operatives fully comply with the Co-operative by-laws.

59. Mr. President, the Agricultural sector has experienced significant strides as we seek to empower our farmers to produce the quality and quantity of products being demanded by nationals, residents and visitors. We will continue to support all efforts in the drive towards

Food Security while ensuring that our agricultural industry remains sustainable. We will continue to strengthen our partnerships and relationships with Allied Agencies such as the Caribbean Agricultural Research and Development Institute (CARDI), the Inter American Institute for Co-operation on Agriculture (IICA), the Taiwanese Technical, the Food and Agriculture Organisation of the United Nations (FAO) and the University of the West Indies (UWI). The Ministry and Department of Agriculture have seen tremendous benefits from the relationship that exists with these agencies.

Financial Services Sector

Regulation and Supervision Department

60. Mr. President, the financial services sector continues to be a significant contributor to the economy of Nevis. Despite the challenges from the major international regulating agencies, every effort is being made to increase the number of incorporations in the various product types so as to keep this sector vibrant. This sector continues to be a major revenue earner for the Administration with the amount of \$ 12.8 million collected for the period 2014 representing 10.0 percent of total annual revenue. Total revenue generated for the first nine month of 2015 totaled \$ 10.4 million, a 10.5 percent increase when compared to the same period last year. Notable increases were seen in the revenue generated from registration of IBC's and LLC's while annual Renewals increase by eight percent over last year.

61. During this financial year, amendments were made to our financial services legislations in an effort to provide competitive products that are best in their class. The legislative agenda for 2016 will see the tabling of amendments to other legislations to keep our sector in line with other jurisdictions and to meet the increasing demands of the international community. Consideration has also been given to consolidating the whole suite of amendments into a comprehensive Ordinance for our industry practitioners so as to greatly enhance our products and services.

62. My Administration has taken the necessary steps in preparation for the implementation of the Foreign Account Tax Compliance Act (FATCA). The Federal government has executed the Model 1B Inter-governmental Agreement in Barbados on the 31st day of August, 2015 and the

enabling principal legislation to implement FATCA was passed by the National Assembly on 15th September, 2015. All Financial Institutions with reporting obligations under FATCA have been duly registered on the IRS portal and obtained their GIIN/registration numbers. While we seek to finalize the FATCA Regulations, my Administration has facilitated a number of training workshops geared towards increasing participants' knowledge of FATCA and automatic exchange of information (the Common Reporting Standard).

63. Mr. President, the Nevis International Banking Regulations have already been promulgated and gazetted and the Department is ready to accept applications from sound, respectable and genuine applicants. On 1st July, 2015, we appointed Mr. James Simpson as Regulator of International Banking. He is exceptionally qualified and has over 25 years' experience in the banking, finance and regulatory field. He now heads the International Banking Division and has already commenced work in establishing a supervisory framework for that sector.

64. Mr. President, your Administration is moving swiftly to enact legislation to govern Registered Agents so as to uphold our integrity, reputation and respect as an international financial centre. This collaborative effort with the Financial Services Regulatory Commission will ensure that we set the highest standards for practitioners in our jurisdiction. The legislation will be comprehensive so as to ensure that it withstands scrutiny and attract only reputable management companies and individuals who wish to carry on financial services business from or within the island of Nevis.



AML/CFT Training Workshop Conducted by the Financial Services Department

65. The international regulatory landscape has changed significantly over the past year with the Group of International Finance Center Supervisors publishing its Standards for the Regulation of Trust and Corporate Service Providers. It was endorsed by the Financial Action Task Force as well as the Caribbean Financial Action Task Force (CFATF) and will undoubtedly be used as the benchmark for compliance for our 2018 - 4th Round Mutual Evaluation by the CFATF. Therefore, Mr. President, in order to safeguard our jurisdiction and staying true to the Department's mission: *"To promote good governance and accountability in a strong regulatory environment, aimed at protecting and strengthening the reputation and viability of the Nevis Financial Services Industry"* – we will aim to incorporate those standards in the Ordinance governing the licensing and supervision of Registered Agents.

66. Mr. President, during this upcoming year my Administration will take steps to formally establish the Nevis Branch of the Financial Services Regulatory Commission so as to provide greater efficiency in the administration and enforcement of legislation governing this sector. These legislation cover money laundering and terrorist financing, international banking, international insurance, mutual funds, money services business, the licensing and supervision of Trust and Corporate Service Providers and persons that carry on trust, citizenship by investment,

corporate, nominee shareholders and directors business. A Risk-based Supervisory framework is currently being finalized to guide the operations of the Branch.

67. In keeping with our theme of inspiring human progress, the Regulator and Staff of the Department have benefitted from technical assistance from the Caribbean Regional Technical Assistance Centre (CARTAC) based in Barbados. This institution has facilitated a series of training workshops throughout this year to build capacity and improve productivity. Over the past few months the staff of the Department received practical training directly from the creators of the “Risk-Based Supervision Framework”. This training included among other things, components covering details of the Risk-based Supervision Framework, conducting on-site and off-site inspections, assessing risks associated with regulated entities and in particular, prudential supervision of captive insurance companies and international banks.

68. Mr. President, during the first quarter of 2016, the department will receive technical assistance and training from the Commonwealth Secretariat. This assistance, will see the attachment to the department of experts from the Guernsey Financial Services Commission with supervisory experience and knowledge in international banking and insurance. This would be a tremendous step towards the improvement of staff competency and knowledge in these areas.

69. Furthermore, the Department has commenced preparations for the 2018 Caribbean Financial Action Task Force Mutual Evaluation of our jurisdiction. I wish to encourage the private sector - most notably, the banking institutions, Service Providers/Registered Agents, legal and accounting professionals, insurance companies and credit unions, real estate agents and gaming operations, etc. to continue to identify, assess, monitor and document their own money laundering and terrorist financing risks so that such assessments can be fed into the National Risk Assessment in preparation for the Mutual Evaluation exercise. The co-operation and support of the private sector is essential to this exercise.

70. Finally, Mr. President, during the course of 2016, the Department will continue its efforts to inform, update and provide training opportunities as necessary to all regulated entities and create awareness of the developments in areas affecting the financial services industry. We will

increase the number of on-site examinations and enforcement actions against regulated entities as part of our obligation to monitor and confirm compliance with Anti-money Laundering, Countering the Financing of Terrorism (AML/CFT) and adherence to prudential regulations.

Development and Marketing Department

71. Mr. President, as we seek to build a more vibrant economy, it is imperative that we effectively promote investment opportunities that will help to stimulate economic growth and contribute positively to the island's long term development. To achieve this goal, we must create a business environment which is responsive to the needs of entrepreneurs and stimulates the attraction and absorption of investment capital. Our top priority is to improve our ranking in the 'ease of doing business' classification developed by the World Bank. This will be done by streamlining business processes, enhancing regulatory transparency of the financial services sector, expediting the granting of various permits, and improving the efficiency of tax collection.

72. We will also request the Federal Government to approve the establishment of a division of the Citizenship by Investment Unit (CIU) within the Marketing Department for the purpose of receiving applications for Nevis projects, undertaking due diligence, and forwarding to CIU in St. Kitts for approval. It is proposed that the Unit in Nevis will coordinate CIU approved projects and dialogue with its counterpart in St. Kitts to ensure that our applications are handled in a timely manner.

73. Mr. President, many international financial jurisdictions throughout the world have experienced stagnation in growth due to the lingering world economic and financial recession, and the protectionist policies implemented by some developed countries to stem the leakages of taxes and capital flows. To secure the future of Nevis in a very challenging international financial industry, we have consulted with stakeholders and have developed a credible marketing plan to maintain our competitive position as we navigate this turbulent period. With our limited resources, we have decided to focus greater attention on developing niche markets in the area of insurance, trust and international business companies. These products have been very popular

over the years and offer great opportunities for growth through the targeting of marketing resources.

74. During the upcoming year, our marketing initiatives will continue to raise awareness of our jurisdiction as we seek to promote Nevis as an up-scale international financial centre well positioned to attract lucrative investment opportunities. Our approach will focus on the use of direct marketing through the use of the electronic media as well as face to face meetings with potential investors and service providers. We will also utilize the services of intermediaries and marketing firms who have the ability to attract new clients that are interested in diversifying their wealth portfolios and pursuing new investment projects on the island. Over the years, we have placed great emphasis on the European, Asian and American markets and have benefitted tremendously. We will continue in this direction but will seek to expand into the South American market which is becoming very attractive especially for our trust product since its revision earlier in the year.

75. Mr. President, to more effectively execute our marketing initiatives we will seek to complement our marketing team by including the services of someone with legal training who will be better able to aggressively promote the attractive features of our various legislations which is so critical to the advancement of the sector. It would also provide the opportunity for ongoing and timely revisions and amendments of the various product legislations as we seek to keep pace with our regional and international competitors.

76. Mr. President, to remain ahead of our competitors, it is important that we continue to foster an investor friendly environment that facilitates investors' needs. This requires that our human resource keeps pace with the requirements of the industry through consultation and educational presentations. To this end, the New Year will see ongoing training seminars for all service providers along with a targeted approach to our high school students to encourage the pursuing of career choices to meet the increasing needs of this sector.

Small Business Development

77. Mr. President, I must reiterate that one of the most important aspects of the economy of Nevis is the proliferation of small businesses. Application for new business licenses across a variety of sectors continue to increase with the retail trades and services being the dominant area of concentration. The period January to September 2015 saw a total of 172 business licenses issued when compared to 161 issued for the same period last year with the service sector being the dominant area of interest. This sector continues to encourage personal entrepreneurship and independence while steadily creating meaningful employment. This is very heartening as it demonstrates that our people are now developing the entrepreneurial attitude and taking advantage of opportunities offered by the growing strength of our economy.

78. This Administration continues to promote the development of this sector through our incentive program administered by the Small Enterprise Development Unit (SEDU) where micro business can receive startup capital to enable them to grow and migrate into medium size businesses. In addition, the recently launched “Fresh Start Program” offered through the Development Bank is another opportunity that is available for our young entrepreneurs to access funding to start their own business. This program is designed to assist our young people with creative ideas to convert these ideas into entrepreneurial opportunities.

79. Mr. President, during this upcoming year my Administration through the SEDU office will launch its Small Grants Micro Business program. This program will target 25 individuals who are unable to find gainful employment and wish to become fully engaged in starting their own micro organization as their sole source of income. These individuals, having submitted an appropriate business plan, will gain access to low cost funding to a maximum of \$ 5,000.00 at one percent interest over a period of 2 years towards the purchase of startup equipment. It is our expectation that with time, these entities will grow into much larger business entities where they can access loan funding to further their expansion.

80. The year 2015 was declared the year for small business in Nevis. During this year we formalized the structuring of small businesses and revamped our Small Enterprise Development

Unit in order to provide appropriate and timely technical assistance and training. This restructuring included a new approach to accountability in these micro organizations through the launching of a number of training programs in Quickbooks accounting. To date a total of 28 small business owners have been trained and have the Quickbooks software installed at their place of business as a management tool. Each participants was exposed to at least 20 hours of intense training over a two week period. It is the intention of the Administration to continue this program into the upcoming year and to increase the number of trainees to 100 by the second half of the year. Our technical team at the SEDU office is committed to providing follow up visits and provide technical assistance as required. Quickbooks is a management tool and it is our hope that these persons will fully utilize the comprehensive information now available as they make their management decisions on a daily basis.

81. Mr. President, in partnership with the Caribbean Development Bank, the SEDU office also hosted a two week training workshop in the area of leather craft. This training was geared towards enhancing the skills of our artisans who are currently involved in the production of leather bags, belts and shoes. During the upcoming year the SEDU will take steps to revive the traditional art of leather tanning as a means of providing a local and cheaper source of leather for these artisans. We have already identified a facilitator for this course which is expected to be conducted during the first quarter of 2016.

Private Sector Foreign Direct Investment

82. Mr. President, my Administration continues to make a concerted effort to attract foreign capital inflows in the form of Foreign Direct Investment to our shore. We have done joint overseas promotions with private sector entities in Zurich and to other countries in Asia. The Asian market continues to be one of the emerging markets for persons seeking to purchase property under the Citizenship by Investment Program, which fuels the Real Estate and Construction Sectors and also the Tourism Industry - all vital to the economic development of Nevis.



Four Season's Resort Estate Villa Development

83. My Administration continues to give full support, through concessions, to both domestic and foreign developers. These concessions in the form of exemption from Customs Duties on items imported for construction and also on startup equipment, are short term sacrifices that your Administration is making in return for the long term gains of increase revenues and employment opportunities for our people. To this end, my

Administration continues to give concessional support to the following ongoing investment projects:

- The 126 rooms Condo Development at Tamarind Cove;
- Ongoing Villa Development at the Four Seasons Resort Estates at Pinneys;
- The Mount Nevis Hotel Expansion Project;
- Paradise Palms, a 218 rooms Resort Hotel development situated at Paradise Estate;
- Butlers Estates and Residences, a Villa type development situated at Butlers;
- Golden Rise Villa Development at Golden Rock;

84. Mr. President, there are additional investment projects, namely Condo type development, which have been approved in principle pending the submission of final drawing to the Planning Department and approval of their Environmental Impact Assessment Study (EIA), where

applicable. My Administration has already made recommendation for these projects to be classified under the Citizenship by Investment Program. It is important to note that the new policy to be implemented in respect of future CBI Development Projects will require the development of a core hotel with amenities. This is an integral part of the CBI program in the future as it creates employment in construction and other long-term employment as hotel rooms are added to our tourism plant. It will also drives the airlines to increase the number of seats to serve the market.

85. Mr. President, despite the competition to our CBI programs from neighboring OECS countries and the previous delays in processing of applications at the CBI office, my Administration is confident that the newly initiated reforms to our CBI program will once again make our program viable and provide a renewed interest for foreign direct investment into Nevis. It is always the policy of my Administration to move these projects speedily from preconstruction to construction stage as we seek to expand our thriving construction sector and our Tourism plant while providing the opportunity for increased employment.

Infrastructure Development

86. Mr. President, our road improvement program has continued at a rapid pace throughout this year. We are very pleased with the quality of work from our technically skilled officers at the Public Works Department as seen in the Hamilton Road project and presently on the Hanley's Road project. These two major road projects have certainly empowered our technical staff and will give them the confidence to successfully execute our ongoing road rehabilitation program for the upcoming year. I am happy to report that work is progressing rapidly on the Hanley's Road Rehabilitation Project. By the end of this year, we are projecting to complete about 50% of the rehabilitation work which will include the completion of drainage, upgrading of water lines and laying of asphalt in the area of Scarborough to Middle Work, with final completion due by the end of the first half of 2016. I wish to take this opportunity to thank the good people of Hanley's Road for the tremendous co-operation and patience exhibited so far as we seek to enhance the road network in that community.

87. Additionally, Mr. President, our infrastructure program for 2016 will see the construction of Ring Road at Nisbett Settlement; the Colquhoun Road Development; overlaying of portions of the Charlestown Bypass Road along with a number of minor roads throughout the island of Nevis. These will include rehabilitation works on the roads at River Path, Harris, upper Hull Ground and the road network connecting Chapel Alley, Taylors Pasture and Maynard Ground continuing to the St. Georges Recreation Ground. In addition the Public Works Department will commence rehabilitation works on the Shaw's Road to Fountain Village Road onto Camps Road along with major works on the Brown Hill Road.

88. Mr. President, I am pleased to inform you that during the summer vacation the Nevis Island Administration undertook significant rehabilitation work on all school buildings at an actual cost of approximately EC\$2.4 million. We have improved the physical environment in these schools and we seek to provide an environment that would inspire learning. I wish at this point to appeal to the parents to instil in their children the need to take care of the school property in light of the significant investment made in repairing and maintaining these structures. The rehabilitation work at the Ministry of Education Office Building at Marion Heights and the extension to the VET Clinic are progressing smoothly and will be completed very early in the New Year. The plans for the rehabilitation of the Government House is being finalized and a contract will be issued shortly for the renovation of this important historical edifice which will bring a major injection to the construction sector. I am aware, Mr President, that this project has been long in the making but 2016 will see it materialize.

89. Mr. President, rehabilitation and new construction will commence on other government buildings including the extension to the Abattoir, construction of a Community Centre/Hurricane Shelter at Rawlins Village, reconstruction of the Treasury and Inland Revenue Department building, extension work at the Charlestown Health Centre, construction of the Diagnostic Wing at the Alexandra Hospital, rehabilitation of the Social Services Building at Government Road and completion of work on the old New River School to serve as a community Centre for the residents of the Zion area. Work has also commenced on the concept drawing for a new Government Headquarters building which will be located next to the Administration Building in Charlestown.

90. Mr. President, I am also pleased to report that the process has started for the review of the Nevis Physical Development Plan and the Nevis Physical Planning and Development Control Ordinance and its accompanying Regulations. This project, sponsored by CARPHA together with funding from the German Government, is expected to be completed in the first quarter of 2016. Moreover Mr. President, it is the intention of the NIA to implement a Land Records Modernization Project at an estimated cost of US\$500,000. The implementation of this project will be coordinated by the Department of Physical Planning in partnership with the Inland Revenue Department, the Land Registry, IT Department and other government agencies.

91. We have contracted the services of the California based company, TRIMBLE, which has considerable experience in this area. This project entails the developing of a land records management software to scan, index, remediate and ingest existing data. The company will also develop and deploy land folio workflow solutions for mapping, Inland Revenue Department, Registry and the Department of Physical Planning and provide onsite land records management and database maintenance training for our officers. The project will be conducted in two phases over a nineteen (19) week period and will certainly have a positive impact on the efficiency and operations of these key government agencies while strengthening our land management capabilities.

92. Mr. President, a substantial portion of the civil works has been completed on the Nevis Water Supply Enhancement Project especially in the northern section of the island, including the construction of all five (5) Storage Tanks. The Pumping Stations at Camps and Fothergills are substantially completed including the installation of pumps, controls and generators. These will be tested and commissioned in the very near future. To date we have installed Transmission Main from Maddens Reservoir to Camps Reservoir; a suction main from Camps Reservoir to Camps Pumping Station; a Pumping Main from Camps Pumping Station to Spring Hill Reservoir and a section of the Transmission Main from Spring Hill Reservoir to Westbury. We anticipate that this project will continue throughout 2016 as a number of activities are still to be completed, including the installing of Pumping Main from Fothergills Pumping Station to the Stoney Hill Storage Reservoirs, which is scheduled to commence in January 2016.

93. In addition Mr. President, the *Cole Engineering Group*, a consultancy firm out of Canada, is currently engaged to conduct a *Water Resources Management Study* for Nevis. This study should provide some very useful strategies to be adapted in developing the water sector including the development of an appropriate entity to undertake the management of the water services for the island. Other project activities include the installation of groundwater monitoring wells, District Meters (bulk flow meters); the installation of Pressure Zones and Boundary Valves; the designing and installation of a SCADA system; the conduct of water audit and the engagement of a *Transition Consultant* to guide the transition process of transitioning the Water Department into a new commercial entity. This substantial investment in the water sector will benefit all the residents and people of Nevis as we prepare to be more resilient against the negative effects of climate change.

Renewable Energy Development

94. The Caribbean, Mr. President, is regarded as one of the most vulnerable regions in the world and in this regard we must take drastic steps to adapt and mitigate against climate change variabilities. We must also endeavour to take steps to mitigate against external shocks such as increases in the price of fossil fuel; and the global increase in the emission of dangerous gases into the atmosphere and the resulting effect of global warming and its dangerous effect on sea level rise. It is therefore important for us to continue with an aggressive renewable energy development agenda to strengthen our economic resilience and embrace a green economy for the future.

95. Mr. President, your government has entered into an agreement with the United States based company, *Omni Alpha LLC*, through a public/private partnership with the *Nevis Solid Waste Management Authority*, for the development of a waste to energy facility using the gasification process that would first and foremost manage the island's solid waste disposal and secondly provide renewable energy for the island of Nevis. A second component of this project is the commissioning of a solar energy facility which together with the waste to energy plant would offset the base-load use of diesel generators while bringing environmental and economic

benefits. This project has the capacity to provide 1 megawatt of energy from the waste generation component and approximately 1.5 megawatt from the solar energy generation component.

96. Mr. President I am happy to report that work has commenced at the site at Long Point with the clearing of 13.7 acres of land, and it is anticipated that construction of the Solar Plant will commence in January 2016 and should be producing electricity by April 2016. Likewise, the construction of the waste to energy plant is scheduled to commence in April 2016 and be completed in September 2016.

97. Mr. President, efforts are well on the way with regards to the implementation of the much anticipated Geothermal Project for Nevis. With the guidance of the US Department of State, the Nevis Island Administration (NIA) awarded a long term concession to Nevis Renewable Energy International L.L.C. (NREI, or “the developer”) for Geothermal Resource Development and Construction and Operation of a Geothermal Power Plant on Nevis with a Nominal Gross Capacity of 10 Megawatts. This Concession Agreement was signed on August 22, 2014. After successful negotiations between the NIA, NEVLEC and NREI’, with regard to an Electricity Sales Agreement or Power Purchase Agreement (PPA), the Power Purchase Agreement was signed on 20th November, 2015 between NREI as seller and NEVLEC as buyer.

98. This has now cleared the way for NREI to be able to attract a number of potential debt and equity funding partners and to enter into preliminary agreements with its own technical subcontractors to implement its project plan. It is anticipated that NREI will now be in a position to confirm precise contractual terms and conditions to its financial partners and to mobilize resources to commence drilling of the production wells. Once the commercial viability of these production wells are determined, NREI will move speedily to construct the geothermal power plant, which is scheduled for completion in 2018.

99. Mr. President, your Administration is working to ensure that maximum benefits are derived from this renewable energy development. We have made a concerted effort to ensure that in relation to the PPA or Electricity Sales Agreement negotiations, we secure the best terms

in the interest of the island of Nevis. In addition, Mr. President, the Caribbean Development Bank (CDB) has expressed a very strong interest in working with the NIA to ensure that we have a viable project. In fact, the CDB has recently signed an agreement and secured funding in the amount of US\$71.5 million from the Inter-American Development Bank (IDB) to establish what is dubbed as a GeoSmart Facility under the Sustainable Energy Facility (SEF) which targets geothermal energy development in the OECS including Nevis. The objective is to assist these small economies in establishing an energy matrix to ensure energy security and make our economies more competitive and resilient to the fluctuating misfortunes of world economic changes.

100. Moreover Mr. President, as we seek to implement this project, we must do so in a professional manner so as to bring maximum benefits to the island and people of Nevis. We have taken advantage of the opportunities offered by our regional economic development partner, the Caribbean Development Bank, and we have benefitted tremendously from the technical assistance provided through their network. We also wish to register gratitude to the United States Government through the US State Department, and we sincerely thank them for this overwhelming support.

101. Mr. President, I want to state that the recently announced plans for exploration for geothermal energy development on St. Kitts should in no way have a negative impact on the Nevis Geothermal Project. In fact, geothermal energy development on St. Kitts will complement our resource development on Nevis and would seek to advance the economic development of both islands as together we can have a greater combined access to a cleaner and cheaper more sustainable renewable source of energy for domestic consumption and to export any surplus that is produced.

102. Mr. President, the Ministry of Communications and Works is exploring an initiative to utilize solar energy at all our pumping stations and reservoirs to offset the high energy costs of moving water through our water distribution system. Work has commenced to formulate a project concept and we will seek external assistance for possible grant funding or concessionary financing to implement this initiative.

103. In addition Mr. President, with the proposed commissioning of multiple renewable energy initiatives, it is imperative that we implement sound energy policies and programs to deal with the increasing advancement in the energy sector so as to regulate, educate and coordinate all these activities, developments and projects. To this end, my Administration will take the necessary steps to establish an *Energy Unit*, with the relevant technical staff, to carry out these mandates and to ensure that we have the correct framework and institutional infrastructure in place to administer the development of our renewable energy programs and initiatives; to work with regional and international organizations to secure technical support for training in energy and energy efficiency; and to ensure proper project implementation, secure sound energy policy development and appropriate laws and regulations.

Crime Fighting & Security

104. Mr. President, the issue of crime and the eradication of criminal activity continues to be high on the agenda of my Administration. I want to assure all citizens and residents that my Administration stands committed to the fight against crime as we firmly believe that the safety and security of its people is the utmost responsibility of any administration. The frequent occurrence of gun violence continues to be a major concern for us all. During this fiscal year my



Administration has commissioned into operation two cargo x-ray baggage machines and both the Long Point Warehouse and the Customs Baggage Area at the Airport respectively,

costing in excess of US\$ 100,000.00. These machines are equipped with the ability to penetrate even densely packed cargo including wooden and metal crates. In addition, my administration has granted financial assistance to the Nevis Air & Sea Port Authority towards the purchase of a patrol vessel valued at US\$ 165,000.00. It is our hope that these two new measures would have a serious effect in tightening the control at our borders.

105. Mr. President, we cannot effectively develop as a country unless we can maintain peace and stability and reduce criminal activity in our communities to a zero level. To achieve this, my Administration has granted approval for members of the Royal St. Christopher & Nevis Defence Force to be regularly present in Nevis working alongside the members of the Royal St. Christopher & Nevis Police Force at the Nevis Division. We will continue to give full support to the members of the Royal Saint Christopher and Nevis Police Force, Nevis Division. We continue to allocate resources in our annual budget to supplement the Federal Budget allocation so that our police officers can have the necessary equipment and other resources to effectively carry out their duties in an efficient manner. To date, for this current year your administration has allocated an amount of \$200,000.00 towards the procurement of vital equipment and other services for the members of the police force stationed Nevis. I wish to again applaud those members of the general public and business entities who continue to make ongoing donations to the members of the police force.

106. Mr. President, my Administration stands committed to the use of CCTV technology as a means of assisting the police in dealing with the issue of crime. This CCTV program is designed to provide a robust system that will be an effective tool in supporting the day-to-day operations of the Police while allowing us to deploy our scarce Police resources in an efficient manner. This technology has had a significant impact on the ability of the police to uphold law and order in this country. It not only helps to improve situational awareness but act as a deterrent to any form of antisocial behaviour. It is important to note that there have been no major incidents during the festive period of Culturama in the three years since the implementation of CCTV in Charlestown and its environs.

107. It is still the intension of the Administration to pursue the deployment of Automatic License Plate Recognition Technology in conjunction with the issuing of retro-reflective license plates. We have already identified a number of locations across the island road network that primarily consist of 'pinch-points', that is, areas through which vehicular traffic must traverse. It is expected that a pilot run will begin in the first half of 2016 with a full deployment shortly thereafter. Work will be ongoing to upgrade the video management hardware and software to

allow for consolidation of all existing and future cameras on to a single platform. This will serve to improve the ability of the police to conduct investigations using available footage and forensic image analysis.

108. Mr. President, my Administration will further seek to formalize operations with respect to CCTV & Forensic Image Analysis in accordance with the Ten Point plan as presented by DCI Mick Neville & David McIntosh at the IFSEC Conference in 2015. This plan entails the creation of a division within the police force equipped with forensic imaging software along with persons trained in conducting forensic image investigations and analysis. We will also pursue the training of ‘Super-recognisers’ to assist in the identification of images of individuals captured on CCTV footage. Super-recognisers are individuals who possess unique abilities in the identification of persons and are critical as identification is not always straightforward even when video footage is available.

109. My government will put in place an Advisory Committee on Violent Crime to guide the implementation of Strategies to enhance other crime fighting initiatives in St Kitts and Nevis. We will also acquire the use of three additional surveillance K-9 to aid with the detection of illegal substances and firearms.

110. Mr. President, my Administration will continue to work to improve the partnership with the private sector via the Secure Nevis initiative that seeks to assist the business community in their own deployments of CCTV technology. We will implement CCTV coverage into other key areas as identified by the police as hot spots. We stand fully committed to allocating resources for the implementation of the above listed strategies as we seek to combat criminal activity through the use of this technology.

EMPOWERING OUR PEOPLE

Education and Human Resource Development

Education

111. Mr. President, as we seek to implement strategies to inspire human progress, the Ministry of Education has chosen as its theme **“Quality Education through Passion, Vision, and Action for a Better Society,”** The ministry stands committed to working towards the 2030 Sustainable Development Goal for Education (SDG4), which is to **“Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”** Like other member countries of the OECS, Nevis is dedicated to enacting education strategies to empower every learner while further strengthening the education system as one that is well linked to the labour market needs.

112. Mr. President, we are very pleased with the successes at CXC CSEC level and CXC CAPE level for the last school year. We achieved an 81 percent pass rate at both levels with improvements in pass rates in subject areas such as English A and Mathematics. I wish to congratulate the top students for their outstanding performances namely: Nekhaila Tyson and



Cheslin Maloney of the Charlestown Secondary School and Derez Morton, Aquin Manners and Karissa Webbe of the Gingerland Secondary School. I also wish to commend the top students at the CXC CAPE level, Tyler Martin and Nicolai Williams. Mr. Martin placed second in overall CAPE passes for the federation. We also witnessed

improvements in the performance of our grade 6 students on Test of Standards in Science, Social Studies, and Mathematics exams. I wish to congratulate Jayden Dore of the Maude Crosse Preparatory School who was the top student overall at this level. We also continue to witness

successes in our reading program. I wish to congratulate Hrishikesh Srinivasan, Grade 4 student at the Maude Crosse Preparatory School who was dominant in the Local Courts Reading Competition and will represent the federation at the regional level of the competition.

113. Mr. President, the Ministry of Education supports the view that quality early childhood education is key to providing the foundational skills needed for a lifetime of learning. The current enrollment data shows that more than 90% of children ages 0-4 years are enrolled in day care institutions and over one hundred and fifty (150) toddlers and preschoolers graduated from their respective centres at the end of the last school year. The efforts to improve quality standards in Early Childhood Education continues with the introduction of the OECS Early Childhood Development Routine Monitoring Instrument and Child Observation Record (COR). This is a comprehensive assessment tool to holistically assess child development from birth to Kindergarten and provides teachers and caregivers with strategies and activities to support the continued growth and development of children. During 2016 the department will focus its effort on improving the quality of service and care for the 0-2 age group. In collaboration with UNICEF, a 14 session orientation workshop was conducted for home-based nursery providers examining best practices and discussing the criteria used for issuing licenses to home based nurseries.

114. The Effective/Child Friendly Schools Framework continues to be a driving force in the provision of inclusive and quality education. The Ministry of Education is currently taking steps to ensure that School Wide Positive Behavior Support is implemented with fidelity in order to safeguard a pro-active and positive approach to behavior management in schools. To compliment this, emphasis must be placed on safety and healthy environments for students and staff. The Ministry is very pleased with the recent comprehensive rehabilitation program to improve the physical conditions at all public schools. I am also happy to report that construction is currently underway at the Joycelyn Liburd Primary School to build a state of the art kitchen and cafeteria to facilitate the school meals program. With financing from the BNTF 8 program, work will also commence on the construction of a lunch room at the Cicely Brown Integrated School. These developments are significant as all public primary schools will now have a School Meals Program providing nutritious hot meals to all primary school students daily.

115. In the upcoming year, Mr. President, we will seek to build on the six- week training of trainers conducted from May – June 2015 based on the Olympian Thinking. This program takes as its premise that high performing individuals are ordinary people with three things in common: they are passion powered, vision guided, and action oriented. The program will seek to help students identify their life and educational goals and subsequently develop the requisite plans to reach these goals.

116. We will also make a concerted effort to generate interest in mathematics to improve numeracy competencies in our students. The Math Excellence Awards, sponsored by S.L. Horsfords, has been a motivational program. Students in Grades 3-6 who attained 80% or more in the mathematics Test of Standards were awarded performance pins. At the recently held ceremony, more than 200 students attaining this benchmark were recognized and the Ministry is pleased with this significant improvement in student’s performance in mathematics.

117. Mr. President, in support of effective literacy development and remediation, a number of initiatives have been implemented in 2015. At the primary level, the Rainforest of Reading program, managed by the One World Schoolhouse Foundation, was introduced in grades 3-5. The program aims to encourage a love of reading in children and engage them in higher order, critical thinking skills. To deepen a systemic approach to improving literacy skills of students, the OECS/ USAID Early Learners Program will be implemented in schools across the Federation. This program seeks to provide a framework to build on existing successes in literacy development to ensure that learners in Grades K-2 develop adequate reading levels. With support from BNTF 7, the Step Up for Life Literacy Intervention will be implemented in the Gingerland and Charlestown Secondary Schools. This program would assist school leavers to be better equipped to seek gainful employment and/or pursue higher and continuing education opportunities, thus promoting economic resilience.

118. Mr. President, increasing emphasis has been placed on the importance of Science, Technology Engineering and Mathematics (STEM) for the advancement of modern day society and adequate participation in the new economy. A practical approach to the teaching of science

helps to bring the subject alive and arouse the interests of the learners. To this end, a Micro-science project will be piloted in our primary and secondary schools during this school year to improve the delivery of the science program. With the support of UNESCO Kingston Cluster Office and BNTF 7, integrated science, physics, biology, and chemistry micro science kits will be distributed to the various schools during this school year. This intervention seeks to improve access to experimentation in science teaching-learning, and by doing so aims to improve interest in the sciences and student learning outcomes as well.



Charlestown Secondary School

119. Mr. President, facilitating higher education and skills training are critical for effective human capital development in the new knowledge and service intensive economy. The Ministry has taken important strides to improve the quality of and access to Technical Vocational and Education Training. The Government of St. Kitts and Nevis, in collaboration with the NIA, has been successful in mobilizing resources from the CDB for a multi- million dollar TVET Development Project. This should serve to remove key barriers to quality and relevance of TVET by reducing secondary school attrition rates, mainstreaming TVET courses, upgrading facilities to required standards, rationalizing TVET programs, providing institutional capacity building and strengthening the regulatory framework for TVET.

120. The project will allow for civil works at the Gingerland Secondary School and Charlestown Secondary School/Multi-Purpose Centre, the procurement of tools and equipment, and degree/certification training for TVET instructors to enable implementation of the Caribbean Vocational Qualification (CVQ) program at both secondary schools and the Multi-purpose Centre. This will significantly improve the quality of certification and mobility of graduates within the context of the Caribbean Single Market and Economy (CSME). Significantly, the project will transform the Multi-purpose Centre into a fully functioning post-secondary and continuing education skills training institution; CSEC and CVQ level programs will be offered during after school hours for the wider public as part of our Adult and Continuing Education (ACE) Programme which will commence in January 2016.

121. To improve education planning, data management and to ensure that existing development efforts are well coordinated, the Ministry is working collaboratively with the Federal Ministry of Education to develop a medium term Education Sector Strategy. This plan will tackle the identified challenges in the education system with respect to quality, access and participation, equity, financing, and governance and management at all levels. It is fully expected that the sector strategy will be ready for implementation by the second quarter of 2016.

Human Resource Development

122. Mr. President, as we seek to build this new economy our human resource capital must keep pace with our level of development. My Administration views human resource development as a foundation for national development, and visualizes the training of its human resources as the impetus to realizing an improved quality of life for its people. To this end, every effort will be made to ensure that our people utilize every available opportunity to upgrade and enhance their skills through local training or through the pursuit of higher education at the UWI Open Campus or other Universities and colleges.

123. As we seek to inspire human progress, the Human Resources Department will continue its training initiatives at the various levels of the public service as we seek to ensure that officers

are well informed of matters relating to the public service. We will continue to assist nationals who are interested in pursuing studies in the priority areas previously identified. These areas include teaching of History, English and the Sciences namely: Mathematics, Chemistry, Physics along with Special Education and Technical and Vocational Education. The area of nursing is also a priority for this Administration especially in the areas of Community Health, Geriatric and Intensive Care. Other areas include Radiography, Nutrition, Biomedical Technology, Occupational Therapy, Physical Therapy, Environment Health; Civil Engineering, Water Engineering, Electrical and Pump Technology and Project Management.

124. Mr. President, these initiatives form part of my administration **“one certified 2020 initiative”** that was launched in last year’s budget address. It seeks to ensure that by the year 2020 there will be at least one individual in every household who would have attained a tertiary level qualification or a Technical Vocational Training certification, to take up the employment opportunities here in Nevis so that we do not have to depend on external services.

125. Mr. President, as we seek to build that new economy, these training initiatives will enable nationals to better cope in a world of increasing competitiveness. Investment in human capital through an array of local and overseas training is the fundamental objective of our human resource agenda, as we seek to provide our people with the skills set necessary to strive towards a high level of efficiency, productivity and professionalism in the workplace.

Health Care

126. The Ministry of Health stands committed to the delivery of quality health services at the public and institutional health levels. Heightened focus will be placed on the provision of a cadre of healthcare professionals in the right mix to adequately respond to the health needs of the population. This focus is in tandem with the human resources for health plan which makes provision for the return of a number of local healthcare professionals trained in the general medicine as well as orthopaedic surgery. This will further increase our doctor per population ratio well above the global average of 14 per

10,000. We will also witness an increase in the number of nurses trained at the bachelor's level along with an increase in the number of trained emergency medical technicians. This will greatly strengthen service delivery at the Alexandra Hospital in the medium term and extend the Emergency response capability to the districts of Gingerland and Newcastle.

127. In an effort to further foster human progress in the area of human resources for health, a program for training of critical health professionals in areas such as nursing and environmental health will be realized. The Ministry of Health will roll out a programme to facilitate the acquisition of CXC and CAPE subjects which will allow for the future training of officers who wish to pursue professional studies in these areas. This initiative is consistent with the Sustainable Development Goals (SDG) which reinforces the training of the health workforce, particularly in Small Island Developing States (SIDS).

128. Mr. President, the Ministry of Health will also strive to attain the Sustainable Development Goals of reducing Non Communicable Disease mortality by one third by 2030. Special emphasis will be placed on the treatment of non-communicable disease management which reflects the greatest burden on the health sector. In this vein, rehabilitation services at the community level will be expanded to allow for the provision of care for persons who are recovering from strokes and other illnesses. To compliment this, the area of health promotion and disease prevention will remain a top priority in 2016. Additionally, health screening outreach programmes which can facilitate early detection of diseases such as HIV/AIDS and cancers will also be scaled up through partnerships with key local, regional and international entities.

129. Advancement in the area of health technology will become a reality in 2016. Through a partnership with the government of the Republic of China on Taiwan, the hospital information system project will come to fruition and will improve the efficiency of our hospital operations. The availability of an electronic medical record for each individual accessing services at Alexandra Hospital will facilitate easy access to medical history thus enabling the more effective delivery of health services.

130. Mr. President, the Ministry of Health is cognizant of the fact that primary healthcare services should be designed to ensure universal access to services at an acceptable standard to the population. To achieve this, the Ministry of Health will continue its efforts with line ministries and other stakeholders including the general public to facilitate access to universal health coverage. The first phase of this initiative was completed in 2015 with the upgrade of health benefits for government workers. We look forward to the implementation of the second phase which will address the needs of the most vulnerable in society.

131. The impact of health on transport and trade cannot be ignored. In this vein, the Ministry of Health will continue to work in accordance with the International Health Regulations to ensure that public health threats of international concern are kept at bay. Increased monitoring at points of entry will be instituted through further training of port health officers and other key personnel. This strategy will ensure that our standard of health care provides a safe environment for visitors and locals thus preserving our tourism product and ensuring economic resilience.

132. Mr. President, in our last budget, we did signal our intention to carry out rehabilitation and expansion work at the Alexandra Hospital. These proposed works included new Laboratory Facility, a Physiotherapy Unit and a Radiology Unit. Upon review, your Administration has taken the decision to revamp and expand the project to meet the growing needs of our island and to give our Health Care professionals the necessary facilities and additional tools to service the health needs of our people in the long term. To this end the project will now comprise two state of the art Operating Theater with a Recovery Room, six Private Wards with a nurses' station, a Pediatrics Isolation Ward, two on-call stations along with a Conference Room and Kitchen Facilities

133. These adjustments are being finalized and we will re-tender this project shortly. It is expected that this project will commence within the first quarter of the new year at an estimated cost of EC\$ 6.0 million. Infrastructure development in the area of health will not only be limited

to improvements at the Alexandra Hospital but public health facilities as well. Renovation works will also commence at the Charlestown and Gingerland Health Centres which will facilitate access to a more comprehensive primary healthcare service at the community level and to provide adequate working space for our environmental health officers.

Social & Community Development

Development of Social Services

134. Mr. President, the Ministry of Social Development stands committed to improving the welfare of the most vulnerable members of our society. My Administration has sought to pursue a policy whereby our social assistance program is tied to job training. This will provide for the development of life skills that will enable families to break the cycle of generational poverty, increase standard of living and contribute solidly to national development. During the upcoming year we will seek to expand the Restore, Inspire, Secure and Empower (RISE) program, which was piloted last year, to target additional families who are in need of assistance.

135. The Household Beneficiary Registry, another component of the current social protection strategy, is expected to be established and become fully functional in the New Year. This program will see the mass registration of a number of families throughout the island of Nevis. It aims to collect data on families thus enabling us to implement programmes to more efficiently channel government assistance to the most needy in our society.

136. Mr. President, to complement our Subsidized Utility Services Programme, the Ministry of Social Department has also launched its Subsidized Public Service Transportation Initiative for seniors to provide financial relief to these persons and also to register our appreciation for the contribution these persons have made during their working life. We are actually now enjoying the fruits of their labour. Other programs to be launched include establishing a Day Care Centre for seniors, the re-introduction of the Gender Issues Workplace Initiative and conducting of Retirement Planning Seminar to prepare our people for life after retirement.

Community Development

137. Mr. President, my Administration is becoming increasingly concerned with the increase in the levels of antisocial behaviour within our communities. The Department of Community Development has taken a proactive approach on these matters and will focus primarily on enhancing capacity building for community members. In light of this, the Department will focus on the implementation of **Character Building Training programs** in all parishes by adopting the theme **“The Way to Happiness”** targeting youths and other community members who are influenced by factors such as drugs, gangs, negative peer pressure and in some cases an unstable home environment. This program is designed to teach young people to think for themselves and to make positive choices based on honesty, responsibility and respect. It is hoped that this will help to bring about positive social change and help to create a more harmonized community.

138. We will seek to continue our Music Programme targeting the youths and other community members in all five parishes on the island. The programme will target our boys at the primary school level who would be exposed to music lessons in piano, guitar and the indigenous string instruments. The programme aims at provide an avenue for boys from all parishes to unite and showcase their musical talents thus creating harmony among the youths from various communities. It will also help to renew an interest in the String Band, which is seemingly a dying art form in Nevis. Other programs would be geared towards pursuing skills training in the **Culinary Arts, Sewing, Back Yard Gardening, and Cosmetology** so as to strengthen economic resilience among Nevisian residents.

Youth, Sports & Cultural Development

Youth Development

139. Mr. President, the Department of Youth continues to explore and present the best options for increasing youth engagement and participation. We share the view that the involvement of our youths at all levels is fundamental to their success and in turn the success of our country. In

order to realize these goals, training and exposure to various social situations is fundamental, as exposure to practical aspects of life would enable them to better maximize their potential.

140. In April 2015, Nevis was represented for the first time at the Caribbean Youth Ministers' Meeting held in Jamaica. This exposure provided a tremendous opportunity for our officers to become acquainted with some of the policy and best practices as seen by regional and international bodies such as Commonwealth and United Nations. The year 2015 saw an increase and improvement in training opportunities for our youths and youth leaders. The theme chosen for the year **“Youth Art Exhibition: Let your mind flow and talent show,”** provided the focus for the year's activities. With this theme in mind, the Department of Youth is now moving towards a focus on youth in the arts and the opportunities for employment. We are also taking steps to explore similar opportunities for our children and teens to become involved. In the upcoming year we will see the implementation of the Inter Ministerial Committee on Youth Development which will be geared towards synchronizing and raising the efficiency of youth programming.

141. Mr. President, the department will also seek to further enhance employee capacity with the hope of providing the best for our youth. There will be a number of activities to provide opportunities for youth to participate in activities which would lead to a further development of the Arts. These include the Boys' Choir, MACAV Theatre, “Youth in the Arts” Competition and Pro Photo, and Photography Training. The objectives of the program are to introduce youths to creative entrepreneurship and creative employment opportunities, to provide an avenue through which youths can become meaningfully engaged and to increase youth participation and inclusion.

142. Programs geared towards Personal and Professional Development Opportunities will also be launched in 2016. These include a restructured Summer Job Attachment to include TVET training, Keep Empowering our Youth with Skills (KEYS) and Empowering Young Entrepreneurs (EYE). The objectives of these programs are to provide skills training particularly in the technical and vocational areas, provide leadership training for youth group leaders through a mentoring program, to provide entrepreneurship opportunities for our youths to become

successful entrepreneurs and to provide an opportunities for youths to become engaged in community service activities.



Department of Youth Summer Attachment Programme

Sporting Development

143. Mr. President, the Department of Sports continues to create the environment and opportunities for our people to be involved in sporting and recreational activities at the highest level. Despite the various challenges our sports men and women continue to excel at local and regional competitions.

144. As part of our long term development plan, we will continue to upgrade our physical structures, initiate policies and invest in our human resources to ensure that sports and games become a significant part of national development in the areas of Health, Education, and Tourism. In the upcoming year rehabilitation work will be carried out on several facilities including the Craddock Road Hard Court, Ramsbury Playing Field, Gingerland Hard Court, Gingerland Recreation Grounds and Combermere Playing Field. Work has already commenced on the extension of the strip at the St. James' Raceway as we seek to improve the safety standards for drivers and fans alike.

145. Mr. President, the Department of Sports continues to create a well-structured development pathway from grassroots to national team level. Significant investment has been made in the areas of football, cricket, track & field and basketball. The department has developed a close working relationship with the Department of Education and has now expanded

its sporting competitions into the High Schools in areas such as Inter-High cricket, netball, and basketball tournaments. In 2016, a more concentrated effort will be made to support the National sporting Associations in building their administrative structure, improving the level of coaches through coaching education programs and also strategic planning and policy development. The National associations are integral to the development of sports and the approach must be a collaborative one if we are to see positive results.

Cultural Development

146. Mr. President, my Administration is fully cognizant of the need to preserve our cultural heritage. I wish to commend the staff of the Nevis Cultural Development Foundation (NCDF) for their ongoing efforts as they continue to implement various programs to promote our cultural development and to build awareness and appreciation of the various cultural art forms among our students. These programs will continue and will be expanded in 2016.

147. The Nevis Cultural Development Foundation (NCDF) has sought to establish a partnership with the Department of Education to promote improved teaching and learning of the arts in schools. A stronger collaborative effort will be forged between the Foundation and the Ministry to ensure that schools and communities understand the importance of the cultural arts in the curriculum as a vehicle for cultural empowerment of students while providing interdisciplinary learning opportunities. We firmly believe that our education system must also cater to the needs of those students who possess talent in the various cultural art forms and who wish to choose the Arts as their career path.

148. Mr. President, activities undertaken by the foundation for this current year included the launching of its television program dubbed “**Inside Culture**”, hosting of the **Basil Manners Steel Pan** competition and the **Livingston Black Masquerade** competition. The Foundation also hosted its annual Easter workshop geared towards developing the folklore of Masquerade, Clowns, Folk Dancing and African Drumming. This was held over a ten day period attracting over 100 primary school students. This program will continue and will be expanded into 2016.

149. My Administration continues to develop a structural program to fully utilize the facilities of the Nevis Performing Arts Centre. A monthly calendar of events is currently being organized including choral and drama presentations to showcase our local talents. In November 2016 the NEPAC will host its drama festival which will feature presentations from both local and overseas participants. Work is presently ongoing at upgrading the Research and Documentation Unit which will allow for the digitizing and computerizing of all recordings and cultural documentaries, together with the launching of a new face book page highlighting the work of the foundation.

150. Mr. President, our program for cultural development must not only be geared towards preparation for our annual festival Culturama but must also provide that opportunity for growth in our youths as they seek to pursue career choices that will lead to the preservation of our cultural heritage. To this, end the Administration has hired instructors in Drama and Dance in order to provide the technical competence to enhance the talent of our people at all levels.

STATUTORY CORPORATIONS

151. Mr. President, your Administration has worked tirelessly to restore all our statutory corporations to good financial stability. They have all substantially reduced their liabilities to external creditors and they are all now in in position to carry out their mandate of providing improved services to compliment the activities of the Nevis Island Administration.

152. Mr. President, earlier this year the Nevis Solid Waste Management Authority received a donation of two garbage truck to complement its existing stock and enhanced its ability to provide improved services to the people of Nevis. This donation is the first phase in the development of our arrangement with the Omni Alpha group who is working in partnership with the Administration to convert the land fill to a Waste to Energy Plant.

153. Mr. President, the Nevis Air & Sea Ports Authority (NASPA) continue to play its role in complementing the efforts of the Nevis Tourism Authority. My Administration recently carried

out major upgrade and expansion to the tender pier at the Charlestown Port so as to better enable the port to provide improved berthing facilities for our cruise passengers and yachters.

154. The Nevis Air & Sea Ports Authority working closely with the Eastern Caribbean Civil Aviation Authority has embarked on a program to upgrade the telecommunication system at the Control Tower at the Airport. The current system has been in place since the commissioning of the tower over 15 years ago and has become seriously outdated. The total cost of this project is estimated at US\$475,000.00 and will be implemented in stages over a 12 months period. In addition, my Administration has contracted the services of Perez ARC Consulting, a firm based in St. Vincent with associates in Canada, to provide technical assistance towards developing a master plan for our airport as we firmly believe that further extension of our facility is imminent if we are to continue to meet the demands of a rapidly growing tourism sector. Work is also ongoing to rehabilitate at least 1400 feet of runway in preparation for the increased traffic in this tourist season. The Ports Authority is also taking steps to amend some of its tariff rates on cargo passing through the port in order to bring our rates in line with other Ports Authority in the region and to allow NASPA to remain financially viable.

155. Mr. President, during the first half of 2016, NASPA will host the annual general meeting of the Ports Management Association of the Caribbean (PEMAC). This is only the second time since the establishment of NASPA that Nevis will host this event. This event will bring together over forty (40) senior managers and other officials from the various Ports Authority throughout the region. It is my hope as the Minister responsible for NASPA that our Port will be able to win the 2016 Nova Cup, the coveted title of best run and managed port in the Caribbean having first won this title in 2005.

156. Mr. President, the Nevis Housing and Land Development Corporation (NHLDC) stands guided by its mission of providing service of the highest quality in the development, alienation and sale of lands and construction of affordable homes which are structurally sound and affordable. Work has been ongoing to provide a diversified design of these newly constructed homes so as to meet the different preferences of purchasers while enhancing the landscape in these development areas.

157. During the year 2015, the Corporation embarked on construction of seventeen (17) homes at a total cost of \$3.58 million. Of this number, twelve (12) have been fully completed at a cost of \$2.48 million and five (5) under construction at total cost of \$1.10 million. These homes are situated mainly in Maddens, Low Ground Estate, New River, Colquhoun, Nisbetts Estate and Bath.

158. Mr. President, the Housing Corporation continues to embark on a program of ensuring that lands are available at affordable prices to all residents. During this year, thirty one (31) plots of lands ranging from 6,000 square feet to 16,246 square feet were sold at a total cost of \$1.14 million. This represents a twenty five percent increase when compared to the (25) plots of lands sold the previous year. These were sold in various locations namely Nisbetts, New River, Fothergills, Spring Hill and Eden Brown. The housing program for 2016 will see the construction of some 38 homes in various locations namely: Colquhoun Housing Phase 11, Bath Village, Hard Times, Maddens Estate and Nisbetts Estate. Plans are also afoot to develop 7 acres of lands at Spring Hill bordering Garners Estate for high end residential purposes. The Housing Corporation will seek to partner with private developers to bring this project to fruition.

159. Mr. President, there is a clear indication that more and more Nevisians are taking pride in owning a piece of land with a view towards constructing their own dream homes. This all bodes well for the future economic development of the country.

FISCAL PROJECTIONS 2016

Fiscal Measures

160. Mr. President, my Administration is fully aware of the lack of appetite for any increases in taxes. We stand committed to protect the most vulnerable among us and is cognizant of the fact that increases in taxes reduce disposable income and push persons further below the poverty line.

161. To this end, my Administration aims to present a tax free budget for 2016.

162. Mr. President, every effort will be made to implement stronger tax collection practices designed to reduce arrears thus raising our tax collection rates while streamlining the level of concessions granted. I wish to urge every taxpayer, whether individuals or business entities, to be a responsible tax payer to make every effort to honor their tax obligations.

163. Therefore, Mr. President, over the next fiscal year our policies will focus primarily on consolidation and growth. Like in previous years, our strategies will be geared towards ensuring sustainable economic and financial stability, lower current account deficit, curbing the growth of the public debt and creating an environment conducive to economic growth. We will continue our efforts to:

- Implement tighter expenditure control designed to eliminate wastage in public spending;
- Clear prioritization of capital expenditure/public sector investment projects
- Wherever possible, models of concessionary financing and public-private partnerships will be considered once feasible;
- Continue to take steps to stabilize the Public Debt through the completion of the debt restructuring exercise with local creditors,
- Take steps to reduce our Debt to GDP ratio to a sustainable level;
- Stimulate economic growth driven by the growth of small businesses and also foreign direct investments;
- Create employment growth and improve the standard of living, buoyed by a strong recovery of economic activity;
- Limit concessions granted to existing business entities. Concession will only be granted on startup furniture, equipment and fitting. We will remove the current practice of granting concessions on replacement items.
- Limit the duty free concession granted on vehicles for business entities. Concessions would only be granted where the vehicle is absolutely an integral part of the daily operations and where the business entity is the sole income earner for the operator.
- Undertake a complete revision of the concessional arrangements to the Hotel and Restaurant Sector in light of the present upswing in the Tourism Industry
- Undertake a complete revision of the concessional arrangements on developmental projects that have been ongoing for more than 5 years especially as it relates to any

exemption from payment of the Value Added Tax. I must advise that the VAT tax credit for such projects has expired since June 2014.

- Strengthen long-term fiscal sustainability through the implementation of structural reforms, in particular public sector reforms.

164. Mr. President, my Administration stands committed to continue to implement the measures adopted under the recently concluded International Monetary Fund (IMF) Structural Adjustment Program. The main focus will be the continuation of the program of fiscal consolidation and structural reforms that will ensure sustainability of public finances and promote economic growth and competitiveness. We will continue to take the necessary steps to close fiscal imbalances so as to make our finances more sustainable and lay the path for economic recovery and long-term sustainable development.

165. Therefore, over the medium term, we will witness continued fiscal consolidation, improvements in the business environment to boost development primarily through the encouragement of foreign direct investments under the Citizenship by Investment program. It is the intention of my Administration to ensure that these measures and reforms will put our economy on a path towards recovery and growth.

166. Mr. President, we are convinced that all our Civil Servants have served above and beyond their regular duties. We continue to be satisfied that there have been improvements in the level of performance and this has enabled my Administration to achieve the level of success outlined today. Therefore, Mr. President, my Administration stands committed to fulfilling the promise of a 3.0 percent increase in the wages of all Public Servants and Pensioners beginning January 2016. Our hardworking public servants are deserving of this increase and we have made adequate provisions in our 2016 budget to meet this expenditure. In addition, this CCM Administration will seek to reward those public service employees who perform their duties with excellence and whose productivity and output are exceptional.

Projected Revenue and Expenditure

167. Mr. President, the fiscal operation for 2016 has the potential to invigorate economic activity. The increased earning capacity of public servants and pensioners, as previously

outlined, provides the opportunity for an improved standard of living for our people. Moreover, our proposed Public Sector investment program represents an ambitious attempt to boost activities in the construction sector, develop the potential of our young people, improve food and water security and enhance the delivery of health services on the island. These initiatives are calculated attempts by my administration to provide the platform for economic resilience and human progress.

168. The total expenditure budget is set at \$193.03 million with \$148.94 million apportioned to current spending and \$44.08 million to capital. The details of total expenditure are outlined in the Budget Estimates of Current and Capital Expenditure. My Administration is projecting to collect the amount of \$ 139.45 in Current Revenue. When compared to the Current Expenditure, it provides a shortfall of \$9.49 million. This shortfall will be covered by a Current Budgetary Grant of \$11.12 million. Therefore, Total Current Revenue and Grant is budgeted as \$150.57 million, which, when compared to current spending of \$148.94 million will provide a surplus on the current account of \$1.63 million and gives a cushion in case of unforeseen expenditure during the course of the year 2016.

169. Mr. President, the period 2016 will witness a resurgence of investment in the island capital stock resulting in an increase in spending by 40.8 percent when compared to the 2015 budget. This year we are projecting to spend a budget summed at \$44.08 million in Capital Expenditure. Financing for our capital spending will comprise a \$3.0 million loan disbursement from the Caribbean Development Bank for the ongoing Water Development Project, \$1.55 million in Development Aid for the BNTF funded projects along with an estimated amount of \$13.875 million from the anticipated capital budget support by the Federal Government. This capital budget support forms part of the lump-sum payment as outlined in the Charlestown Accord.

170. Mr. President, the summary of the resources projected to finance the 2016 expenditure are categorized as:

- Current revenue - \$139.45 million;
- Federal Government Current Budget Support - \$11.12 million;
- Federal Government Capital Budget Support - \$13.87 million;

- BNTF Development Aide - \$1.55 million; and
- CDB Loans - \$3 million ;

(We will approach the SIDF for funding of the Capital shortfall)

171. Mr. President, further analysis of the fiscal projections reveal that the projected current revenue of \$139.45 represents an increase of 7.23 percent when compared to the budget of 2015, with \$104.82 million expected from tax collections and \$34.63 million from other fees and charges. The Value Added Tax collected at both Customs and Inland Revenue Department is projected to generate \$38.5 million in 2016. The projected current expenditure of \$148.94 million represents an 11.23 percent increase over the 2015 budget with personal emoluments accounting for 49.70 percent and debt servicing 19.20 percent. The allocations for the Ministry of Finance and the Ministry of Communications represent 54.80 percent of the budgeted expenditure being \$71.37 million and \$34.47 million respectively.

172. Mr. President, our intended capital investments as outlined earlier in the presentation will see the amount of EC\$7.00 million allocated to the execution of major road projects and EC\$6.0 million allocated to civil work on the CDB Water Development Project. The capital allocation to the Ministry of Agriculture has increased to EC\$2.1 million to facilitate rehabilitation work on the Veterinary Clinic and the Abattoir. In addition, this Ministry will procure a number of equipment and machinery which are critical to its functions. Significant investment in health care will be undertaken in the coming year. My Administration will implement the long awaited upgrade to the Alexandra Hospital and other health facilities across the island. Furthermore, the Ministry of Social Development will expand its Youth Empowerment Program to secure entrepreneurial skills in our young people. A new program for Constituency Empowerment will be launched in 2016 as we seek to more adequately respond to the needs of our constituents while at the same time seeking to build capacity within constituencies. These projects and programs are part of our agenda to bolster the level of public investment in order to leverage key private sector development and to further develop the ability of Nevisians to respond to the opportunities which will be created.

CONCLUSION

173. Mr. President, today I have sought to lay the foundation on which we shall shape that new economy. While we seek to reflect on the gains we have made over the last financial year our focus must now turn to how we move forward. We have clearly articulated our plans to grow the economy and to increase fiscal space. We have also outlined our fiscal strategy, our policy on crime, our program for renewable energy development and our program for the youths, to name a few. We have taken the steps to consolidate our expenditure even in the face of a 3 percent salary increase for all public servants and pensioners due at the beginning of the New Year.

174. Unlike last year's budget address which carried the tone of tremendous challenges for us on this side of our twin island federation, by contrast this year's presentation is one that projects hope and prosperity and a new beginning with a fair share for the upcoming year 2016. The challenges of the past two year were to some extent unnecessary as there were no palatable reasons for the level of rancor and discord that existed between the Federal Government and the local Nevis Island Administration, as all we were asking for was an equitable share of the nation's resources. It was these challenges that forced us as an Administration to do what we thought was in the best interest of the people and the island of Nevis.

175. Mr. President, the fundamental question today that all right thinking Nevisian should ask is, "are we better off having agreed to become an integral part of the government of National Unity?" Surely we are better off as we have seen Nevisians elevated to key positions within the Civil Service of the Federal Government. Nevisians have been appointed to diplomatic positions to represent the interest of the federation at our foreign missions and a record number of Nevisians now hold directorships on boards of federal institutions that directly impact the lives of every Nevisian and by extension the economy of Nevis.

176. In addition, Mr. President, with less than one year of this federal arrangement, the people of Nevis have received \$ 25.0 million as budgetary grant from the Federal Government. My Administration will request that the amount of approximately \$18.6 million of indebtedness of the NIA to the Federal government for various loans and credit facilities granted under the former Nevis Island Administration be written off thus reducing the burden of repayment on the tax payers of Nevis. These include loans from the Sugar Industry Diversification Foundation

(SIDF) together with loan repayments to external creditors that were made on behalf of the people of Nevis during the time that the former Administration had mismanaged the resources of Nevis and was unable to make their debt servicing payment on time. My Administration will also request the Federal Parliament to pass a loan guarantee to cover the outstanding restructured debt payments due to the St. Kitts-Nevis - Anguilla National Bank now that my Government has come to an agreement on the settlement of the debt to National Bank.

177. Mr. President, today we have tabled before this parliament the Auditors report on the stewardship of the Nevis Island Administration for the period 2007 – 2011. Early in the New Year, I will endeavor to regularize the spending of my Administration with the passing of the Supplementary Appropriation Ordinance to bring to account the Supplementary Appropriation Warrants for the period 2013 – 2015 and also all outstanding warrants from the former Administration. I am also informed that the Audit report for the period 2012 - 2013 would also be ready for tabling in this honorable house. This is a clear indication of the stance of my Administration and also for myself as the Minister responsible for Finance to ensure that we account for our stewardship and to hold in high regard the issue of accountability and transparency and public trust.

178. Finally Mr. President, our policies and programs are not only creative and innovative but are people centered. We believe that our people are our most important asset and thus all our projects and activities are designed to increase employment and income and overall improve the standard of living of all Nevisians and residents. You will note that Education, Social Development, Small Enterprise Development are all geared to preparing our young people to take control of their future by taking advantage of the opportunity to acquire training, to develop their skill and engage in productive enterprises for the future development of our country. We ask the people of Nevis to keep the faith, to continue to support your government, and to strengthen the hands of your leaders as we work together to build a better and brighter Nevis for ourselves and our children.

179. 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 the beginning of the process of framing that new economy through the inspiring of human progress to build economic resilience.

180. Mr. President, I so move.

ACKNOWLEDGMENTS

On behalf of the my Government and the People of Nevis, I wish to place on record our appreciation to the following Regional and International Organizations for their financial, economic and technical assistance during the past year:

- Caribbean Agricultural Research and Development Institute (CARDI)
- Caribbean Development Bank (CDB)
- Caribbean Institute for Meteorology and Hydrology (CIMH)
- Caribbean Public Health Agency (CARPHA)
- Caribbean Regional Technical Assistance Centre (CARTAC)
- Caribbean Sports and Development Agency
- Caribbean Tourism Organization (CTO)
- CARICOM Secretariat
- Center for Latin American Monetary Studies (CEMLA)
- Department of Foreign Affairs, Trade and Development, Canada
- Eastern Caribbean Central Bank (ECCB)
- Food and Agriculture Organization (FAO)
- Inter-American Institute for Cooperation On Agriculture (IICA)
- International Monetary Fund (IMF)
- Kuwait Fund for Arab Economic Development (KFAED)
- Medical University of Americas
- OECS Commission (formerly) OECS Secretariat
- OECS Juvenile Justice Reform
- Organization of American States (OAS)
- Pan-American Health Organization (PAHO)
- Republic of China on Taiwan (ROC)
- Sugar Industry Diversification Foundation (SIDF)
- The Commonwealth Secretariat
- UNESCO & UNICEF
- United States Embassy Barbados

- United States Department of State
- University of the West Indies (UWI)

I wish to thank our citizens and all our social partners for their contributions to our programs; my Cabinet Colleagues for their demonstrated sacrifice to serve this country; Permanent Secretaries and Heads of Departments and all other Public Servants for their contribution to the success of my Administration over the past year.

**ANNEX I: NIA COMPARATIVE SUMMARY OF FISCAL INDICATORS
ECONOMIC CLASSIFICATION (IN MILLIONS OF EC DOLLARS)**

	2012	2013	2014	2014	2015
CATEGORIES	ACTUAL	ACTUAL	ACTUAL	ACTUAL (Jan - Sept)	ACTUAL (Jan - Sept)
TOTAL REVENUE AND GRANTS	128.03	129.33	132.90	97.73	112.02
CURRENT REVENUE	116.51	121.06	128.47	94.80	97.02
Tax Revenue	86.90	90.22	98.29	72.80	73.20
Taxes on Income & Profits	12.99	11.56	13.01	10.40	13.82
Of which: Corporate Income Tax	5.09	3.12	4.20	3.56	3.77
Social Services Levy	7.77	8.32	8.48	6.54	9.97
Taxes on Domestic Goods & Services	37.00	36.25	41.86	60.57	30.21
Of which: Stamp Duties	16.68	12.18	15.79	11.26	10.00
VAT	15.38	18.30	20.05	16.90	15.19
Taxes on International Trade	34.78	40.19	40.86	27.51	26.80
Of which: Import Duties	8.72	9.63	10.62	7.37	7.30
Customs Service Charge	6.33	7.28	6.25	4.07	4.78
VAT	15.38	17.12	19.13	13.36	10.64
Non-Tax Revenue	29.61	30.84	30.18	21.99	23.82
Of which: Financial Services	11.66	12.52	12.76	9.03	10.28
Supply Office	6.34	8.03	7.34	5.22	6.00
Water Services	5.44	5.01	5.20	4.04	4.05
TOTAL EXPENDITURE	134.46	124.20	148.34	94.92	105.77
CURRENT EXPENDITURE	116.78	114.57	124.79	84.09	89.49
Personal Emoluments	56.11	60.44	64.89	44.58	47.75
Goods & Services	25.97	24.50	31.03	18.49	20.60
Interest Payments	21.80	18.06	16.69	13.22	11.99
Domestic	21.16	17.02	14.71	11.77	11.30
External	0.64	1.04	1.98	1.45	0.69
Transfers & Subsidies	12.90	11.56	12.18	7.80	9.15
CURRENT ACCOUNT BALANCE	-0.27	6.49	3.68	10.71	7.53
Total Grants	11.52	8.27	4.43	2.93	15.00
Capital Expenditure	17.68	9.63	23.55	10.83	16.28
OVERALL BALANCE	-6.43	5.13	-15.44	2.81	6.25
PRIMARY BALANCE	15.37	23.19	1.24	16.03	18.24
Principal Repayments	9.35	10.69	9.20	7.25	4.97
Domestic	6.76	7.94	6.00	5.26	2.55
External	2.59	2.75	3.20	1.98	2.42

ANNEX II: COMPARATIVE PERFORMANCE OF THE VALUE ADDED TAX (VAT)

	2012	2013	2014	As at Sept 2015
Total VAT Collection	30.75	35.42	39.18	25.83
VAT as a % of Current Revenue	26.39	29.26	30.50	27.25
VAT on International Trade	15.38	17.12	19.13	10.64
As a % of total VAT	50.00	48.34	48.83	41.20
VAT on Domestic Goods & Services	15.38	18.30	20.05	15.19
As a % of total VAT	50.00	51.66	51.17	58.80

ANNEX III: COMPARATIVE SUMMARY OF AVERAGE EMPLOYMENT BY SECTORS (2010-2014)

Industry	2010	2011	2012	2013	2014
Agriculture, Hunting & Forestry	60	64	72	88	67
Fishing	3	3	3	2	3
Mining & Quarrying	1	2	3	3	1
Manufacturing	135	129	94	93	133
Electricity, Gas & Water Supply	99	95	89	92	105
Construction	626	544	478	536	835
Wholesale & Retail Trade	538	543	566	610	521
Hotels & Restaurants	754	1,165	982	1,066	919
Transport, Storage & Communications	342	368	386	432	354
Financial Intermediation	208	203	196	207	198
Real Estate, Renting & Business Activities	178	175	195	238	200
Public Administration & Defense	1,438	1,505	1,513	1,585	1694
Education	123	110	104	110	121
Health & Social Work	36	37	32	26	36
Other Community, Social & Personal Services	98	108	102	107	105
Private Household with Employed Persons	174	164	151	168	175
Extra-Territorial Organization & Bodies	0	0	0	0	0
Total	4,814	5,214	4,966	5,362	5,467

ANNEX IV: COMPARATIVE SUMMARY OF PUBLIC SECTOR DEBT STOCK

	2012	2013	2014	As at Sept 2015
NIA External Creditors				
CDB	31.39	33.52	39.45	39.20
KFAED	10.43	10.43	8.84	8.58
EIB	1.54	1.12	0.50	0.46
IMF	9.55	2.31	-	-
RMB	-	-	-	-
UTC	-	-	-	-
MICB	5.40	5.09	4.78	4.63
Total Outstanding External Debt	58.31	52.48	53.58	52.87
NIA Domestic Creditor				
SKNA National Bank	130.36	130.26	101.96	108.09
BON	48.08	56.04	57.91	57.10
SSB	29.63	29.54	28.36	27.31
Treasury Bills Issue (OTC) 91 days	63.02	65.48	70.65	80.70
Treasury Bills Issue (RGSM/OTC) 365 days	18.70	14.54	12.86	11.31
FCIB	2.01	1.45	1.99	1.93
RBTT	0.52	0.17	-	-
Surrey Paving	1.43	0.42	0.42	0.42
FINCO	0.82	0.71	0.60	0.49
TDC	1.17	0.97	0.82	0.64
Government of St. Kitts-Nevis	7.58	-	-	-
Total Outstanding Domestic Debt	303.33	299.59	275.58	288.00
Total NIA Debt	361.64	352.07	329.16	340.87
Government Guaranteed Debt	41.00	37.64	34.53	32.21
Total Public Sector Debt	402.63	389.71	363.69	373.08

ANNEX V: SUMMARY OF CURRENT AND CAPITAL EXPENDITURE 2016

Ministry	Description	Current Expenditure	% of Current Expenditure	Capital Expenditure	% of Capital Expenditure	Total Expenditure
1	Deputy Governor General	391,000	0.26	-	0.00	391,000
2	Legislature	758,761	0.51	-	0.00	758,761
3	Audit	382,862	0.26	-	0.00	382,862
4	Legal Services	1,110,871	0.75	-	0.00	1,110,871
5	Premier's Ministry	4,732,925	3.18	1,030,000	2.34	5,762,925
6	Ministry of Finance, Statistics and Economic Planning	68,809,247	46.20	2,565,000	5.82	71,374,247
7	Ministry of Communications, Works, Public Utilities, Posts, Physical Planning, Natural Resources and Environment	12,194,942	8.19	22,275,000	50.53	34,469,942
8	Ministry of Agriculture, Lands, Housing, Cooperatives and Fisheries	5,652,877	3.80	2,110,000	4.79	7,762,877
9	Ministry of Health	16,200,902	10.88	9,340,000	21.19	25,540,902
10	Ministry of Tourism	6,228,403	4.18	1,275,000	2.89	7,503,403
11	Ministry of Education and Library Services	22,420,147	15.05	1,450,000	3.29	23,870,147
12	Human Resources	1,550,501	1.04	-	0.00	1,550,501
13	Ministry of Social Development	8,509,312	5.71	4,038,800	9.16	12,548,112
	TOTAL	148,942,750	100.00	44,083,800.00	100.00	193,026,550

