



THE NEVIS ISLAND ADMINISTRATION **BUDGET** ADDRESS 2015

Delivered by

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Premier & Minister of Finance
Nevis Island Administration
Tuesday December 16, 2014**



Expanding Opportunities for Prosperity and Equity

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Mr. President, I beg leave to move the second reading of the bill shortly entitled the Appropriation Ordinance, (2015) 2014.

1.0 INTRODUCTION

Mr. President, it is an honor and privilege for me to rise and present this budget.

Mr. President, the year 2014 has proven to be a year of major challenges for my Administration. While we can anticipate the turbulences in the external environment and work toward coping with those external factors, local homegrown turbulences are always more difficult to anticipate and overcome.

Early in 2014 we were dealt a severe blow when on the morning of January 17th fire gutted the hub of our financial and information centre. Three months later after doing all that was necessary to ensure that Civil Servants were paid, government workers were unable to collect their salary on the due date. It is no secret that this unfortunate event was calculated to embarrass your administration and the people of Nevis. Nevertheless, we weathered that storm and we thank the Nevisian public for the support and confidence in this CCM government throughout this ordeal.

Mr. President, it is no secret that we have had to operate under difficult financial conditions over the past two years. Increasing fiscal deficits, high levels of indebtedness and a sluggish economy were some of the challenges that my Administration inherited and has been working hard to overcome.

It was therefore necessary to modify our programmes and implement measures which would at a minimum stabilize the fiscal position in the short term, with the medium term objective of significant improvements. We had to summon the courage to take measures now, to avoid catastrophic consequences over the short to medium term.

Fiscal stability and growth were paramount objectives of my Administration. Through collective efforts and the implementation of sound fiscal reforms and changes in economic policies, we are

now witnessing a gradual turnaround in our economy. It is our responsibility to ensure that we continue to build on the incremental gains we have made over the past two years.

Mr. President, this new budget year 2015 will no doubt present a tremendous opportunity for us to continue on a path for fiscal sustainability and growth and that is why we have strategically chosen the theme **“Expanding Opportunities for Equity and Prosperity.”**

As we seek to create this expanded opportunity for our people there are a few major challenges that we must continue to overcome, namely:

- Fiscal Reform and Expansion
- Real Sector Growth
- Job Creation
- Debt sustainability
- Increased productivity and a more efficient use of our available resources
- Poverty Reduction and Crime eradication.

Mr. President, in spite of the challenges, we continue to look ahead to a period of growth, prosperity and an increase in the wellbeing of our people. We are confident that our economy is on the right path and that the policies we implement today will bring the desired reward in the months and years to come. It will take some time and progress may be slow at times, but we have the confidence that your government will continue to deliver on its promises with greater alacrity.

Consequently, my government will place job creation at the centre of its policies and strategies for the new fiscal year. The recent data showed that average monthly employment in the economy in 2012 stood at 4966 increasing to 5362 in 2013 and this trend has continued into this current year. My Administration will initiate programmes to deliberately stimulate employment in the sectors that have the greatest promise. Our investment in education and skills training to supply the quality skills needed for employment, will enhance the productive capacity of our people enabling them to achieve their full potential and contribute positively to the development of our country.

As we seek for development we must ensure that no one is left behind. To this end, my Administration will therefore continue to maintain our safety net programmes as well as initiate

new social programmes to assist the most vulnerable in the various communities. These programmes will require income redistribution and direct subsidy but ultimately as we grow our economy and increase productivity we will lift the wages of our people and ultimately the standard of living of our people will be raised.

Mr. President, be assured that my Administration will continue to pursue policies that would enhance our economic climate, promote investment and stimulate economic activity with the ultimate goal of fostering that opportunity for equity and prosperity for all.

2.0 ECONOMIC PERFORMANCE OF REGIONAL AND GLOBAL ECONOMY

Mr. President, in the aftermath of the economic meltdown of 2008, your government has weathered the economic storm in its quest to restore stability and growth to our economy. We are fully aware that the world economy is in the middle of a balancing act. On the one hand, countries must address the legacies of the global financial crisis, ranging from debt overhangs to high unemployment while on the other hand, prepare to face the uncertain future. Potential growth rates are being revised downward, and these worsened prospects are in turn affecting confidence, demand, and growth today.

Global recovery continues to be uneven due largely to weaker-than-expected global activity in the first half of 2014. To this end, the growth forecast for the world economy has been revised downward to 3.3 percent for this year; 0.4 percentage point lower than was predicted in the April 2014 World Economic Outlook (WEO). The global growth projection for 2015 was lowered to 3.8 percent.

This weaker-than-expected growth is reflected in the economic performance of United States, the Euro area, Japan, and other large emerging market economies. In the United States, economic activity improved in the second quarter of 2014, after a lower than expected first quarter performance. Growth in Europe was at a standstill in the second quarter of 2014, mainly on account of weak investment and exports. Conversely, China is sustaining high growth levels, but slightly lower growth rate in the future seems a likely prospect.

At the regional level, growth in Latin America and the Caribbean, while projected to fall to 1.3 percent in 2014, is expected to rebound to some 2.2 percent in 2015. The Projections have been marked down by more than 1 percentage point for 2014 and 0.8 percentage point for 2015, reflecting external factors, given weaker-than-expected export performance amid deteriorating terms of trade, as well as a variety of individual domestic constraints.

Despite this, the International Monetary Fund (IMF) predicts that most of the Caribbean region will experience growth in 2015. It further predicted that the Dominican Republic's gross domestic product will expand by 4.2 percent, Haiti's economy will grow 3.7 percent, Dominica will grow by 1.8 percent and St. Lucia by 1.4 percent; while Barbados will experience a weak growth of 0.5 percent in 2015.

Mr. President, at our last IMF review in April 2014, the Federation of St. Kitts & Nevis reported real economic growth of 3.4 percent, doubling the initial prediction of a mere 1.7 percent growth. It is no secret that any projected growth for our country will be directly influenced by positive performance of the regional and international economies as our local economy is service oriented and import driven. It is clear that the performance of our local economy is indeed keeping pace with projected regional and global performance.

3.0 SUMMARY OF SELECTED ACHIEVEMENTS

Mr. President, your Administration has sought to work strategically at the task of rebuilding our economy, while making public announcements at the appropriate time. Mr. President, since returning to office, your government has made tremendous strides in the interest of the people of Nevis. Of note, we have:

- Created additional fiscal space in 2013/2014 resulting in an increase of 4.3 percent in government revenues despite external economic challenges;

- Successfully implemented expenditure curtailing measures to bring government expenditure under control, thus reducing the fiscal deficit;
- Created the economic climate and infrastructure that is now attracting Foreign Direct Investment;
- Established CCTV coverage for Charlestown and its outskirts to enhance public safety and security;
- Completed the Hamilton Road at less than half the initial projected cost;
- Aggressively taken steps towards alternate energy development and making Nevis a leader in alternate energy development, with the signing of the waste to energy agreement and advancements in geothermal;
- Completed the first phase of the Water Enhancement Project which involved work on water storage facilities and pumping stations;
- Witnessed growth in Tourism through our aggressive marketing efforts;
- Taken steps to narrow the “off season” in our tourism cycle;
- Implemented a subsidized utility program for seniors
- Opened a Government Pre-School in St. James’ Parish to cater to persons in that area;
- Completed extensive rehabilitation work on the squares in Charlestown;
- Grown our economy to the point where Value Added Tax(VAT) collected in Nevis is averaging in excess of 24% of the VAT generated in the Federation;
- Created additional jobs, thus increased average employment from 4966 in 2012 to 5362 in 2013;
- Aggressively pursued debt restructuring as a step towards debt sustainability;
- Worked tirelessly to restore all Statutory Corporation to good fiscal standing;
- Installed Fibre Optic cable to support NIA communication infrastructure;
- Diversified from cotton production to short term crop production as an additional step to food security;
- Partnered with Dr. Rouse and his team from Georgia, USA to provide Diagnostic Cardiology services at the hospital and community centres throughout Nevis;

- Acquired an Echocardiogram Machine and Treadmill; and facilitated training of two persons in the United States who are responsible for operating and servicing this machinery;
- Procured Personal Protective Equipment (PPE's) and conducted training of staff in donning and doffing these equipment as a first step towards Ebola Preparedness;
- Procured two Ventilators, one of which is portable, for the Intensive Care Unit (ICU). This is to assist in emergency respiratory cases;
- Procured state of the art anesthesiology machine for the Alexandra hospital; and
- Continued to reap tremendous success in our Tourism Education Program by winning the Junior Minister of Tourism title in the OECS.

4.0 DOMESTIC ECONOMIC PERFORMANCE 2013/2014

4.1 Fiscal Performance

Mr. President, my government has been committed to ensuring fiscal stability, primarily through cash flow management. We have taken a conservative approach to spending, while emphasizing the importance of revenue collection. The fiscal data for the year 2013 revealed overall and current account surpluses. The total Recurrent Revenue and grants collected was \$129.33 million, with \$121.06 million being Recurrent Revenue. Current Expenditure stood at \$114.57 million while Capital Expenditure was \$9.63 million and resulted in a total expenditure of \$124.20 million for that year.

The economic classification presented in appendix 1 reflected growth in the current account balance for the period January to September 2014 relative to the corresponding period of 2013; moving from \$2.99 million to \$10.72 million. This improvement was evidenced by the growth in current revenue of 7.32 percent combined with a fall in current expenditure of 1.47 percent.

Mr. President, at the end of September 2014, \$97.73 million was collected in total revenue and grants; reflecting a 1.16 percent growth relative to collections at the end of September 2013. Tax revenue was the major contributor and accounted for 74.50 percent of the revenue generated.

Further, indirect taxes represented 83.20 percent of the total tax revenue collected. Taxes on international trade continued to play an integral part in the revenues collected by the Administration. Based on this trend it is evident that the total projected revenue collection for 2014 is likely to surpass that attained in 2013.

Total expenditure for the period January to September 2014 totaled \$94.91 million. Current expenditure was \$84.08 million as compared to \$85.34 million for the same period in 2013. This change in current expenditure represents a \$1.26 million decline or a 1.47 percent reduction in spending. The main components of this spending were Personal Emoluments of \$44.58 million, debt servicing of \$20.47 million, goods and services of \$18.49 million and transfers and subsidies of \$7.80 million.

Mr. President, Capital Expenditure for the period in review was \$10.83 million; representing an increase of 47.9 percent when compared to the same period of 2013. The majority of this expenditure was concentrated in road maintenance and repairs and water enhancement and drilling program.

4.2 Performance of the Value Added Tax (VAT)

Mr. President, there has been much talk lately on both sides of the Federation with regards to Nevis' contribution to the Value Added Tax (VAT) pool and specifically that Nevis is getting more than it contributes to the pool. Today I want to set the record straight on this issue.

The Performance of the VAT has been exceptional. The total VAT collected in Nevis over the past three years continue to increase annually rising from \$28.90 million in 2011 to \$32.60 million in 2012 and to \$36.76 million in 2013, an increase of \$4.16 million during the first full year of my Administration. A consistent increase of 13 percent! These figures as shown in the Appendix were compiled from data provided to us by the Federal Government of St. Kitts and Nevis.

The Value Added Tax collected for the period January to September 2014 stood at \$ 30.22 Million. Mr. President, based on this trend the collection for this year is likely to surpass that of 2013. These figures underscore the growing strength of the Nevis economy over the past two years.

Mr. President, it must be noted that these figure in no way reflect the total VAT generated from activities in Nevis. These figures reflect only the VAT generated and paid in Nevis as the VAT legislation provides for single filing which allows entities operating in both island to pool and pay their VAT at one location. Therefore, Mr. President, the VAT paid in Nevis excludes all the VAT generated by Lime, Digicel, Scotia Bank, First Caribbean and National Bank, as these entities pool and pay their VAT in St. Kitts.

It was as a result of this single filing mechanism that a VAT sharing process was introduced. The purpose of the VAT sharing was to allow for a redistribution process thereby allowing Nevis to recoup some of the VAT generated in Nevis but paid in St. Kitts.

Mr. President, the data as outlined in Annex II, which was provided by the Treasury Department in St. Kitts showed that in 2012 the Nevis Island Administration collected and transferred \$32.63 million to the VAT pool while the Federal Government contributed \$ 115.62 million making a total of \$148.25 million. In 2013 the VAT collected in Nevis and transferred to the pool rose to \$36.76 million with the Federal Government contributing \$ 118.7 million making a total combined VAT collection of \$ 155.48 million. It clearly shows that from as far back as 2011/2012 the VAT collected in Nevis was averaging 22 percent of the total VAT collected in the Federation and this has increased to 24 percent by 2013. It tells us all that this agreed sharing ratio of 24 percent for Nevis was badly miscalculated and those who were charged with the assessment of the economy of Nevis were incorrect in their judgment from the beginning.

It is now clear that the Nevis economy has grown to the extent that the VAT collected in Nevis is now averaging 24 percent of the total amount collected in the Federation. It also means that a VAT share of only 24 percent is now unacceptable and totally inadequate and this ratio never provided the redistribution of tax as was intended.

Mr. President, this 76/24 percent sharing ratio must now be reexamined if we are to continue with this VAT sharing mechanism because it does not account for the considerable VAT leakages to St. Kitts by companies doing business in Nevis but choosing to file their VAT returns in St. Kitts. In 2015, my Administration will engage in serious discussions to remedy the situation in order to reflect the true fiscal activities in Nevis. I am hopeful that we will have full corporation from these businesses and the Federal Government where necessary.

4.3 Status of Public Debt

Mr President, your Administration supports the view that Debt Management is a very important aspect of debt sustainability. In order to achieve this goal it is necessary for us to have a calibre of highly trained competent staff. During the fiscal year 2014, our staff at the Fiscal Policy Unit benefited from training in the area of debt relief from the Eastern Caribbean Central Bank (ECCB) and the Centre for Latin America Monetary Studies (CEMLA). Additionally, In October 2014, representatives from the Debt Management Advisory Service (DMAS), of the ECCB conducted an in house training on Debt Portfolio Review (DPR) for a number of persons within the Ministry of Finance. This training was geared towards building capacity and to treat this issue of debt sustainability. My administration is always grateful and receptive for all the assistance given to us in order to better manage our debt portfolio.

Mr President, at the end of 2013, NIA's outstanding debt was \$352.07 million, a decline of 3 percent when compared to the debt outstanding at the end of December 2012. External debt as at December 2013 was \$52.48 million having decreased by 10 percent when compared to the balance for the same period in 2012. During that same period, domestic debt decreased by 1.23 percent from \$303.33 million in 2012 to \$299.59 in 2013. The debt stock for 2012 and 2013 includes the outstanding debt for the Nevis Civil Servant Mortgage Loan. Initially, this debt instrument was excluded from the portfolio since the NIA does not service this debt. However, the NIA is listed as the borrower on the loan agreement and best practice suggests that it be recorded and reported as a debt of the Government. The balance on this loan at the end of 2013 stood at \$17 million, a 3 percent decrease over the previous year's balance.

Mr President, as at September 30, 2014 the total overall debt of this Administration stood at \$352.80 million, a slight increase of 0.70 million or 0.2 percent over the balance in 2013. External borrowing increased by 2.4 percent over 2013 due primarily to additional loan disbursements from the Caribbean Development Bank (CDB) for the Nevis Water Enhancement Project. Domestic debt decreased marginally over that same period.

Mr President, my Administration has made considerable progress in repaying the amounts due to holders of the former RGSM \$20.00 million Treasury Bill Issue. Through instalment payments

over the past two years, the balance on this debt now stands at \$13.55 million at the end of September 2014 with a reduced interest rate of 6.5 percent per annum. My Government is proud Mr President, that no holder of NIA securities was forced to take any losses on their investment.

My government stands committed to the debt restructuring exercise as outlined under the Stand-by Arrangement with the International Monetary Fund. To date this Administration has completed the debt restructuring exercise with all its major creditors except the St. Kitts-Nevis-Anguilla National Bank.

Since assuming office we have made tremendous strides towards completing this Land for Debt swap which was commenced by the previously led Administration. The total indebtedness of the Administration to this creditor stood at \$127.97 million as at 30th September 2014. To facilitate the restructuring process, we have transferred lands at Stock Pen to the value of \$29.017 million, reducing the value of the debt outstanding to \$99.94 million as at 31st October, 2014.

Mr. President, my Administration has been very cooperative with the National Bank with whom we have enjoyed a long standing relationship. We have done everything requested of us to move the process forward, yet at times our efforts to reach a solution continue to be frustrated. It is very unfortunate that even as we speak your government is still unable to reach an amicable position with the Bank on the provision of credit facility to fund the day to day operations of the government.

Mr President, in the medium term, my Administration will continue to adopt the strict debt management strategies so as to bring about a sustainable debt situation in the island of Nevis. These strategies include a shift from commercial loans to concessional loan funding, thereby lowering the cost of borrowing; to cap the interest rate on all future borrowing at a rate not exceeding 7.5% per annum and to seek to negotiate loans with longer tenure in an effort to minimize rollover risks and mitigate the cash flow situation.

5.0 NEW PROGRAMS & INITIATIVES

Mr. President, as we seek to meet the challenges of an uncertain future, there is a need for creativity and adoption of new programs and initiatives to cope with an ever changing environment. The New Year will witness the implementation of the following new initiatives:

- The introduction of the ASYCUDA World clearance system at the Customs Department designed to enhance our revenue collection process, remove the hassle from trading and improve the quality of service offered;
- The introduction of Voluntary Compliance Program coupled with a Risk Manage and Post Clearance Audit Unit at Customs Department to fast track the movement of goods from "ship to shelf;"
- The installation of X-ray baggage machines at the Long Point Warehouse to enhance our Customs Examination process;
- The Launching of a Small Business Forum and Exhibition to recognize the contribution of this sector to our economic development;
- Facilitate the organization of a Manufacturers Association to ensure that local manufacturers avail themselves of the opportunities offered by the Citizenship by Investment program;
- Complete the second phase of the Water Enhancement program with a focus on upgrading the water distribution system island wide;
- Launch of SecureNevis Initiative as a crime fighting measure;
- Aggressively market the sale of processed meat products from the Abattoir to the tourism market in St. Kitts;
- Aggressively promote greenhouse technology as a means of reviving backyard gardening;
- Construct the first phase of the new diagnostic wing at the Alexandra Hospital to include a new Laboratory Facility;
- Enhance security at the Hospital by providing video coverage of the main areas and redesign the entrance and exit for better access;
- Reintroduced the fluoride program in schools as a first step to oral hygiene;

- Expand the program of HIV/sexual health education awareness and interventions in schools and communities;
- Aggressively pursue the implementation of the Offshore Banking Ordinance to promote Nevis as a premier Offshore Banking jurisdiction;
- Implement the Certified Hospitality Assured Business initiative;
- Designate the Pinneys Beach area as the Tourism Centre for Nevis;
- Develop the critical skills demanded by the labor market through after-school programs, being offered through the Ministry of Education’s Technical Vocational Education and Training (TVET) program;
- Introduce the teaching of Spanish and Mandarin at the island’s schools to prepare our young minds to effectively communicate and more readily appreciate cultural diversity;
- Diversify our housing program to cater for persons in upper income bracket; and
- Establishment of a debt committee headed by a member of Cabinet to more aggressively address the debt situation.

These are just a few of the new initiatives to be implemented by my government in the upcoming budgetary period.

6.0 EXPANDING OPPORTUNITIES FOR PROSPERITY AND EQUITY

6.1 Medium Term Fiscal Strategy

Mr. President, the homegrown challenges of 2014 has forced us to re-examine our strategy and re-engineer our policies as we seek to chart a new course forward. When Brazil lost in the last world cup finals, one sports commentator had this advice for the Brazilians “never lose a good crisis and secondly your past means nothing.” Like Brazil, that same advice was applicable to your Administration in the face of the unfortunate events of 2014.

Like Brazil we too recognize that even in crisis we must now focus not on what we have lost but instead seize the opportunities that this crisis created. We recognize that the manner in which the Administration had operated in the past with accommodation from the Federal Government and

our major banker, meant nothing once the Administration changed in 2013. What matters now is how we, as an Administration, shape the future even in the face of these difficulties.

The crisis in April 2014 has reinforced the need to live within our means and break this dependency syndrome. It has also taught us that creativity coupled with consolidation and growth are the only ways to move our economy forward. These lessons learnt must now be borne out in our economic strategy going forward and be the determining factor in shaping the economic policy of my Administration.

The policy of my Administration in the medium-term period will be focused on ensuring sustainable economic and financial stability, lower current account deficit by instituting stringent fiscal adjustment measures to curb public spending, curbing the growth of the public debt and creating an environment conducive to private sector investment to facilitate economic growth. The pillars of our Fiscal Strategy in the coming medium-term period will therefore be:

- Implementing tighter expenditure control designed to eliminate wastage in public spending;
- More stringent tax discipline, which implies reducing the level of arrears at our revenue departments through higher tax collection rates;
- Exploring the possibility for shifting the revenue generating focus from direct taxes to other forms of indirect taxes;
- Clear prioritization of capital expenditure/public sector investment projects;
- Wherever possible, models of concession financing and public-private partnerships will be considered once feasible;
- To stabilize the Public Debt, after a period of sharp increase, and to reverse this upward trend thus reducing our Debt to GDP ratio to a sustainable level;
- To stimulate economic growth driven by the growth of small businesses and also foreign direct investments;
- To create employment growth and improve the standard of living, buoyed by a strong recovery of economic activity; and
- Strengthening long-term fiscal sustainability through the implementation of structural reforms, in particular public sector reforms.

My Administration is committed to further pursue the fiscal adjustment program earlier instituted under the guidance of the International Monetary Fund (IMF). 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. It will be necessary to close fiscal imbalances in order to make public finances more sustainable and lay the path for economic recovery and long-term sustainable development.

In this context, over the next three years we will see continued fiscal consolidation, improvements in the business environment and boosted development, primarily through the encouragement of foreign direct investments including but not limited to the use of the Citizenship by Investment Program. These measures and reforms will put our economy on a path of recovery and growth which will allow for a gradual reduction of general government deficit and public debt levels to the benchmark laid down by the regional and international guidelines.

6.2 Development of Information Technology Capabilities

Mr. President, 2014 will be remembered as a challenging yet extremely rewarding year for the Information Technology Department. The unfortunate fire at the Treasury Building Complex on January 17th 2014 did extensive damage to our Information Technology infrastructure that was situated at that building. In addition to the destruction of computer hardware, there were significant degradation to our server infrastructure and destruction of the NIA's Network Operations Centre.

Through the efforts of the entire staff at that department and several partners, the servers were cleaned, relocated and brought back online within 2 days while additional network services were restored soon after. Due to the efforts of the staff at the time of the incident as well as daily backup procedures, significant data loss was averted.

In the wake of this event, our disaster recovery procedures have been enhanced. Work was also done on upgrading our backup server/software and increasing the capacity of our backup tapes. This has reduced the amount of time and human intervention required to perform backups. My Administration wishes to thank the Federal Government and those individuals and institution who contributed to the recovery process.

Mr. President, during the course of this year, the NIA through the Information Technology Department embarked upon an ambitious project to expand the coverage of its fibre network. Indeed, the increase in adoption of technology driven services over the years has put a strain on the Wide Area Network (WAN) infrastructure and as such this upgrade was necessary to keep pace with the demands of modern government.

In this regard the NIA has deployed fibre to a total of ten (10) additional sites including around Charlestown and its outskirts stretching from Public Works Department at Prospect to Nevis Craft House at Pinney's. These new deployments represent a total capital investment of EC\$120,000 and will serve as the foundation upon which further services can be deployed. These services include the deployment of Voice over IP telephone services and facilitating the ongoing CCTV project.

Mr. President, as these new deployments set the foundation for future services, it is expected that they will also reduce the monthly recurring cost of telecommunications to the NIA; increase the available bandwidth 100 fold and also increase the reliability/uptime of the NIA's telecommunications infrastructure by 10-20 percent, thereby improving its ability to deliver services to the citizenry.

Mr. President, our Information Technology thrust has been extended to include Software development as well. In support of the Ministry of Finance's efforts to simplify and improve the overall budgeting process, the Information Technology Department developed and deployed a new budgeting platform called Astaris. The Astaris platform is based primarily on open source technologies and has allowed the Ministry of Finance to eliminate costly annual licensing fees that were associated with the old platform SIGBUD. This new platform maintains all of the functionality that was previously available via a much more user friendly interface. The application will continue to be developed and expanded to cover other areas such as accounting and human resources management.

Mr. President, in addition to our efforts to support major projects at both the Inland Revenue Department and the Customs Department, my Administration has also embarked on the following Information Technology initiatives:

- Rolled out electronic services at the Inland Revenue Department resulting in taxpayers being able to file and pay a number of taxes online;
- Completed the upgrade of the registration platform at the Financial Services Department at a cost of EC\$83,000;
- Deploy a total of six new computer labs, containing 125 terminals, across the two secondary schools on the island. These labs utilize what is known as ‘thin client’ technology, whereby a single server is used to perform all of the relevant processing, thus improving the sustainability factor due to reduced maintenance costs. This investment was in the amount of \$109,000.00 or \$872.00 per station.
- Collaborated with the OECS run Foreign Affairs eGRIP program that resulted in a donation US\$17,000.00 worth of equipment and software that has enhanced security on the NIA’s network and IT systems along with training and certification for two members of staff.

The NIA says thank you to the OECS and eGRIP for its efforts as it continues to foster the regional integration process through common ICT platforms.

6.3 Tourism Sector

6.3.1 Tourism Promotion and Marketing

Mr. President, the Nevis Tourism Marketing and Promotion Authority (NTA) has strategically focused its marketing and promotion efforts and this has enabled us to be more visible and engaging in our main source markets and at tradeshows and other promotional activities. This marketing effort, driven by our collective quest to provide solid marketing and promotional leadership to the tourism industry, continues to yield positive results. The data on visitor arrivals for the first quarter of 2014 showed a marked increase in arrivals of 24.35 percent over the corresponding period in 2013. This increase was driven by a 38 percent increase in cruise passenger arrivals. This is a direct result of our renewed efforts to attract smaller yet upscale cruise lines and private yachts.

The ultimate goal of our new marketing effort is the future realization of our vision to eliminate the off season. We are still some way off but we are confident with annual incremental steps we can accomplish this goal. The Nevis Tourism Authority has adopted a suite of events and activities created specifically to drive business during the off season. They include the Nevis Blues Festival, the Nevis Month of Romance, the Mango Festival, the Nevis Marathon and Running Festival/Nevis Race Week, the Nevis Fishing Tournament, and the Nevis International Triathlon.

Mr. President, our marketing efforts will continue to be focused on the areas that will solidify the foundation that will propel us forward. In addition to the establishment of Public relations representation in the North America and UK market, aggressive marketing effort is now turned toward establishing marketing representation in Caribbean neighboring countries such as Puerto Rico. We are firmly of the view that the Puerto Rican market of 3.8 million persons and being in close proximity to us with ease of travel and cultural similarities can provide an excellent opportunity to increase our visitor arrivals and close the off season.

The Nevis Tourism Authority has also forged alliances with other destinations in the Caribbean through the St. Martin Airport Initiative. This alliance of eight islands namely Nevis, Statia, St. Martin, BVI, Dominica, St. Barth, and Saba and Anguilla is designed to enhance international airlift into each island. The concept is that, as a group, the alliance can jointly market themselves to international airlines to influence flight times and additional flights for the benefit of each destination. Nevis stands to benefit from this alliance as there are increasing numbers of international flights directly into St. Maarten originating from cities such as Panama, Paris, Montreal, New York, Miami, Atlanta, Boston, Amsterdam, Toronto, Newark, and Philadelphia.

Mr. President to remain competitive we must be innovative. In the New Year our marketing effort will become more digitally focused. This involves a greater emphasis on social media, webinars and initiatives to direct more traffic to the NTA's website with an end to connecting with our hotels and other on island stakeholders. The change is influenced by the shift in consumer usage and dependence on digital media.

In addition, we will introduce the Nevis Destination Invitation for cruise and yacht passengers. Cruise is not the end game of Nevis it is a means to an end. Our cruise industry should grow, but it must grow appropriately in a way which supports low impact high yield tourism, the core of Nevis' Tourism industry. The destination invitation will encourage cruise passengers to revisit

Nevis and stay in our hotels by explicitly inviting them back and offering them attractive incentive packages carefully designed by each hotel.

Eliminating the off season is ambitious but it is critical. It is the most important thing we can do to change the course of tourism on Nevis. Our efforts are focused and deliberate and we believe we will accomplish our goal.

6.3.2. Tourism Product Development

Mr. President, while the Nevis Tourism Authority (NTA) continues to play an excellent role of marketing Nevis to the outside world, the Research and Development Unit of the Ministry of Tourism continues to give outstanding support by coordinating policies and generating interest at the local level.

In the coming year we will witness the implementation of the long awaited Minimum Standards for Taxi and Tour Bus Operators in Nevis. One of the main features of this policy is that all taxi drivers would have to obtain a taxi permit in order to operate in any of the prescribed taxi areas in Nevis. All taxi operators will also have to abide by a Code of Conduct which will regulate their behavior, their customer service delivery and interaction with our visitors. They will undergo regular structured training offered by the Ministry of Tourism. It is our hope that this continuous training will enhance their knowledge of the local products and improve their ability to offer better quality service to our visitors.

As you are well aware, there has been an upsurge in yacht tourism over the past years. Very shortly, it is expected that there will be the development of yachting marinas at Tamarind Cove and Christophe Harbor which will result in a drastic increase in the number of yachts plying our waters and demanding services in our economy. The Ministry of Tourism has been proactive in this respect and in anticipation of this upsurge has collaborated extensively with the Department of Maritime Affairs in the Federal Ministry of Tourism and Transport in developing a comprehensive national yachting policy which has just been completed. The next step is the development of a detailed strategic plan for the yachting sector and it is envisaged that this will galvanize and lead to the effective implementation of the national yachting policy. The focus of the yachting policy is economic, environmental and social sustainability of the lucrative yachting sector and it is envisaged that this approach will reap substantial rewards in the near future.

Mr. President, we cannot maintain a sustainable tourism product unless we take full control of the physical environment around us. To this end, the Ministry of Tourism has moved speedily to establish a Roads, Beaches and Parks Unit as a first step in this process of presenting an environment which is clean and welcoming to our visitors. This unit will now incorporate all the existing divisions under the Ministry of Tourism and Ministry of Health directly responsible for maintaining the physical sites frequented by our visitors. These areas will include activities at the Heritage Village and our historical sites, the Bath Stream, the Artisan Village, the monitoring activities on our beaches and the environmental workers charged with maintaining the verges of the island main and village roads. It is our every intention to continue to take pride in our surroundings to continue to provide an environment that is clean and welcoming to our visitors which can make the first time visitor experience memorable.

Mr. President we must seek to co-ordinate our resources as we seek to give full support to the local industry specializing in souvenir items for our visitors. My Administration has designated the Pinneys Beach area and its surroundings as the tourism center for the island. It is expected that with the completion of the park at Pinneys Beach, tourism related activities will flourish in this area. In preparation for this increased activity, my Administration has already started the process to relocate the Artisan Village to the Pinneys area so as to provide a single area of attraction for our visitors and provide greater visibility and business opportunities for the artisans.

Our tourism education in the schools has had resounding success over the past years. Our students continue to excel and in some cases outshine their Caribbean colleagues. We are extremely pleased that one of our own students was able to cop the Caribbean Junior Minister of Tourism title at the competition held in St. Thomas USVI this past September. I wish at this time on behalf of my Administration to congratulate Mr. Rol-J Williams of the Gingerland Secondary School on being appointed Caribbean Junior Minister of Tourism. I wish to also commend his parents, teachers, fellow students and also the staff at the Ministry of Tourism for the excellent support given to this program.

Mr. President, history was indeed made as it is the first time in the history of the event that there has been consecutive winners from Nevis. Last year, we also had Ms Neila Jones, also of the Gingerland Secondary School who copped the title of Caribbean Junior Minister of Tourism. We should all be proud of this renewed interest in tourism education at the schools level.

The Ministry of Tourism has recognized the importance of public awareness and the efforts of the social media team have been outstanding, particularly on its two year old Facebook page which is called Ministry of Tourism, Nevis. As a result of a structured social media work plan, in the past year alone, the number of fans on the Facebook page has quadrupled. Mr. President, this is significant leverage that we have at our disposal to disseminate the message of Nevis as a premium tourism destination.

In May of this year, the Ministry of Tourism successfully launched the pilot phase of the Hospitality Assured Program with three properties, namely, Nisbet Plantation Beach Club, Oualie Beach Resort and Nelson Spring Beach Resort. Hospitality Assured is a programme endorsed by the Caribbean Tourism Organization (CTO) and the British Institute of Hospitality which certifies properties based their effective delivery of consistently excellent customer service. All three properties have undergone Hospitality Assured training, have been examined by an overseas assessor and are awaiting word as to whether they have satisfied the requirements for certification. Successful properties will gain significant benefits in terms of their marketability and public relations profile. In addition, two officers from the Ministry, Ms. Vanessa Webbe and Mrs. Amelia Chiverton are now fully certified Hospitality Assured business advisors for the island of Nevis. This initiative is yet another step in our thrust to improve the standard and quality of service offered to our visitors

6.4 Agricultural Sector

The Agriculture Sector continues to make a very solid contribution to the nation's economy and through the outstanding work of the Ministry and Department of Agriculture, there is sound evidence of expanding opportunities for equity and prosperity for all. In the upcoming year my administration will redouble its efforts to reposition agriculture towards ensuring equity and prosperity for all. We presently operate in an environment of free and unrestricted trade as dictated by the World Trade Organization. Therefore, as a responsible Administration we must do what is necessary to stabilize and stimulate our local agricultural industry for the wellbeing of our people. Your Administration recognizes that there are impediments to agricultural production some of which we have no control over; but what we do have control over is our approach and it is in the approach that expanding opportunities exist.

The Department of Agriculture earlier this year hosted the 20th edition of the Agriculture Open Day, the largest and most successful in the history of the event. During the Open Day held in March, the sales generated from the abattoir increased by 101.20 percent over last year. In addition, the output of seedlings and propagated plants increased by 63.50 percent when compared to the similar period last year. This year's Open Day celebrations were extended to include cultural artistry and entertainment which took the form of a Farm Queen and Calypso competition so as to continue to stimulate interest in agriculture. These activities were huge successes.

In recent times, agricultural production has become more relevant and urgent. It is not just producing more of what we eat but instead how we address the issue of food safety and its collateral relationship of engendering healthy life styles. Agricultural production is more than a pastime. It is now a viable economic pursuit!

Mr. President, your government continues to offer incentives to elevate agriculture within the hierarchy of our local economy. I am pleased to report that during the year under review we have witnessed the establishment of two poultry farms with an addition of at least four thousand layers that will ensure self-sufficiency in egg production. I believe that we are almost there with egg production for now.

Your Administration wishes to see more poultry farming in the area of broiler production and also more livestock farming in the area of pork production as we presently import over 3.5 million pounds of chicken and close to half a million pounds of pork annually. In the New Year the Department of Agriculture will be charged with designing a packaged incentive program to promote broiler and pork production as we firmly believe there lies excellent entrepreneurial opportunities in these areas.

In the area of crop production we have witnessed the establishment of two Green/Shade Houses both of which have enabled us to have a more consistent supply of selected vegetables throughout the year. We have had an excellent supply of local tomatoes up until the end of September.

Mr. President, what is exceedingly striking about the Green/Shade Houses and Egg Farm, is that they are privately owned. They are in real time where we wish to take agriculture. Your government wishes to see more Green/Shade Houses – we want to be able to have local tomatoes

year round but other crops must be brought into the mix. The production of ornamentals is another such area that can venture into Green/Shade House Farming.

The expansion in crop production is a major priority of the Ministry of Agriculture. Over the past few years there has been an upward movement in the production of various crops and through the efforts of the Department of Agriculture the intention is to continue and increase that momentum. Mention must be made of onion production which was revitalized last year. Approximately 40,000 pounds of onion was realized from nine acres. During my party's first term in office, our target then was the production of half a million pounds of onions and we exported onions to Dominica and St. Maarten. Whilst this is a commendable restart of this programme, in the coming production cycle, we shall increase the acreage and we shall work towards increasing the yield per acre.

Mr. President, the work being done at the Abattoir must be commended. Not only choice cuts are being made but ready to cook products are available. Sausages! Burgers! Roast! This level of consistency and professionalism that is being exhibited needs to be pervasive as we expand opportunities in ensuring equity and prosperity for all. In the coming year the Department of Agriculture will intensify its effort to aggressively market these products to the Tourism Sector in our sister island St. Kitts.

Work on the expansion of the Veterinary Clinic at Prospect will commence in early 2015 as the expected increase in livestock production will demand an improved health care system. The new clinic will be outfitted with ultra-modern diagnostic equipment that will effectively service our livestock farmers as well as pet owners. The new Vet Clinic will be the product of a partnership between the Ministry of Agriculture and the Humane Society ARK.

Mr. President, my government is confident that the agricultural sector is well positioned to provide the requisite support necessary to move our economy forward. We are witnessing a renewed interest in all aspects of the industry and it is also heartening that more young persons are also becoming involved. My government believes that the strides being made in agriculture will ensure the availability of more wholesome local products which will guarantee a healthier and wealthier nation. My government recommits to supporting all efforts being made in the agriculture sector as we expand opportunities for equity and prosperity for all.

6.5 Financial Services Sector

6.5.1. Regulation and Supervision

Mr. President, I now turn to another vital pillar in our economy – the financial services sector. This year marks 30 years since the island of Nevis was established as an International Financial Center and my government is indeed honored to have significantly contributed to its success.

These past years proved rather challenging for this important industry, attributable mainly to the compounding effects of both international regulatory initiatives and competition from other International Financial Centers. Unfortunately, the global reaction to the economic crises of 2008 and continuing, translated through the encouragement of the EU and G20 countries and the advent of new international best practices and principles from ‘international standard setting bodies’ have all played important roles in determining our legislative and regulatory framework. These include:

- the Financial Action Task Force (FATF);
- Basel Committee on Banking Supervision;
- International Association of Insurance Supervisors; and
- the OECD and the Global Forum on Transparency and Exchange of Information for Tax Purposes,

The most recent initiative to affect us is the implementation of what is widely known as the global automatic exchange of information whereby countries will be required to involuntarily provide information subject to established reporting timelines. This is a move spearheaded by the Internal Revenue Service (IRS) in the US since the advent of an extra-territorial piece of legislation known as FATCA – Foreign Account Tax Compliant Act.

Its purpose is to enforce tax compliance by United States citizens holding investment and accounts outside the US and also to force compliance by foreign financial institutions to report on those accounts or face weighty sanctions.

The National FATCA Committee that was established to advise the Government of the developments regarding, and the implementation of FATCA, was able to:-

- recommend and negotiate the Model 1B Inter-governmental agreement;

- conduct a readiness assessment exercise to determine whether certain institutions should register with the IRS; and recently
- review the implementing legislation which will provide the legal basis for the submission of customer information for the purposes of FATCA.

I am pleased to report that the financial institutions within Nevis that hold U.S. accounts or accounts of certain foreign entities with substantial US owners have become FATCA compliant by registering with the IRS on its online portal. They have therefore been issued with a global intermediary identification number (GIIN) and appeared on the IRS' foreign financial institutions list that was first published in June, 2014.

During this month (December), there will be a series of public education exercises to inform the public and financial institutions of our preparations, reporting requirements and general facts about FATCA compliance. Another significant accomplishment achieved in June this year was the **Largely Compliant** rating received by the Federation of St. Kitts and Nevis having successfully defended its Global Forum Phase 2 Peer Review Report. Staff members at the Nevis Financial Services (Regulation and Supervision) Department, Legal and Inland Revenue Departments were instrumental in contributing to the report. This is an indication of our dedicated and hard-working people and a demonstration of our commitment to adhere to the implementation of international standards.

Fortunately, Mr. President, investors have now come to the realization that doing business in well-regulated jurisdictions greatly assist with their overall wealth, estate and financial planning. Therefore, in order for Nevis to compete with other well-established International Financial Centers, we must create that enabling environment to attract legitimate and substantial investment.

In our goal to remain competitive, my government has started the process to upgrade the legislation governing our financial services products. The Nevis International Banking Ordinance was passed in this Honourable Assembly on the 12th day of June, 2014 and published in the Official Gazette on the 19th day of June, 2014. My government believes that this enhanced legislation will boost the financial services industry and anticipates that by next year we will see a marked improvement in our revenue.

Additionally, amendments to the Nevis Business Corporation Ordinance, Nevis International Exempt Trust Ordinance, Nevis Limited Liability Company Ordinance and Nevis International Insurance Ordinance will be finalized during the 1st quarter of 2015.

Mr. President, in an effort to improve the supervision of this sector to meet international standards and to strengthen and encourage high standards among its practitioners, my government confirms its commitment to introduce and pass for the first time in our 30 plus year history, legislation to govern the licensing and regulation of trust and corporate service providers. We intend to establish clear guidelines, codes of conduct and regulations to provide for an effective and comprehensive supervisory regime that can withstand international scrutiny and at the same time protect our status as a reputable jurisdiction.

The people of the Nevis have shown much resilience during these trying times. We have made significant progress as can be proven by our status as a well-respected, regulated and compliant jurisdiction with which persons can conduct business. Accordingly, my government will continue to seek opportunities to enhance the products we offer and provide the necessary training to the staff of the Financial Services (Regulation and Supervision) Department to develop the sector.

The benefits of this industry go beyond that of mere financial support to the Nevis Island Administration. This industry is, to a large extent responsible for the growth of human capital on the island, mainly in the areas of finance, accounting, business administration, law, compliance and information technology. After 30 years on the island we can boast of the establishment of a Branch of the professional and internationally renowned association - the Society of Trust and Estate Practitioners (STEP) and our home grown - Nevis International Service Providers Association (NISPA). Through their expertise and knowledge and public-private partnerships, these organizations are able to advise the government on matters concerning the industry.

6.5.2. Marketing and Promotion

During this year, the NIA and NIPA undertook a Marketing Promotion effort to re-establish the Nevis Jurisdiction as a reputable place to do business. The interest which is been shown will no doubt produce substantial benefits in the New Year. Already we have had three (3) application

proposals for the establishment of International Banking in Nevis. We are in the process of finalizing the Regulations for the Banking sector.

6.6. Small Business Development

Mr. President, arguably one of the most phenomenal aspects of the economy of Nevis is the proliferation of small businesses. It is a sector that encourages personal entrepreneurship and independence. It is a sector that is creating employment.

Mr. President, over the past two years there has been a marked increase in the number of Business Licenses issued to persons wishing to start businesses in the various sector. In 2013 a total of 203 Business Licenses were approved by the Ministry of Finance and that trend is continuing as 174 Business Licenses were approved up to October 2014. While some may argue that programs like SEED offered by the SIDF may be driving factor behind this trend, it must be noted that these entities are licensed to operate in Nevis which means that these persons are taking advantage of opportunities offered by the growing strength of our economy. We are indeed happy as an Administration that we have and will continue to create the environment for small businesses to flourish.

It is these statistics, this revelation and individual lobbying for government to pay more attention to small businesses why your CCM Administration is fast forwarding the issue of small businesses so that it can take pride of place. Mr. President, we shall declare the year 2015 as the year for small business in Nevis! It is the year when we shall formalize the structuring of small businesses. It is the year when we shall revamp our Small Enterprise Development Unit in order to provide appropriate and timely technical assistance and training. It is a year when your CCM Administration shall diversify and expand the portfolio of the Supply Office to mitigate the hassle associated with importation. It is a year when we shall revitalize the Entrepreneurial Development Fund which was established by your CCM Government during its first dispensation.

As part of this small business thrust, there will be a renewed focus on small business entities engaged in manufacturing, especially those involved in the wood and metal trade. To this end, your administration will in the new budget period seek to encourage the establishment of the Nevis Manufacturers Association to enhance this sector and to position these entities to take advantage

of the increasing opportunities that will arise from the increase in Foreign Direct Investment offered by the Citizenship by Investment Program. As an Administration that is proactive, it is our duty to ensure that locally manufactured construction items find their way into these Condo and Villa Developments.

Mr. President, an active association will enable your Administration to make application to friendly governments and Donor Agencies for soft loan funding to be made available to this sector at concessionary rates and also to seek technical advice and management training for persons involved in the manufacturing trade here on Nevis.

Mr. President, in January of 2015 the Ministry of Finance will host a Small Business Forum under the theme” **Recognizing and providing tactical support for the consolidation and development of Small Businesses** “. The goal of this forum will be to fuel the growth of Small Businesses and to recognize the contribution that this sector is making to the economic development of our country. In addition to this forum, your Government will organize and host a Small Business Exhibition to showcase the activities and output of this sector especially for those involved in the manufacturing trade. These initiatives are all geared towards the consolidation and growth of the small business sector.

6.7 Private Sector Foreign Direct Investment

Mr. President, my Administration has made 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 China, Hong Kong, London and Singapore. The Asian market is 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.

My Administration continues to give full support, through concessions, to developers both local and foreign, wishing to develop properties as part of this program. These concessions in the form of exemption from Customs Duties on items imported for construction, are short term sacrifices that your Administration is making in return for long term gains which will come in the form of increased employment opportunities and ultimately an increase in government revenue.

To this end, my Administration continue to give concessional support to the following ongoing investment projects:

- The Tamarind Cove Development at Cades Bay which is a Condo type development consisting of 126 rooms;
- Ongoing Villa Development at the Four Seasons Resort Estates at Pinneys;
- Paradise Beach Development at Paradise Estate(Formerly Villa Paradiso); and
- The Mount Nevis Hotel Expansion Project which is currently under active construction.

In addition, Mr. President, my Cabinet has approved a number of additional projects on the island of Nevis. These projects have being already granted planning approval and should commence construction in full during the first quarter of 2015:

- Paradise Palms situated at Paradise Estate, a 218 rooms Resort Hotel development with an estimated construction cost of US\$50.0 million;
- Butlers Estates and Residences Resort at Butlers which is a Villa type development with estimated construction cost of EC\$14.0 million; and
- The Candy Resort at Liburd Estates which is a Villa/Condo type development with estimated construction cost of EC\$19.0 million.

Mr. President, the following list of investment projects 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:

- The Tamarind Cove Marina development at Cades Bay which when completed be the first Yacht Marina in Nevis servicing small and medium size yachts. The cost of this project is estimated at EC\$18.0 million;
- The Fisherman Cabanas at Jessup Bay which is a Condo type development with estimated construction cost of US\$21.5 million;
- Tranquility Cove at Hurricane Hill which is a 5 Star Boutique Hotel development estimated construction cost of EC\$75.3 million;
- The Aman Hotel Project at Indian Caste;

- Golden Rise Villa development at Golden Rock;
- Ocean Reef Resort at Jones Estate;
- Silver Ridge Development at Hamilton Estate;
- Hamilton Trust Development at Government Road; and
- Atlantic View Condos and King Fisher Club.

Mr. President, these are just a few of the investment projects presented for our approval. My Administration will make every effort to move these projects speedily from preconstruction to construction stage. It is our hope that construction on these properties will commence in full in early 2015 and we will see the revival of our once thriving construction sector.

Mr. President, your Administration has created the investment climate, the developers have responded, we have accepted their offers for development, it's now left to these developers to turn their dreams into reality for the benefit of all Nevisians.

6.8 Housing and Infrastructure Development

6.8.1 Housing Development

Mr. President, to every man his home is his castle and it is against this backdrop that the efforts of the Nevis Housing and Land Development Corporation must be applauded as it continues to provide the people of Nevis with affordable, sound and high quality housing. Your government is pleased to announce that twenty (20) families benefited from the construction of affordable homes at a cost of \$4.27 million. It is even more remarkable when one analyses the conscious effort of the Corporation to construct homes in various locations as opposed to the concentrated construction practices by the former Administration. Every constituency has benefited from the investment of the Nevis Housing and Land Development Corporation.

Mr. President of the twenty (20) families whose lives have been positively impacted, it is noteworthy that construction of eight homes was done on lands privately owned by these individuals. As a result of this and other marketing initiatives, the Corporation is now being

inundated with request to build houses for individuals in the middle to upper income levels on privately owned lands. This policy will have to be reassessed to ensure that the NHLDC makes the greatest impact in this sector without adversely impacting the private construction sector.

In addition Mr. President, the construction of a home is an investment in our country which brings tremendous economic benefits in the form of increased employment and increasing government revenues through the various associated taxes. My Administration has been actively at work encouraging some of our nationals abroad to return home. These returning nationals would no doubt wish to invest in housing development as many of them are beneficiary of parcels of lands left by their predecessors. In the medium term, the Housing Corporation will therefore be positioning itself to deliver a quality set of housing stock at the request of our returning nationals.

Mr. President, individuals in the middle to upper income levels and returning nationals require a more upscale type of residence. I am particularly pleased to announce that the Corporation will in the New Year diversify its housing portfolio and undertake construction of upscale residences on lands situated in high end areas in this country. We have satisfied the needs of the low income earners, we must now direct our effort to the next level of satisfying persons in the upper income bracket. Our recent university graduates are a prime target group on which the Housing Corporation will now focus. Such diversification can only enhance our socio-economic landscape as owning your own home is one of the ways to improve the standard of living of our people.

Mr. President, it is still the intention of the Housing Corporation to continue to deliver on the construction of additional affordable homes to meet the continuing demand. For the upcoming year, there are already confirmed requests for the construction of fifty three (53) affordable homes across various communities island wide namely: five (5) houses in Nisbett Estate, Six (6) houses in Bath Village, nineteen (19) houses in Colquhoun Estate (Phase -2), five (5) houses in Hardtimes Estate, four (4) houses in Maddens Estate, four (4) houses in New River Estate and we are targeting approximately (10) houses to be built on customers private lands.

Mr. President, the recent housing stock are of high quality and every effort is made to deliver a product that meets the satisfaction of the intended homeowner. My Administration is very pleased with the high reviews it has received from satisfied homeowners as we carefully seek to meet their every need.

6.8.2 Infrastructure Development

Physical Planning

Mr. President, in an effort to improve the efficiency in our physical planning infrastructure your government will shortly introduce in the Island Assembly, the Nevis Physical Development Plan for the island of Nevis. The draft of the Physical Development Plan was completed several years ago under the previous Administration. However, Mr. President, your CCM led Administration has secured technical assistance from the German Government through its GIZ programme, the Caribbean Public Health Agency (CARPHA) and the Caribbean Aqua- Terrestrial Solutions (CATS) for a review of the Physical Development Plan for Nevis, the Nevis Physical Planning and Development Control Ordinance and its Regulations.

Roads

Mr. President we are pleased to inform the people of Nevis that the Public Works Department (PWD) was able to complete the paving of the major section of the Hamilton Road Project; from Club Trenim to the top of Hamilton at a cost of EC\$1.36 million. This project not only brought employment opportunities for truckers and heavy equipment operators but served to empower the staff at the Public Works Department as it provided them with vast exposure to road design and construction experience during its implementation. The taxpayers of Nevis were also able to save over 50 percent from the previously budgeted cost of the Hamilton Road.

Furthermore Mr. President, we have budgeted EC\$8 million for *Major Road Projects* for fiscal year 2015 as we continue our infrastructural development program. Out of this budgeted amount it is our intention to allocate EC\$4.5 million for the Hanley's Road Rehabilitation Project to be executed by the Public Works Department. This project is a civil works project with corresponding drainage works which spans a total of 2,600 meters in length and 4.9 meters in width. The roadway will be furnished with curbs, slipper and U-drains, where necessary, to form part of the drainage system. It will be implemented in three phases to completion.

In addition, Mr. President, the NIA will undertake another important component of our road infrastructure development program by rehabilitating the 1.2 mile main carriageway of the Browne Hill road that connects to the island main road at an estimated cost of EC\$3.5 million. This road will be affected during the civil works component of the *Nevis Water Supply Enhancement Project* as a brand new larger sized pipeline would have to be installed to replace the large portion of cast iron pipes which are prone to leakage due to age. Hence we will seize the opportunity in 2015 to bring relief to the residents, hoteliers, tourists and other users of this important road network as we expand opportunities for prosperity and equity. Mr. President, please note that these two projects are separate from our usual ongoing road maintenance and secondary roads upgrade program which will continue in the fiscal year 2015.

Buildings

In terms of major building projects, Mr. President, it is our intention to rehabilitate and expand two existing government buildings at government road next to the Alexandra Hospital and the Flamboyant Nursing Home to house the offices of the Ministry of Health. The preliminary design shows a total of approximately 18,870 square feet at an estimated cost of EC\$5 million. Construction activities on these buildings can run for approximately eighteen (18) months.

Furthermore, Mr. President, we will complete the renovation of the building which once housed the Ministry of Education and the UWI Distance Learning Program at Marion Heights in fiscal year 2015. The building we referred to as Government House which has been neglected for many years, will also get some attention in 2015 as we seek to recommence renovation work on this important landmark and historical structure. These projects will stimulate some economic activity in the economy and will expand opportunities as we intend to work with the private sector to achieve our goals when implementing them.

Additionally, Mr. President, my government will commence preliminary works on identifying a suitable location for the construction of a new Administration Buildings to relocate the office presently located at the historic Bath Hotel Building. The design work will be completed in the New Year and suitable financing options would be pursued. Once this new structure is completed, it is the intention of my Administration to have the Bath Hotel Building fully restored as a Heritage and Health Spa to complement the already attractive bath stream.

Design work will also commence for the rebuilding of the Philatelic Bureau Building and the old Warehouse and Cotton House so as to transform that area of Charlestown to a financial complex, hosting a number of the departments under the Ministry of Finance. Mr. President, it is my intention to draw on the resources of the Diaspora in raising a 20 year Development Bond to the value of \$ 20.0 Million to provide financing for this financial complex. This bond will provide an excellent chance for Nevisians abroad to invest and have a stake in their country's development.

Water Enhancement Program

Mr. President one of the fundamental ways we can expand opportunities for prosperity and equity is by ensuring that we have a reliable water system which will positively impact all areas of society and all sectors in the economy. I am pleased at the progress of the civil works component of the *Nevis Water Supply Enhancement Project* which is being executed by our own Nevis Water Services Department (NWD) who is the contractor. The workers have been trained, exposed and empowered to implement this project using some of the latest technologies. The storage capacity and the ability to move more water throughout the island will be improved. The civil works component will continue in 2015 as well as a number of soft activities such as introducing a Supervisory Control And Data Acquisition (SCADA) system, an improved chlorination system and a shift in the governance of our water resources on Nevis from a department of government to a statutory body or a company. This is one of the largest investments of the NIA in a government project in the history of Nevis estimated at EC\$29.6 million when completed. Additionally, Mr. President we will continue to seek additional sources of water as we prepare for the economic rebound on Nevis during 2015 as we bring prosperity and equity for all.

Postal Services

Mr. President the Nevis Island Administration embraces the reform initiatives and efforts of the Caribbean Postal Union (CPU) in the region, which include restructuring, and human resource development, through accredited training programs, and customer service training to name a few.

In the medium term we will seek to enhance and upgrade our postal services to include the following:

- Issuance of U.S. Mail Boxes;
- Update the tracking and monitoring system from IPS Lite to IPS Post;
- Introduce the ‘We’ve got Mail’ initiative; and
- Introduce Digital Monitoring System designed to track & record mail from sender to receiver (medium term)

These initiatives are important in the scheme of things as we position ourselves to expand opportunities for prosperity and equity. Mr. President we recognized that the Postal Service is part of the infrastructure that compliments the information technology and E-commerce revolution that our world is experiencing, and that participation in this revolution supports economic growth.

6.9 Renewable Energy Development

Mr. President, as reported by the International Energy Agency (IEA), renewable energy sources have been the driver of much of the growth in the global clean energy sector since the year 2000. The role of renewable sources in the global power mix, in particular, continues to increase rapidly. On a percentage basis, renewables continue to be the fastest-growing power source. The IEA stated that, “as global renewable electricity generation expands in absolute terms, it is expected to surpass that from natural gas and double that from nuclear power by 2016, becoming the second most important global electricity source, after coal. Globally, renewable generation is estimated to rise to 25 percent of gross power generation in 2018, up from 20 percent in 2011 as deployment spreads out globally.”

Mr. President, if we are to truly expand opportunities for prosperity and equity then it is imperative that we have a strong energy base that is clean, affordable and reliable. The strategy that your government has adopted is to have the right mix of energy so that we can be flexible in the supply of energy which is environmentally friendly and reduce our carbon footprint while at the same time ensure our energy security. Our aim, Mr. President, is to be able generate and supply electricity solely from renewable sources before 2020. We believe that this is possible by concentrating on four areas of generation namely wind energy, geothermal energy, waste to energy and solar energy.

The source, Mr. President, which has the most potential for expanding opportunities for prosperity and equity is geothermal energy. After the issuance of a Request For Proposals or RFP and a transparent competitive procurement process, supported by the United States Department of State, the Nevis Island Administration (NIA) awarded a long term concession to Nevis Renewable Energy International L.L.C. (NRE International, or “the concessionaire”) for Geothermal Resource Development and Construction and Operation of a Geothermal Power Plant on Nevis Island with a Nominal Gross Capacity of 10 MW. The Concession Agreement was signed on August 22, 2014.

The Total Project Cost is estimated at around US\$60 million. NRE International is currently in discussions with a number of financiers who are looking to support the project. We have been informed that there is strong market interest in this project. Once financing has been secured, NRE International will drill one or more Production Wells to prove the resource which is an internationally accepted approach. This is scheduled for completion before the end of next year. Once the resource has been proven, NRE International will construct the geothermal power plant, which we are advised is scheduled for completion in early 2018.

Mr. President, this type of renewable energy will generate employment, and a clean and reliable supply of energy; it will reduce our fossil fuel importation oil bill thus producing significant savings for the economy and will put your government in a position to achieve its medium term goal of completely removing the fuel surcharge from the electricity bills for all consumers. It also has significant linkages with other sectors both current and new ones in the areas such as

manufacturing, informatics and agriculture. It also compliments our tourism sector as Nevis is known for its clean high end product and attract a certain category of tourist to our shores.

Moreover Mr. President, in August of this year my Administration signed an agreement with an American based company *Omni Alpha* to deal with the waste issue on the island of Nevis by introducing the innovative approach of constructing a Waste to Energy Plant on the island in combination with a Solar Farm. The provision of two garbage trucks for the Nevis Solid Waste Management Authority is also part of the package. Mr. President it is important to note that the main objective of the waste to energy plant is to deal with the urgent challenges of waste disposal since we have limited land space to construct a new land fill and the possible complications it brings.

When commissioned, this plant will add another 2 Mega Watts of clean electrical energy to the Nevis Electricity Company (NEVLEC) grid from waste gasification and the solar energy farm. The generation of these additional sources of clean energy will bring about employment in the economy in areas of a technical nature; engineering, construction and equipment rental. It is expected that this plant should be fully commissioned by early 2016.

Mr. President, based on these plans in the area of renewable energy we are confident that opportunities will become available for all the people of Nevis and we urge our citizens and residents to position themselves to take advantage of these opportunities which will bring prosperity due to this impending clean energy or renewable energy revolution”.

6.10 Crime Fighting and Security

Mr. President, my Administration stands committed to intensify the fight against crime and the eradication of criminal activity from within our communities. Criminal activities left unchecked will only serve to erode all the gains we would have made as a people and a country over the years. We cannot effectively develop as a country unless we can maintain peace and stability and reduce criminal activity in our communities. The issue of crime will therefore continue to be high on the

agenda of my Administration for the years to come until we have effectively reduced crime to zero level.

We will continue to give full support to the members of the Royal Saint Christopher and Nevis Police Force, Nevis Division. Each year we continue to allocate resources in our budget to supplement the Federal Budget allocation as to better enable our police officers to have the necessary equipment and other resources to effectively carry out their duties in an efficient manner. This year my Administration has provided two vehicles along with other necessary equipment and has worked on an ongoing basis to improve the work environment of the office at the Charlestown Police Station and other Police Stations throughout the island.

I also want to applaud those members of the general public and business entities who continue to make ongoing donations to the members of the police force, and to encourage those who are yet to do so to seriously consider embarking on a similar venture in the near future. The Police Force needs all the assistance and support available. I especially want to thank the directors of O.D. Brisbane & Sons who earlier this year donated a Suzuki Grand Vitara to the Nevis Division to assist in patrolling and crime fighting. Crime fighting is not just the responsibility of the police but that of all responsible citizens in the community. I want to encourage the members of the public to work hand in hand with the police, to develop neighborhood watch and to be prepared to provide the necessary information to the police that would help them to solve and eradicate incidents of criminality from among us.

Mr. President, my administration has completed the first two phases of our CCTV camera installation project funded by the government of the Republic of China on Taiwan together with local support from the NIA. The NIA wishes to extend its heartfelt gratitude to the ROC on Taiwan, for without its assistance, in the form of the camera hardware, this project would not have been possible.

These cameras have been strategically positioned to cover key areas in Charlestown, including Government Offices, the Financial District, as well as other key intersections and public spaces. To date a total of 44 cameras consisting of 30 Fixed High Definition IP cameras, 3 Fixed Cameras and 11 PTZ cameras. The NIA itself, also contributed financially to this project, to the tune of **EC\$41,000.00** which covered installation costs and ancillary hardware/equipment. This project is

heavily dependent on the fibre installation project currently undertaken by the Information Technology Department which also forms, albeit indirectly, a significant portion of the NIA's overall contribution to the CCTV Project.

Some may argue that matters of security is a federal issue but we do have a duty to provide peace and security for our people. This project has contributed greatly in assisting the police in at least seven (7) investigations of criminal activities leading to early arrests.

Mr. President, while the installation of the cameras was a significant step, my Administration has sought to ensure that we attain maximum utility from this investment that has been made. In this regard we has initiated real-time monitoring of CCTV cameras using a dedicated staff of five (5) persons located at the Charlestown Police Station. These persons operate on shift system, covering an average of 16hrs per day while under the direct supervision of the Police. The goal is to ensure 24/7 coverage by the end of 2014. Phase 3 of this project will be rolled out in the New Year and it is projected that this phase will see the installation of additional cameras island wide.

Mr. President, the aforementioned activities, are indicative of our comprehensive approach to using CCTV as a means of eradicating criminal behavior. Clearly this is not an exercise simply in the deployment of cameras, but rather in building a robust system that will be an effective tool in supporting the day-to-day operations of the Police while improving our ability to deploy scarce Police resources.

Mr. President, in the New Year 2015, my Administration proposes the launch of an initiative known as **SecureNevis** with the goal of ensuring that every space on this island is covered by our CCTV radar. It is an ambitious project but we think that with collective efforts it is attainable. This will entail an expansion of the ongoing CCTV project to a public/private sector partnership that will enable security cameras in the vicinity of various business places to be monitored directly by Police/CCTV staff. We will also provide incentives to encourage individuals and other business owners to invest in their own security system as well. CCTV systems are relatively inexpensive and simple to install and maintain. If each homeowner or business owner provides camera coverage up to his/her neighbor's fence then we would have completed an entire CCTV ring around the island providing coverage for every available space island wide thus ensuring the security our little Nevis.

Mr. President, in the New Year my Administration will seek to deploy additional technology in the form of Automatic License Plate Recognition (ALPR) cameras. These specialized cameras are capable of automatically reading license plates on vehicles thereby allowing for identification of specific vehicles that may have been stolen and/or involved in a criminal activities, identification of improperly registered/unlicensed vehicles and track the inter-island movement of vehicles.

In addition, my Administration will also seek deploy facial recognition software that will integrate with the existing databases (DMV/Driver's License, AFIS etc). This will enable rapid and accurate identification of individuals that may appear on CCTV footage. Video Analytics/Forensics training for CCTV staff will also be conducted. The use of video surveillance technology by the Police as well as private businesses/individuals means that criminal investigations will become increasingly dependent on the ability of the Police to analyze and apply forensic techniques to extract latent information. To this end, we feel that it is important to ensure that the staff at the CCTV Unit are adequately trained to handle these types of cases and extract the information that may be critical in breaking a case and ultimately gaining convictions. Mr. President, as we continue to battle the scourge of crime it is imperative that we continue to adopt new technologies to support the efforts of the Police.

Mr. President, we cannot fight crime unless we properly protect our borders and restrict the importation of illegal weapons into this country. I want to congratulate the officers at the Customs Department for the interdiction work in stemming the importation of illicit weapons into our country. We will continue to provide the necessary training and equipment for these officers so as to enhance their ability to carry out their duties effectively.

It is our intention to increase the level of security and surveillance at our ports of entry. To this end my Administration will move speedily to improve and expand the CCTV coverage at the Long Point and Charlestown port. In addition, we will witness the installation of X-ray baggage machines at the Customs Department at the Airport and also at the Customs Warehouse at Long Point. These machines will be equipped with the ability to penetrate even densely packed cargo. It will be mandatory for the Customs Department to x-ray every item of cargo entering the island at both the air & sea ports.

Mr. President, we must take a firm stance as we seek to grapple with this issue of crime which if not brought under control would negatively impact our economic growth and development.

7.0 EMPOWERING OUR PEOPLE

7.1 Education and Human Resources Development

7.1.1 Education

Mr. President, my Administration continues to advocate for the advancement of our people through a holistic and collaborative approach to education. We have achieved a good measure of success over the past year, as evidenced by the commendable CXC and Test of Standards (TOS) results; and the overall good showing of our children in local and regional competitions. My government is committed to building on the already high standard of education attainment and achievement presently on record. While I pause here to congratulate *all* of our students on their commendable achievements, I must single out the 2014 State Scholar, our very own, Chloe Williams, of the Nevis 6th Form College; and her runner-up, Ms. Imani Caines, also of the 6th Form College. It may be worthy of mention, too, that, of the top five contenders for the title of *State Scholar*, 2014, **four** were Nevisians.

Mr. President, your Administration must also recognize the outstanding performance of our students at the CXC/CSEC level at the Charlestown Secondary School and the Gingerland Secondary School. I wish to congratulate Ms. Brianna Brantley and Ms. Cordiesere Walters for their outstanding performance at the CXC/CSEC level.

As an Administration, we support the notion that, as part of the larger community, schools, along with the programs within the education system, fulfill important community goals; and that working together, schools and communities achieve mutually beneficial results. As a result of this, the Education Community Service Initiative (ECSI) was launched in March of this year. This very small step in the right direction has so far yielded very positive results: families are accessing community resources more easily; businesses can now connect education programs with the realities of the workplace; seniors can more readily contribute their knowledge and experience to students and in turn gain a greater sense of purpose; and ultimately, students are being given the opportunity to participate in learning activities beyond their school involvement.

My government will continue to encourage and lend full support to the Child Friendly Schools initiative, a framework to enhance the effectiveness of education provision. It is our hope, that by the beginning of the new school year, September, 2015, this program will be extended to all primary schools on the island. We firmly believe that inclusion, democratic participation and child-centered practices within our schools, are the conduits to overall positive behavior, increased school safety, and a stronger sense of well-being among our young people.

As part of this holistic development, my Administration has given priority to the standardization of the Primary School Physical Education programmes to ensure that all students have equitable access to teaching in Physical Education and Sports. Our Physical Education Teachers are now exposed to the Caricom Standards for Physical Education through training received from the Caribbean Sports for Development Agency. To complement this training, your government has provided the necessary equipment to the value of Seven Thousand Dollars (\$7,000.00) to facilitate the program.

Health and Family Life Education will also be given new impetus; and this program will be reintroduced in the new school year, across secondary schools on the island of Nevis. Through these initiatives, it is expected that an environment that nurtures educational motivation will be cultivated not only in the classroom, but throughout the entire school system and the wider community.

Mr. President, the first three years of life are a period of incredible growth and development in all areas. New research points to the unique vulnerability of children during particular periods of development such as gestation, infancy and very early childhood. (Golding, Jones et al 2009)

Therefore, in addition to the **High Scope** and **The Reaching the Unreached Programmes** which were evaluated this past school year, greater emphasis will be placed on **The Early Stimulation Programme**. In the medium term, early Childhood Practitioners will receive training in Care for Child Development.

In addition, we will continue the drive to further enhance the area of literacy through interschool programs and competitions. The annual COURTS OECS Reading competition is one such activity which provides an opportunity for students to demonstrate their reading skill. I am happy to report that in the recently held competition, Ms. Rebecca Chowtipersad of The Nevis Academy outperformed her peers and was selected to represent the Federation of St. Kitts and Nevis in the regional competition held in Grenada where she placed 2nd overall. I wish to commend Ms. Chowtipersad on her success and also her parents and Teachers for their support given.

Mr. President, Language Arts and Mathematics standards were developed and piloted for all primary schools. Full implementation is now in progress and has resulted in considerable improvement for all grades for the 2014 Test of Standards in these subject areas. Mathematics standards/benchmarks for the Lower Secondary schools have been set and are being piloted and will be implemented during the next school year. Teachers at all levels have been receiving training in Mathematics from The Old Dominion University via SKYPE, through the instrumentality of John and Brenda Scanelli. Resources and materials to complement the training have also been provided. There is greater networking and collaboration among teachers within and across schools through the sharing of best practices face to face, via e-mail and teacher Facebook groups.

Our first ever Math Bowl was staged in February, of this year, where we witnessed a keenly contested and extremely successful event between 3rd and 4th formers. The primary schools will be involved in an **Inter-primary Math competition** during this school year. Our first **EDUFAIR** involving all sectors of the Department of Education will take place in July 2015.

Further, in keeping with global trends, and to prepare our young minds to effectively communicate and more readily appreciate cultural diversity, the teaching of Spanish at the primary level was introduced at three primary schools in October, this year. By September, 2015, we shall see the program fully rolled out in all government primary schools on the island.

Mr. President, I am also pleased to place on record that the School Feeding Program has already been extended to the Cecely Browne Integrated School, formerly the Special Education Unit, and that the Joycelyn Liburd Primary School will be enjoying the benefits of said Program at the start of the next school. Work has already commenced on identifying a nearby building which will be used as kitchen facility to facilitate this program.

Additionally, for 2015, one of our priority areas will be a sub-project related to the expansion of the Joycelyn Liburd Primary School (JLPS) and the Gingerland Secondary School (GSS) to be undertaken through the BNTF 7 program. The JLPS sub-project is a three phase project with phase I being the refurbishing of restrooms facilities for both staff and students, the installation of hand wash and water fountains and the training of Public Works maintenance team on proper maintenance procedures for the new fixtures as well as best storekeeping practices.

Meanwhile at the GSS, the sub-project will see the construction of three additional classrooms to address the existing acute space problem. It is the hope of the Administration that on completion of these two sub-projects there will be substantial enhancement to the quality of the teaching and learning environment in both schools, leading to an improved performance of our students.

Additionally, in an effort to stem the tide of vandalism and other deviant behaviours in and around schools outside of normal school hours, the issue of security will be tackled *head-on*. In the New Year, provision will be made for the installation of security lighting at all schools, both public and private, as well as strategic placement of security cameras to monitor the flow of activity on school property, as early as January, 2015.

It is also my government's intention to ensure that the provision of Library Services becomes far more efficient and of more relevance to our society. At present, we are well on our way at providing comprehensive, up-to-date and timely information for the educational, cultural and recreational reading needs to all patrons of our libraries. In an effort to widen our user research base and to stay abreast of the rapid advances in technology we have sought the automation of the public libraries' collection; and will continue to encourage the training of our library staff in the areas of library and information studies, technology, media relations, cataloguing and acquisitions.

The school libraries continue in their quest to provide adequate and current resources to support the curriculum in our schools. In addition to creating a structured library and information skills program, school librarians will undertake various activities, initiatives and programs designed to engage students, teachers and parents in the educational process and encourage the effective use of information.

My Administration subscribes to the view that achievement enhances self-esteem, which in turn drives further achievement. Our aim, therefore, is to help every child to progress to the highest level of which he or she is capable, regardless of economic or cultural background. With this view that education is an inter-generational or life-long engagement, the Ministry of Education and Library Services will, through continued effective collaboration and shared responsibility uphold its professional development strategies to effect maximum productivity for the overall enrichment of all citizens and residents of the island of Nevis as a prerequisite for expanding opportunities for equity and prosperity for all.

7.1.2 Human Resource Development

Mr. President, my Administration is cognizant of the fact that our people are our most valuable assets and therefore we will fast track the introduction of support programmes that will develop our human resource capital in accordance with the socio-economic needs of our island.

In the coming year my Administration will seek to promote the “one certified 2020 professional initiative.” This initiative is designed to ensure that by the year 2020 there is at least one individual in every family on this island attaining a tertiary level qualification or a Technical Vocational Training certification. We believe that the achievement of our young people in particular should be limited only by their ambition and not by their academic disposition or their socio-economic conditions. We further believe that advanced education is the only way to raise the standard living of our people while increasing productivity and growth.

Mr. President, even as my Administration stands committed to the objectives of the Public Service reform in our quest to develop and promote a public service built on principles of accountability, efficiency, equity and professionalism, it is nigh impossible for any meaningful change to occur unless and until a holistic approach is taken that will equip our human resource, both in the public

and private sector with the skillset necessary to raise our ranking in doing business and enable us to deliver quality service.

In 2015 your administration will pursue a strict training programme for all Public Service officers focusing on the need to provide a cadre of well-trained middle managers to continue the delivery of efficient and professional public service to our people.

Consequently, Mr. President, your government shall expand the responsibility of the Human Resource Department to include the development of the Human Resource capital at the national level even as it hones the skills of our public service employees.

We have to prepare our people now. Our people must grow as our island grows. There must be no exception. Your government must be at the vanguard of professional development. And, so Mr. President, be it in the Educational Sector, the Tourism Sector, Agricultural Sector, Manufacturing or Financial Services; Health or Business, Engineering or Fishing, Construction or Sports, your government will create the environment for training and provide the requisite support for the accredited certification of our people. Accreditation/certification of our people in the hotel trades is of paramount importance if we are to position our people to attain middle management and supervisory positions at our major hotel sector. Technical Vocational training must now be given prominence as my government will seek to develop a program for assistance to persons wishing to gain certification in the technical competencies. This program will complement the existing assistance program for persons pursuing academic qualifications at various tertiary level institutions.

Mr. President, as we reflect on and analyze the year 2014 there are two distinct features that dominate, perhaps driving us in a direction of self- reliance and greater sustainability. I refer to our financial difficulties and the mushrooming of small business development. I draw your attention to the proposed economic developmental projects that will come on stream in 2015 to validate your government trajectory of the one certified 2020 professional initiative.

7.2 Health Care

Mr. President, it cannot be said more emphatically that the health of a nation can be seen as an essential precondition and contributor to economic development. As your government forge ahead in transforming the economy of our island, so too must we transform the health sector! Mr. President, there are some things that the constitution does not sanction us to do but we do have administrative oversight and it is from this vantage point that your Administration shall seek to restructure the Health Sector.

Mr. President, our health care program is administered from three semi-autonomous units within the Ministry of Health namely the Alexandra Hospital, Health Centres and the Environmental Health Division. These units can be more cost effective and better managed were they under an umbrella without the strictures of the public service. Consequently, in the New Year your government shall begin the process to streamline and rebrand these units and seek to create a semi-autonomous Department of Health Services managed by a Board. This is the first step towards the process of having a semi privatized health care system.

Mr. President, our health service must keep pace with the development of our island. Our developmental thrust is to expose our people to increasing health possibilities as quality health care has become a precondition as your government seeks to transform our island home.

Mr. President, Yes! We are indeed happy that we are making final preparations to start work to construct a diagnostic wing at the hospital, including the construction of a new laboratory facility that will expand the services currently being offered. The plans are ready and in January 2015 we will select the contractor and break ground for this project. Yes! We are happy that your government was able to open Port Health Offices at the Ferry Terminal in Charlestown and at the Vance W. Amory Airport in New Castle; we are indeed happy with the partnerships we have established with regional and international entities to ensure ready access to screening services; we have facilitated training of our technical staff, albeit within the scarcity of our financial resources and we are happy that we were able to move the process closer to establishing a health insurance scheme for our people but we have not yet felt a sense of accomplishment, there are more impediments to overcome.

Mr. President even as we transition our health care system, your government will not shirk its responsibility to ensure an efficient health care service in Nevis. It is true that we may have very little legislative authority over Health care but we will endeavor to work within the limits of that

authority to enhance and improve existing services, equipment and infrastructure. The promotion of health and wellness also requires that individuals have access to healthcare to maintain a healthy lifestyle. We are pleased to announce that work has commenced on upgrading the existing health insurance coverage for government employees.

In the New Year, your government shall:

- Contract the services of an anesthesiologist to improve the level of service offered at our local hospital;
- Contract the services of a Psychiatrist and a psychiatric nurse
- Expand our services in the area of cytology which is critical in the early detection of cervical cancer;
- In collaboration with local, regional and international partners, continue in the quest to educate and ensure ready access to screening services for cervical cancer, prostate cancer, diabetes, hypertension and cardiovascular diseases;
- Re-launch the Community Health Nursing workplace outreach programme, and the Dental Unit's program focusing on oral health for the elderly within our communities; and
- Seek to improve information sharing between professionals at all levels of the health care system, through the establishment of a Telemedicine Unit which will allow our healthcare professionals to dialogue with their counterparts worldwide;

Although my government is aware of the non-communicable disease epidemic in our population, we are also cognizant of the threat of infectious communicable diseases such as Ebola that can threaten to come to our shores and have a disastrous effects on the health and economy of our island. Building our first line of defense is therefore paramount, and requires strengthening our capacity to detect, quarantine, treat and control potentially serious health risks. To this end, we will implement our Port Health surveillance program as a means of protecting our borders from the entry of potentially harmful diseases and vectors, as required by the International Health Regulations.

Mr. President, with the changing health care environment, our health expenditure will continue to grow, however, technological advances in medicine and information sharing continue to be two of

the major challenges. We will strive to make the best use of information communication technologies that are available to us to strengthen the capacity of the health information structure.

Mr. President, my government has already made significant progress in addressing the health human resource deficiency in key areas through staff training and recruitment. In the area of mental health services, we have secured the services of a full time psychiatrist and an additional trained nurse; along with three trained pharmacists. My Government will continue to take steps to enhance its human resource capabilities in the areas of radiology, laboratory science, clinical psychology, nursing, physical therapy and medicine.

Mr. President, there is definitely an overall improvement in our health care system and through a collaborative and efficient approach we will continue to provide the services that will have a positive impact on our population health outcomes.

7.3 Social and Community Development

7.3.1 Development of Social Services

Mr. President, as the guardian ministry for social protection, the Ministry of Social Development is committed to its mandate of bringing about meaningful socio-economic changes. This mandate is in congruence with both the vision and the goal of social protection strategy for the federation of St. Kitts and Nevis. The vision speaks to the population being protected against chronic poverty and hunger, shocks, destitution and social exclusion, through programmes designed to ensure equitable human capital development and enhanced capacity of the population to better manage their livelihoods and welfare. The goal is for the population, especially the poor and vulnerable, to benefit from effective social safety nets and social security, integrated within a sustainable, affordable and effective national social protection system.

Mr. President, my government will continue to put the necessary mechanism in place and work with allied agencies to deliver these meaningful socio-economic changes. One such agency is the Basic Needs Trust Fund (BNTF), which is a grant-funded poverty reduction programme, spearheaded by the Caribbean Development Bank (CDB). The BNTF program over the years has

contributed significantly to alleviating the socio economic conditions of our people through the implementing of a number of sub-projects in the area of health care, education and physical infrastructure to name a few.

In the medium term, a total of eight projects have been identified and submitted for funding under the BNTF 7 cycle, which ends in 2016. However, based on the funding allocated to Nevis only six of the eight sub-projects will be done in this cycle. The other two will be done under the BNTF 8 cycle. The percentage distribution of sub-projects by sector sees Education and Human Resource Development at seventy five percent (75%) and Access and Drainage, twenty five percent (25%). This percentage distribution is demonstrative of the Administration's overall thrust in Education and Human Resource Development, as it seeks to fulfill one of the objectives of the White Paper on Education Development and Policy 2009 - 2019, which speaks to development and improvement of education at all levels, taking in account students personnel and facilities.

Mr. President, a major thrust of the Department of Social Services in 2015 will be the expansion of the Restore, Inspire, Secure, Empower (RISE) programme. This pilot programme is initiated by the Department and is a parallel programme to the MEND (Mould, Empower, Nurture, Direct) program which was piloted in St. Kitts earlier this year. This program seeks to change the dynamics within families by offering them new avenues for development. The major focus is on positive decision making for healthier lifestyles and engages all members of the family. This program will encourage individual family members to build on their strengths and maximize the resources available to them. This program seeks to move families from being dependent and or under-performing to being independent and self-reliant. It is hoped that with this renewal, that each member will function effectively in his role so that the family unit will be strengthened.

The Department of Social Services is committed to working with all families in this program and asks that families cooperate and play their part for the mutual benefit of all but more so the families can be assured that they would be well supported.

As outlined in 2014 Priority Goals, the RISE program was officially launched in Nevis in September. This program now focuses on strengthening families through empowerment and establishment of co-responsibilities. The program would direct financial and other resources to

most disadvantaged households. Social Workers are now available full time in assisting them to achieve goals in job search, housing, training and family improvement. In 2015 a pilot survey of 500 persons and 300 comprehensive households will be undertaken to gather information on the persons who are in need of government's assistance.

The Probation Division is now established with two full time workers assigned. My Administration continues to invest in increased and improved services for Youth at Risk and Juvenile Offenders. My Administration is fully committed to the OECS Juvenile Justice Reform Policy. The Yes to Success (YTS) Diversion program offer other opportunities for troubled young men and women through counseling, skill development and job placement. Skills training in Tiling, Culinary Arts and Landscaping are planned for second quarter 2015.

Mr. President, in the upcoming year there will be continued heavy focus on strengthening the assistance and overall help granted to families across Nevis. There will be increased Government assistance to families suffering from financial hardships, through monetary assistance under the RISE program. Other community outreach programs to be undertaken by the Ministry of Social Development will include:

- Outreach programs such as The Family Life Education Programme undertaken by the Gender Division in the form of counselling sessions.
- Island wide awareness campaign focusing on Child Sexual Abuse Prevention and Awareness to be carried out an extensive scale, covering schools, youth and community groups, churches and using community mobilization to raise awareness.
- An unemployed women's registry was set up at the Gender Affairs Division in 2014 to assist women with job recruitment. Twenty-nine (29) teen mothers have benefited and are benefiting from Educational and Skills training and job search assistance. These will continue in 2015.
- Formation of Men's Forum aimed at addressing men's issues to be launched in January 2015. Focus group discussions have already started in an effort to engage men in dialogue to benefit the formation of a national gender policy.

7.3.2 Community Development

Mr. President, there is now an increased expectation for communities to play a more proactive role in coming together and making plans for their future development. My Administration through the work of the Department of Community Development will seek to actively engage communities in identifying their needs and issues, setting goals for improvement, and responding to problems and needs through empowerment and active participation.

In light of this, the Community Development Department will continue to focus on the following in the upcoming year:-

- Implementing tools and strategies that will help to identify community skills, assets, issues and needs.
- Developing strategies to encourage community participation and raise community awareness of available services, programmes, and support networks.
- Developing new resources in dialogue with the community and evaluating existing programmes.
- Collaborating with other government departments and altering and evaluating community service policies and programs.
- Researching and assisting in the planning, development, maintenance and ongoing evaluation of community facilities in relation to health, welfare, recreation, housing, employment, community facilities, development programmes, policies and budgets.
- Liaising with interested groups and individuals to provide new initiatives and set up new services that will help to combat anti-social behavior
- Building capacity through continued training of community development practitioners.
- Developing partnerships with local, regional and international agencies to secure funding for community projects.

7.4 Youth, Sports and Cultural Development

7.4.1 Youth Development

Mr. President, the Department of Youth and Sports has made a call for all youth to be known as a generation of action. The 2014 Youth Month theme, *Generation Action: Enlarging Youth*

Opportunities through leadership, health, sports, education, and innovation has been adopted as the mission statement for the department. The goal of the department is to keep our young people actively engaged and help them to find the ‘family’ atmosphere that so many crave for at times; the lack of which often leads to defiant behavior. We seek to provide our youths with the necessary skills and training to enable them to grasp opportunities which may arise and to realize their dreams whether it be in athletic, medicine, education or any other area in which they may find themselves.

In 2015, the Youth Division will continue the longstanding programmes with some alterations and enhancements. The Department will introduce and implement an early intervention program designed to ensure that some of the issues we currently face do not plague our society forever. The primary focus will be the primary and early secondary aged youths with a preventative approach monitored through continuous assessment. One such program will be the Bee A L.E.A.D.E.R programme which will be officially launched in 2015. This program will seek to introduce youth to the skills and qualities which make a positive leader.

Mr. President, focus will also be placed on “At Risk Youths”. The prevalence of youth unemployment and underemployment has been an issue that has plagued youth internationally and of course, youth on Nevis are no exception. In light of this, the Youth Division recently launched the EYE programme: Empowering Youth through Entrepreneurship. This programme has been captioned *EYE: A vision for the future*, and will provide an opportunity for our youth between the ages of 18 and 35 to form entrepreneurship teams. These programs for at risk youth are aimed at:

- Providing youth at risk with opportunities to access alternatives which can foster future success.
- Building self-esteem and fostering meaningful relationships.
- Changing the community’s view of labeling our youth ‘at risk’ and viewing them as youth ‘with hope.’

My Administration will continue to implement training opportunities for our young people. This include the annual Summer Job Attachment Programme which provides skills training prior to beginning the internship process. The Department will also focus on providing skills training and technology training opportunities. Our aim is to:

- Provide training in skills which can be fundamental to the future employment of the young people, particularly in the technical and vocational areas.
- Provide leadership skills training for youth group leaders.
- Provide interviewing, resumé and interpersonal skills training to youth.

Mr. President, my Administration will continue to establish partnerships with both governmental and nongovernmental organizations to address the holistic development of youth. We aim to continue the partnership with major financial institutions in the private sector to create a mentorship programs for youth in primary schools with a focus on financial literacy and empowerment. Additionally, the Youth Division will partner with the Department of Education and the schools on the island to provide support and programmes focused on issues facing youth.

Mr. President, in the coming year the Youth Division will increase support for current youth groups on the island. Capacity building will be provided for all youth leaders. Youth groups which are struggling will also be supported in an attempt to provide the youth on Nevis with as many options as possible for engagement and development. A Youth Group Expo will be organized to give the groups a chance to promote their groups to parents and children as an avenue to increase membership. The Youth Division will also be available to assist youth groups where necessary, and will play an active role in ensuring the success of this Youth Group Expo 2015. Youth Month 2015 will focus on youth empowerment and expression through the arts. Earlier this year, the Youth Division started a campaign to convey messages through artforms, this campaign will be continued throughout the upcoming year.

7.4.2 Sporting Development

Mr. President, the Department of Youth and Sports continues to be the driving force behind sports development in Nevis. We continue to create opportunities for our sports men and women to be actively engaged in sports. Despite some challenges, steady progress is being made towards our long term goals of mass participation, producing elite athletes, and other sporting development.

The Department of Sports facilitates the majority of the development programs in the area of sporting development. We have created a well-structured development pathway from grassroots

to the national team level. These investments at the grassroots and youth level, namely in football, cricket, track and field, basketball and netball, are already showing positive results. Moving forward it is our intention to work even closer with the national sporting associations and clubs to generate more community based participation, so that the process becomes more bottom-up rather than top-down as it is at the moment. In addition, we continue to place strong emphasis on developing and integrating the non-traditional sports into the main stream.

Mr. President, after carrying out our initial assessment of our sporting facilities, the process is now well on the way to upgrade these facilities. An action plan is in place to systematically upgrade the most utilized facilities, before progressing to the others so as to make them more user friendly. Facilities that are projected to get significant upgrade in 2015 include the Brown Hill playing field, Bath Playing Field, Cherry Garden Hard Court, Gingerland Hard Court, Gingerland Recreation Ground, and the Combermere Playing Field.

Mr. President, our newly established Sports Health and Wellness (SHAW) Unit has been at the forefront of community work for the past year. Our exercise and rehabilitation program for the seniors has been applauded nationwide. The program is expected to grow significantly in 2015 to include the provision of physiotherapy service for our national athletes.

In 2015, the Department of Sports will be restructured to assign sports officers to specific districts to develop sporting clubs and to develop the sporting disciplines in our communities.

7.4.3 Culture and Cultural Development

Mr. President, my Administration continues to give full support to our annual Culturama festival, and will continue to promote cultural development through the programs offered by the Nevis Cultural Development Foundation.

Culturama 40, and the accompanying home coming celebration was a huge success. It was a spectacular event showcasing our rich cultural heritage in the form of dance, folklore and music. It generated tremendous economic activity for the island, while at the same time provided an opportunity for reuniting families. We were extremely pleased with the large numbers of Nevisians overseas who responded positively to our homecoming invitation and took the opportunity to

return home to witness for themselves the tremendous strides we have made in the economic development of our island.

Mr. President, in the New Year, the ongoing efforts for cultural development will not only focus on Culturama but also on the development of the cultural attributes which we have inherited. The Nevis Cultural Development Foundation (NCDF) will continue to partner with the Department of Education to implement cultural programs as part of the school curriculum to build awareness and appreciation of the various cultural art forms among our students. These programs will not only focus on reviving the traditional folklore, such as masquerade, dancing and clowns, but also the development of skills in the playing of Steel Pans and drums, on a wider scale.

The program for African Drumming, Steel Pan, Masquerade and Clown dancing will continue for the students at the primary level while the program at the secondary level will focus on reviving the traditional art forms of playing the Kettle Drum, the Fife and other wind instruments along with dramatic presentations. My government is of the view that our education system must be broad based; focusing not only on the academic development of our students but also catering to those students who possess talent in the various cultural art forms and who wish to choose that career path.

My Administration will also seek to develop a structural program to fully utilize the facilities of the Nevis Performing Arts Centre. A monthly calendar of events will be organized and will include choral and drama presentations, carefully designed to showcase our local talents. Focus will also be placed on inviting drama and choral groups from overseas. This would enable the more frequent use of the facilities; reap significant economic benefits; and develop the reputation that Nevis is known for its cultural performances.

Mr. President, our program for cultural development must therefore provide that opportunity for growth in our youths as we allow them to express themselves while making a contribution to the development of culture on the island.

8.0 FISCAL PROJECTIONS 2015

8.1 Fiscal Measures

My Administration is fully aware of the need to protect the most vulnerable among us and is fully aware that increases in taxes reduce the disposable income and pushes persons further below the poverty line.

To this end, my Administration aims to present a tax free budget for 2015.

However Mr. President, there is an urgent need to adjust the prices of some services and products offered by this Administration. My Administration has approved an increase in the price of animal feeds at the Supply Office. These new prices are as a direct result of increases in prices from the supplier of these products. To counter this increase in price, my Administration will put measures in place to assist local farmers to cope with this increase in cost of production. My Administration recognizes that this office has been closed in St. Kitts but we feel that its role for the people of Nevis demands that we continue to assist the people of Nevis.

Mr. President, let me make it abundantly clear that there will be no increases in the price of staple items, namely rice, flour sugar and milk, sold by the Supply Office.

In addition, we have also approved moderate increases in the fees charged for the various products and services offered by our financial services department. This was done after extensive discussion with our service providers through their executive body, the Nevis International Service Providers Association (NISPA). We are confident that these moderate increases will in no way negatively impact activities in this sector.

Mr. President, every effort would be made to collect the arrears of revenues in the various departments and also ensuring that persons who have evaded the tax net especially in the Tourism sector pays their full share of taxes. I want to use this opportunity to encourage all tax payers who

are in arrears with the various departments, be it Inland Revenue, Customs or Water Department, to make firm arrangements to honor their obligation as a taxpayer.

Mr. President, the introduction of the ASYCUDA World system at the Customs Department should greatly enhance our revenue collections at that department. This system makes provision for a pre-clearance process and will improve the quality of service offered at our ports of entry. The ASYCUDA World system allows for carriers and their agents to file cargo manifest in advance of the landing of the goods. This simply means that merchants can process their entries ahead of their goods arriving and be in a position to make payments to Customs at the point of release of the items.

Your government has invested heavily in computer hardware to support this new clearance system. We have also invested heavily in the training of Customs Officers, Agents, Brokers and other persons involved in the import trade and it is our hope that this new addition will assist us in stemming the leakage of government revenue at this department.

In the first quarter of 2015, we will see a reform of the Customs examination process for business entities who always conform to the customs procedures. My Administration through the Customs Department will launch a Voluntary Compliance Program (VCP) designed to fast tract the clearance of cargo. This program will allow the Customs Department to profile the top 10 business entities who account for over 75 percent of the revenue collected at that department. These entities would be evaluated for accuracy of declaration on entries and honesty in the disclosure of items. Once the department is satisfied that these entities have good history of full compliance they would be put in a “green zone”, which means that they would be granted the privilege to immediately move their cargo from the warehouse with minimum delays and a reduced level on customs examination at that point.

Mr. President, entities in the “green zone” would be classified as low risk entities, which simply means that they have had a history of honest and accurate declaration of goods imported into this country. It means therefore that there is no need for officers to spend considerable time and effort examining their cargo and delaying the release of their goods. There are advantages of this change in process, namely:

- It now allows the officers at the department to effectively focus their efforts on the high risk entities as more thorough checks and evaluation can be done on these entities;
- It would stem the leakage of revenue at the Customs Department;
- It would greatly improve our ranking in doing business and facilitating trade; and
- It will increase the inflow of funds into the Treasury Department as entities in the green zone will be required to pay immediately upon release of cargo.

Mr. President, history has shown that countries that adopted this approach of profiling traders and practicing a more focused approach has witnessed an immediate increase in revenue generated at their Customs Department.

I want to make it clear that these entities who are granted immediate releases of goods are not totally excluded from the customs examination process. To complement this program your government will activate a Risk Management and Post Clearance Unit whose role will be to conduct routine examinations of these entities in the green zone so as to ensure that there is no reduction in their customary levels of compliance. If it is found that any of these entities is taking advantage of this accelerated release process then that entity will lose that status and be relegated to the high status group and undergo rigorous examination on all future imports into the country.

Mr. President, attention will also be focused on the Inland Revenue Department as we take the necessary steps to improve the Auditing and Collections Unit to ensure the efficient collection of all tax revenues at the department. The ongoing training and exposure for our Auditors will continue while we seek to encourage them to pursue professional qualifications as certified Chartered/Public Accountants. Your Administration will aggressively seek to attract auditors with professional qualifications and private sector experience to join the staff so as to upgrade and enhance the work in this department.

Mr. President, my Administration intends to continue the practice of openness and transparency and to regularly make information available for public consumption. As you are well aware statistical data is very important to the development of every country. As a small developing nation it is even more important as it is difficult at times to assess the steps we would have made as a country if we are not able to quantify these results. Moreover, we are now faced with an increasingly analytical population who are demanding more conclusive information and who wish

to no longer rely on statements which are not supported by accurate and relevant data. This therefore underscores the need for more accurate and timely data reporting. To this end, it is our intention to strengthen and improve the operations of our Statistics Department so as to improve its ability to make timely and accurate information available. The publication of an Annual Statistical Digest coupled with Quarterly Fiscal Performance Reports will now be mandatory publications of the Ministry of Finance through the Department of Statistics and Economic Planning.

Mr. President, during this current year, my Administration discontinued the wage freeze and resumed the payment of increments to our hardworking employees. In 2015 all government workers will receive a 3% increase in their wages and salaries as well. Our hardworking employees are deserving of this increase and we have made adequate provisions in our 2015 budget to meet this expenditure.

Furthermore, Mr. President, we believe that all our Civil Servants have been called to serve above and beyond their regular duties. We are indeed satisfied that there has been improvements in the level of performance and this has enabled my Administration to achieve the level of successes outlined in my presentation today. As a show of gratitude, my Cabinet has decided that in this month of December 2014, all Civil Servants and Non-Established Workers will be paid an extra month salary. Pensioners will also receive an extra month pension as well. This would not only help to boost morale but will provide an added stimulus for the economy. I want to encourage all workers and pensioners to budget wisely, spend wisely and try to create some savings and investments as well.

8.2 *Projected Revenue and Expenditure*

Mr. President, to execute its plans and priorities my Administration intends to incur total expenditure in the amount of \$165.22 million. Our revenue collection is estimated at \$145.23 million creating a total budget deficit of \$19.93 million.

The budget for current expenditure is \$133.91 million, representing an increase of 5.56 percent over that budgeted for 2014. The approved salary increase of 3 percent with effect from January

2015 has no doubt created an expansion in the allocation of resources to all departments and ministries. It represents a tremendous sacrifice by taxpayers and is a testament to my Administration's unwavering commitment to ensuring that civil servants are adequately compensated for the invaluable work they do. As a result, personal emoluments will rise to \$66.78 million representing 49.87 percent of current expenditure.

There were noticeable increases in expenditure allocations for the following areas: Audit Department, Ministries of Finance, Education and Social Development.

The increase in the allocation to the Audit Department is intended to enhance the critical objective of the department to provide value for money audits and the effective oversight and reporting on the stewardship of public resources. The department will work assiduously to resolve the back log in the completion of the Audit Report for submission to Parliament. In support of such objective the amount of \$406,178 is allocated to the department.

The allocation to the Ministry of Finance amounts to \$54.77 million, of which \$26.61 million is allocated for debt servicing.

Mr. President, there is a reconceptualization of the education sector that embodies a coherent policy for the delivery of education services that articulates the difference between secondary, tertiary and technical or vocational education. It is hoped that this change will assist further in the promotion of inclusive education that significantly increases the access and participation of individuals at these levels. To execute these and other objectives the Ministry of Education is allocated \$20.13 million.

The amount of \$6.97 million in current expenditure is allocated to the Ministry of Social Development. The Ministry is ever vigilant in its quest to deliver social programmes that serve the collective interest of the Nevisian communities.

Mr. President, the projected current revenue for 2015 is \$130.06 million; which represents an increase of 3.38 percent over the budget of 2014. The bulk of this revenue is expected to be collected by the Ministry of Finance. Revenue collections from the Customs Department is budgeted at \$42.49 million; an increase of 6.85 percent over the amount collected in 2013. The estimated revenue collection for the Inland Revenue Department is \$53.92 million with VAT estimated at \$18.25 million and Stamp Duties of \$12.5 million. Moreover, the revision of the fees

and anticipated increase in business at the Financial Services Department will result in the collection of \$13.50 million in revenue, an increase of 7.83 percent over 2013.

The development of physical infrastructure is critical to the expansion of opportunities in both the short and the long term. Thus, the capital expenditure budget intends to infuse \$31.31 million dollars into the local economy.

9.0 STATUTORY CORPORATIONS

Mr. President, restoring our statutory corporations to good financial standing has been one of the major challenges we had to overcome. We met the Nevis Housing and Land Development Corporation in serious arrears to its creditors, both local and regional, in respect of its debt service obligations. Likewise the Nevis Electricity Company (NEVLEC) was also in arrears to its supplier for fuel and lubricants.

Mr. President, your CCM Administration had to take decisive and remedial action. Our action included the successful negotiation of a special accommodation payment arrangement with some suppliers and undertake debt restructuring exercises with others in order to restore credibility and financial stability to these entities. I must now report that credibility has been restored and the financial situation of all Statutory Corporations is now showing marked improvement.

Mr. President, the Nevis Air & Sea Ports Authority continue to play its role in complementing the efforts of the Nevis Tourism Authority. Earlier this year that entity took the bold initiative and launched a Yacht Refueling Services from its premises at Charlestown and Long Point. This was in direct response to the increasing number of yachts plying our waters and in early preparation for the increased activity that can arise from the development of marinas at Tamarind Cove and Christophe Harbor. From all accounts these initiatives were successful and would complement the efforts made by the Nevis Tourism Authority in aggressively marketing Cruise and Yacht Tourism.

In addition, the Ports Authority has also taken step to provide better and improved service to our corporate jet clients at the Vance W. Amory Airport. That entity has invested the amount of

US\$130,000.00 in a new Jet A1 Fuel truck to replace the existing truck which is already ten years old. This investment is as a direct result of the need to satisfy the increasing demands from the increased number of Private Jet traffic. Last season we had the unfortunate situation of having one of the largest Private Jet to land at our airport, a Global Express Bombardier 700, with fuel capacity of 6428 gallons and not having the refueling capability to satisfy that size of aircraft. The Ports Authority must be commended for taking advantage of the numerous opportunities created by the marketing efforts of Nevis Tourism Authority as we seek to promote Nevis as a premiere tourist destination.

Mr. President, in the medium term the Nevis Air & Seaports Authority will be expected to expend substantial amounts to upgrade the electronic and communications systems at the Control Tower in keeping with the requirements of the aviation sector. These equipment have served their useful life as they were installed at the commencement of operation of the control tower under my previous administration.

I am certain, Mr. President that it would have been more pleasing to the people of Nevis if the \$4.0 million received from the SIDF was used to upgrade the facilities at our local airport rather than to pay for property already owned by the people of Nevis. It clearly demonstrates the then lack of interest in investing and upgrading our facilities as it seems to have been an accepted policy that the gateway to Nevis is through the airport in St. Kitts.

Mr. President, the primary objective for the establishment of our Statutory Bodies was to stimulate the economy by providing timely service with greater efficiency. Certainly the time has come for these institutions to renew their mandate and to embrace a new paradigm of operation and take a more active role in the economic development of our country.

The environment in which we live dictates that we must always adapt by thinking strategically, planning strategically and, executing government's policies and programmes strategically. These institutions must now lead the way as your CCM Administration transform the economy of Nevis at a time when all kinds of financial attacks have been unleashed against your government.

Your CCM Administration has already directed that these institutions must diversify as we continue to craft and hone their renewed role for a more cohesive and sustainable approach towards

our islands' development. Your Government believes that there are a plethora of opportunities to be exploited that can aid in the acceleration of the economic transformation to which we aspire. Accordingly, with the establishment of appropriate policy incentives the following areas will be piloted:

- a) Solar energy
- b) Furniture manufacturing
- c) Affordable Mortgage Enterprise Scheme.

This thrust will spawn the development of indigenous businesses as there are increasing demands for inexpensive and reliable energy, locally crafted furnishings to support the thriving home construction program.

Further Mr. President, we are aware that mortgages are exceedingly high and have served and continue to serve as a deterrent to economic development. Your government is firm in the view that a more affordable mortgage programme is a win, win for all parties. There will be an increase in construction. More money will circulate in the economy and the banking sector will benefit from increase activities as the demand for goods and services increase. It is against this backdrop that I am inviting the Banking Sector to partner with government to lower the rate of mortgages by providing more attractive terms. Mr. President, this has to be done. And, your government, whether in partnership or alone will pursue the implementation of a more affordable mortgage scheme.

10.0 CONCLUSION

Mr. President, 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. Today we have taken the time to carefully and clearly give an account of our stewardship over the last twelve months while at the same time we have given a clear indication of our projections for the New Year. These accomplishments were clearly laid out in a new user friendly format so that the ordinary Nevisian can measure our performance and grade us based on the promises we made upon re-entering office in January 2013.

Our plans to grow the economy and to increase fiscal space through fiscal consolidation are crystal clear. We have also outlined our fiscal strategy, our policy on crime and our program for the youths, to name a few. We have also clearly articulated our position on the Value Added Tax (VAT) and its sharing mechanism.

Mr. President, today I will be moderate and declare that the state of our economy is improving. We have taken the steps to consolidate our expenditure even in the face of a 3 percent salary increase at the beginning of the New Year. We have put the necessary mechanism in place to deal with external and home grown challenges.

Our revenue collection in recent times have increased due to implementation of enhanced and aggressive collection measures. I wish at this time to commend the staff of the Treasury, Inland Revenue and Tax Reform Unit for their outstanding performance despite the unfortunate set back of having their work spaces destroyed earlier this year. Through sheer determination these officers were able to adapt quickly and return to work and being able to achieve their revenue and expenditure targets.

Mr. President, this year we have received very little in budget support from the Federal Government despite numerous promises. We have learnt that they only way to improve the livelihood of our people is to grow our economy and increase our revenue and to break this dependency syndrome. It is no secret that we are aggrieved over the manner in which the SIDF funds are being utilized for political patronization rather than for true economic development.

Accountability is one of the hallmark of any good government and it is discomfoting to note that the last Audited Statement presented to this honorable house dates back to 2006, the final year of my previous Administration. The fact that no financial statements were presented to account for the stewardship of the six years of the Nevis Island Administration during the periods 2007 – 2012 demonstrates a scant regard for accountability and public trust.

Mr. President, your government has been creative and resolute as we maneuver the affairs of our island with deftness. The policies and programmes we have formulated and implemented, coupled with our dedication and determination to succeed will allow us to overcome any obstacle that stands in the path of our journey for prosperity and equity. We ask the people of Nevis to keep the faith, to continue to support your government, and to strengthen the hands of your leaders when called upon so that we can work to together for a better and brighter Nevis for ourselves and our children.

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 realization of equity and prosperity for all.

Mr. President, I so move.

11.0 ACKNOWLEDGEMENTS

Mr. President, on behalf of the my Government and People of Nevis, I wish to place on record our appreciation of 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)

Mr. President, I wish to thank our citizens and all our social partners for their contributions to the homegrown programmes; 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)**

CATEGORIES	2011 ACTUAL	2012 ACTUAL	2013 ACTUAL
TOTAL REVENUE AND GRANTS	119.64	128.03	129.33
CURRENT REVENUE	119.59	116.51	121.06
Tax Revenue	89.87	86.90	90.22
Taxes on Income & Profits	12.90	12.99	11.56
Of which: Corporate Income Tax	4.67	5.09	3.12
Social Services Levy	7.83	7.77	8.32
Taxes on Domestic Goods & Services	34.98	37.00	36.25
Of which: Stamp Duties	12.31	16.68	12.18
VAT	16.89	15.38	18.30
Taxes on International Trade	39.83	34.78	40.19
Of which: Import Duties	9.72	8.72	9.63
Customs Service Charge	6.97	6.33	7.28
VAT	16.89	15.38	17.12
Non-Tax Revenue	29.72	29.61	30.84
Of which: Financial Services	11.42	11.66	12.52
Supply Office	7.16	6.34	8.03
Water Services	5.08	5.44	5.01
TOTAL EXPENDITURE	148.65	134.46	124.20
CURRENT EXPENDITURE	110.36	116.78	114.57
Personal Emoluments	55.28	56.11	60.44
Goods & Services	22.13	25.97	24.50
Interest Payments	22.05	21.80	18.06
Domestic	19.98	21.16	17.02
External	2.08	0.64	1.04
Transfers & Subsidies	10.88	12.90	11.56
CURRENT ACCOUNT BALANCE	9.23	-0.27	6.49
Total Grants	0.06	11.52	8.27
Capital Expenditure	38.30	17.68	9.63
OVERALL BALANCE	-29.01	-6.43	5.13
PRIMARY BALANCE	-6.96	15.37	23.19
Principal Repayments	25.70	9.35	10.69
Domestic	20.41	6.76	7.94
External	5.29	2.59	2.75

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

(IN MILLIONS OF EC DOLLARS)

	2011	% share	2012	% share	2013	% share
NIA contribution to VAT pool	31.63	21%	32.63	22%	36.76	24%
Government of SKN contribution to pool	115.67	79%	115.67	78%	118.72	76%
Total pooled VAT	147.29	100%	148.30	100%	155.48	100%
Transfer to refund Account	7.38		7.40		7.71	
NIA share of VAT	33.65		33.76		35.17	
Government of SKN share of VAT	106.55		107.30		111.82	

ANNEX III: COMPARATIVE SUMMARY OF AVERAGE EMPLOYMENT BY SECTORS (by # of persons per year)

Industry	2009	2010	2011	2012	2013
Agriculture, Hunting & Forestry	67	60	64	72	88
Fishing	3	3	3	3	2
Mining & Quarrying	1	1	2	3	3
Manufacturing	133	135	129	94	93
Electricity, Gas & Water Supply	105	99	95	89	92
Construction	835	626	544	478	536
Wholesale & Retail Trade	521	538	543	566	610
Hotels & Restaurants	919	754	1,165	982	1,066
Transport, Storage & Communications	354	342	368	386	432
Financial Intermediation	198	208	203	196	207
Real Estate, Renting & Business Activities	200	178	175	195	238
Public Administration & Defense	1,366	1,438	1,505	1,513	1,585
Education	121	123	110	104	110
Health & Social Work	36	36	37	32	26
Other Community, Social & Personal Services	105	98	108	102	107
Private Household with Employed Persons	175	174	164	151	168
Extra-Territorial Organization & Bodies	0	0	0	0	0
Total	5,137	4,814	5,214	4,966	5,362

ANNEX IV: COMPARATIVE SUMMARY OF PUBLIC SECTOR DEBT STOCK

(IN MILLIONS OF EC DOLLARS)

	2011	2012	2013
External Creditors			
CDB	32.89	31.39	33.52
KFAED	10.43	10.43	10.43
EIB	1.54	1.54	1.12
IMF	9.22	9.55	2.31
RMB	1.50	-	-
UTC	13.50	-	-
MICB	5.40	5.40	5.09
Total Outstanding External Debt	74.48	58.31	52.48
Domestic Creditors			
SKNA National Bank	128.47	130.36	130.26
BON	48.38	48.08	56.04
SSB	28.53	29.63	29.54
Treasury Bills	86.50	81.72	80.02
FCIB	1.65	2.01	1.45
RBTT	0.67	0.52	0.17
Surrey Paving	0.88	1.43	0.42
FINCO	1.01	0.82	0.71
TDC	1.32	1.17	0.97
Government of St. Kitts-Nevis	3.00	7.58	-
Total Outstanding Domestic Debt	300.41	303.33	299.59
Total NIA Debt	374.88	361.64	352.07
Government Guaranteed Debt	55.47	41.00	37.64
Total Public Sector Debt	430.35	402.63	389.71

ANNEX V: SUMMARY OF CURRENT AND CAPITAL EXPENDITURE 2015

Ministry	Description	Current Expenditure	% of Current Expenditure	Capital Expenditure	Total Expenditure
1	Deputy Governor General	404,034	0.30		404,034
2	Legislature	674,374	0.50		674,374
3	Audit	406,178	0.30		406,178
4	Legal Services	921,013	0.69		921,013
5	Premier's Ministry	11,889,458	8.88	250,000	12,139,458
6	Ministry of Finance, Statistics and Economic Planning	54,768,333	40.90	1,270,000	56,038,333
7	Ministry of Communications, Works, Public Utilities, Posts, Physical Planning, Natural Resources and Environment	11,051,129	8.25	21,315,000	32,366,129
8	Ministry of Agriculture, Lands, Housing, Cooperatives and Fisheries	5,049,289	3.77	650,000	5,699,289
9	Ministry of Health	14,854,908	11.09	4,550,000	19,404,908
10	Ministry of Tourism	5,371,842	4.01	1,508,000	6,879,842
11	Ministry of Education and Library Services	20,132,747	15.03	505,000	20,637,747
12	Human Resources	1,418,545	1.06		1,418,545
13	Ministry of Social Development	6,968,110	5.20	1,263,760	8,231,870
	TOTAL	133,909,960	100.00	31,311,760	165,221,720

