

NEVIS ISLAND ADMINISTRATION
BUDGET ADDRESS

By

The Honourable Joseph Parry, M.N.I.A.

Premier and Minister of Finance

On

December 16th, 2011

1. Madam President, I beg leave to move the second reading of the bill shortly entitled the Appropriation (2012) Ordinance, 2011.

2. Madam President, I will begin this presentation by expressing sincere thanks to the people of Nevis for continuing to place their trust and confidence in the policies and leadership of the NRP-led government. Despite the challenge of a world recession and the closure of the Four Seasons Resort in 2008, we remained composed and continued with the implementation of an ambitious agenda of people empowerment, and social and economic transformation. We increased the level of indebtedness, but this was necessary to stimulate the economy and protect our people. The alternative would have been a serious meltdown in the Nevis economy resulting in high unemployment, poverty, and crime and virtually dashing the hopes and aspirations of a generation of Nevisians.

3. Our achievements during the worst recession since the great depression in the 1930's have been legendary. I have highlighted many of these achievements at different times in the past and will continue to do so in the future so that our people could fully appreciate the outstanding performance of the NRP government in a short period of just five (5) years. As outlined in our party manifesto, my government -

- Created 1,000 new jobs.
- Pioneered the exploration of geothermal energy.
- Attracted the first wind energy plant in the Organisation of Eastern Caribbean States (OECS) to Nevis.
- Constructed over 300 affordable homes, including the Cherry Garden residential community.
- Negotiated and facilitated the reopening of the Four Seasons Resort, which currently employs about 775 persons.
- Facilitated the opening and expansion of Brown Hill Communications. The company presently employs about 175 people and this is expected to double to 350 when the new building becomes fully operational.
- Increased the water supply by 1.1 million gallons per day resulting in a 24- hour service to all communities even during periods of drought.
- Installed cameras in strategic locations to reduce the incidence of crime.

- Negotiated with the Federal Government the amendment to the Income Tax Act to empower the Inland Revenue Department to collect income taxes from all companies doing business in Nevis.
- Launched a social action programme that includes the home work assistance programme, senior citizens recreational programmes, and community libraries.
- Reduced poverty from 32% in 2000, to 15% in 2009.
- Provided scholarships for vocational and tertiary education to more than 200 young Nevisians.
- Constructed a drag racing strip in St. James to boost entertainment and sports tourism in Nevis.
- Partnered with the Republic of China (Taiwan) to construct the performing arts theatre at Pinneys.
- Negotiated the Civil Servants Mortgage Loan Scheme with the Social Security Board to empower civil servants to buy land, build new homes and improve existing homes at reduced interest rates.
- Upgraded sports facilities throughout Nevis.
- Established the Nevis Investment Promotion Agency (NIPA) as a one stop shop for doing business in Nevis.
- Introduced the annual consultation on the economy ahead of the budget debate to canvass the views of the public sector, private sector, social groups, religious organisations and civil society as we advance our development agenda and make refinements where necessary.
- Increased tax concessions granted to hotels, and small and medium sized businesses.
- Provided free laptops to fourth, fifth, and sixth form students.
- Introduced community festivals.
- Constructed modern police barracks at Bath and Butlers.
- Constructed new village roads and upgraded the island's road network.
- Constructed four (4) community centres and refurbished one (1).

4. Despite our efforts, we have had to take blame for a global recession over which we had no control. The CCM party tried to down play the negative economic impact of the recession and the Four Seasons Hotel closure in an attempt to convince our people that they were worse off under the NRP government. However, the CCM party had the reins of power for 14 years

during a period of record world growth and cannot point to any major investment they were instrumental in attracting to Nevis. Other islands in the Caribbean including St. Kitts, Anguilla, St. Lucia and Antigua and Barbuda attracted significant investments while the economy of Nevis stagnated and became almost totally dependent on public sector projects. This period was the genesis of the accumulation of significant debts in Nevis as the government leveraged the additional revenues from the Four Seasons Resort to drive public sector expansion.

5. From the vantage point of an objective and independent observer, there can be no comparison between the performances of both parties in government. The progress that Nevis has witnessed over the past 5 years under the NRP government has no parallel in its history. In five short years our record has surpassed that of the CCM party fourteen (14) years in government. We are proud of our achievements and will continue the hard work to advance the interest of all Nevisians. We are confident that with the help of the Almighty, obstacles will be surmounted and we will succeed in making Nevis a prosperous country.

GLOBAL CONTEXT

6. Madam President, while my government is optimistic about the future, we have to deal with the reality of the global economic situation. The world suffered several setbacks this year with the earthquake and tsunami in Japan, financial turbulence in the Euro area, and political disturbances in some oil producing countries. We were also faced with rising commodity prices and poor fiscal performance in many countries as they cope with very high indebtedness. According to the World Economic Outlook, a publication of the IMF, global growth will moderate to about 4% in 2012 from over 5 % in 2010. This growth will be fuelled mainly by the emerging and developing economies including China and India. There is expected to be a very slow recovery in the advanced economies with real GDP projected to expand by 1.5 % in 2011 and 2% in 2012.

7. The confluence of low growth, high indebtedness, and lack of policy coordination is prolonging the recession and creating great uncertainty. The markets have responded negatively to the inability of some countries to stabilize their fiscal situation resulting in a reduction of capital flows and the tightening of lending. Of particular interest to us in this region is the poor performance of the US, UK and Canadian economies. The GDP of the US is expected to grow by 1.5% in 2011 and by 1.8% in 2012. Unemployment is still very high at 8.6%, the housing market is weak, consumer spending is down, and the political impasse

over policy prescriptions is sending negative signals to the market. The United Kingdom is expected to grow by 1.1% in 2011 and by 1.6% in 2012. The poor performance of US and Europe is slowing growth in Canada which fared well during the peak of the recession. The Canadian economy is expected to grow by 2.1% in 2011 and by 1.9% in 2012. A further weakening of these economies could reduce growth in the region due to our dependence on tourism expenditure and remittances.

LOCAL CONTEXT

8. The economy of St. Kitts and Nevis has been severely affected by the financial crisis. In the years 2009 and 2010 Real GDP declined by 9.6% and 1.5% respectively as a direct result of a large drop in tourist arrivals, a fall off of Foreign Direct Investment inflows and tourism related construction activities, and the closure of the Four Seasons Hotel due to the passage of Hurricane Omar. With the significant drop in growth, the fiscal situation deteriorated rapidly. Tax revenue declined by 13.5% in 2010 and the overall deficit widened to 9.4% of GDP. An already precarious debt situation became worse with public debt reaching 200% of GDP and debt service payments climbing to nearly 30% of revenue. The closure of the Four Seasons Hotel had a greater impact on the economy of Nevis with an increase in unemployment, reduction of government's revenue by 20%, increase in public debt, and the debt service ratio increasing to over 30% of revenue.

9. Madam President, during the worst part of the recession, we borrowed over \$12 million from the Social Security Board to stimulate the economy and boost employment especially in the construction sector. Several projects have been undertaken including the construction of community centres, the police station in Cotton Ground, the public market in Charlestown, as well as upgrade of schools and kitchens. We have spent most of the funds with only \$1 million remaining to be used during 2012 for the construction of the Cotton Ground Health Centre at a cost of \$750,000, and the upgrade of the Inez France Preschool in St Thomas' at a cost of \$250,000. We are now winding down this stimulus programme, but will continue to use our own resources prudently to help fill the void.

10. However, it is important that we give high priority to reducing debt and improving fiscal performance in the short and medium terms so that we have the space to manoeuvre in the long term and focus our attention on creating growth and jobs. We recognize that in the short term we cannot ignore growth completely and thus we intend to make strategic investments with our limited resources to create opportunities for our people. However, we will give

greater focus to the implementation of policies that enable the private sector to play a greater role in economic development. It is important, therefore, that fiscal and macroeconomic policies are complementary and navigate between the twin challenges of generating growth and consolidating the fiscal position. It is for this reason that we will focus on the theme, **‘supporting sustainable growth and development while improving fiscal balance.’** This will require discipline and creativity but with dynamic and mature leadership, our goals are achievable.

MACROECONOMIC AND FISCAL POLICIES

11. Madam President, my government seeks to operate the fiscal machinery in a manner that strengthens the economic recovery. This is very important in light of the prolonged economic contraction of 2009 and 2010 and the modest improvement projected for 2011 and 2012. The macro fiscal objectives are:

1. To ensure a stable level of employment.
2. To support the most vulnerable in the society.
3. To improve the overall fiscal position of the government.
4. To control the rate of inflation.

12. We are desirous of ensuring that the fiscal policies put forward by this government facilitate the development of a diverse and vibrant economy, an economy that can better respond to external stress and one that underpins the fortitude of my government.

13. Madam President, by 2010 the protracted downturn in the economy had begun to place stress on business activity and private sector employment. My government’s goal to ensure a satisfactory standard of living for our people made it imperative that actions be taken to ensure that employment did not fall below a critical level. The negative economic and social ramifications of such could have been catastrophic. Consequently, my government within the corridors of its limited resources made a real sacrifice to ensure our people was gainfully employed.

14. In light of the improvement in private sector activity, moving forward, new public sector employment will be scaled back as we continue to summon the call for private sector led development. Throughout our period in office, my government has demonstrated an unwavering support for the private sector through creditable macroeconomic policies. These policies were effective in keeping down inflation even with the implementation of the VAT

and creating the avenue for small businesses to retain staff during the worse period of the crisis because of the extensive fiscal assistance. These overt policies have lessened the length and severity of the crisis on our people.

15. My Administration's track record in protecting individuals in the lower income bracket is unchallenged. We have used the fiscal apparatus to ensure young people, and individuals with an entrepreneurial spirit were given the opportunity to improve the quality of their lives and the lives of their family. Our social programmes ensure that the advances in social development and poverty reduction were not reversed in these difficult times.

16. Madam President, as the Federation endeavour to promote sustainable economic development, there is the need to aggressively tackle the national debt. Addressing the national debt will include a comprehensive macroeconomic programme. The International Monetary Fund has supported this programme as a credible plan that can remove impediments to growth in our economy. As a result, the Fund has approved a 3 year Stand – By-Arrangement (loan) of US \$84 million dollars to the Federation.

17. The programme is three (3) fold and involves:

- Fiscal consolidation;
- Debt restructuring; and
- Strengthening the financial sector.

18. Improving the country's financial position through fiscal consolidation and debt restructuring is critical to ensuring the long run viability of government's programmes of employment and social protection for this and future generations. Madam President, you will remember that the Federation began its fiscal reform measures in 2010. There was the comprehensive review of the tax system including the introduction of the VAT and reform to Social Services Levy and Excise Tax. These measures have boosted government's revenue and have made us optimistic about achieving our goal of fiscal consolidation. We are also hopeful that the debt restructuring programme will help to reduce the borrowing cost of the government and ameliorate the fiscal challenges we are experiencing.

19. The financial sector is the vital organ that helps to channel savings into meaningful investment. It is thus important that our financial sector is robust and has the capacity to support the type of economic growth we envision for this country. We are well aware that many banks in the US and Europe had to be bailed out by governments as a result of heavy

losses suffered from non-performing loans and subprime mortgages. The banks in the Federation have remained financially sound but as a precautionary measure, a Banking Sector Reserve Fund has been established with the Eastern Caribbean Central Bank under the IMF programme to provide temporary liquidity to the banking sector where necessary. We do not expect any bank in the Federation to access this fund, but it provides some level of comfort in the case of a prolonged recession. By ensuring greater stability in the financial sector, we will ultimately positively impact local and foreign investment which is the corner stone of our economic growth and development strategy.

FISCAL REVIEW

20. According to the budget appropriated for 2010, the Administration's operation was projected to produce a budget total deficit of \$42.71 million. The budgeted current revenue and current expenditure were \$101.45 million and \$125.83 million respectively. Capital revenue was budgeted at \$19.39 million with \$17.57 million recorded as proceeds from loan and \$1.82 million as resources from development aid. Capital expenditure was budgeted at \$37.72 million.

21. The actual outturn for 2010 produced a budget total deficit of \$62.95 million. Thus, the year revealed an expansion in the overall deficit when compared to the budget for 2010 and the actual for 2009 which had a balance of \$29.56 million. This expansion in the deficit was the result of an increase in spending on the current account and was necessary as part of it was for the settlement of debt servicing. Debt service payment was \$55.76 million in 2010; up from \$28.41 million in 2009. In the last quarter principal repayment of \$13.44 million was made to Unit Trust Corporation for the US\$10 million or EC\$27 million bond debt instrument the Administration holds with this corporation. The balance on this debt was reduced to \$13.5 million. The current revenue however, saw an improvement in its collection in 2010 over the actual for 2009.

Revenue Performance

22. The Administration in 2010 financed the budget by raising resources of \$104.46 million; comprising of current revenue \$93.99 million, loans \$9.69 million and development aid or grants \$0.79 million.

23. Current revenue and grants totalled \$94.78 million and was comprised fundamentally of current revenue. Current revenue had increased from its 2009 level of \$89.07 million by 5.53 percent.

24. In 2010, the Ministry of Finance collected \$79.25 million or 84.31 percent of current revenue. This was an increase of 7.9 percent over that of 2009. The Customs Department collected \$31.42 million and Inland Revenue collected \$36.19 million. In 2009, the Ministry's collection was \$73.44 million with Customs and Inland Revenue collecting \$29.98 million and \$32.12 million correspondingly.

25. Madam President, signs of improvement was witnessed in tax revenue in the 2010 period when it experienced a year on year increase of 8.94 percent to sum at \$67.33 million. Direct taxes contracted by 14.96 percent while indirect taxes grew by 16.72 percent. The most significant increases in indirect taxes were for Stamp Duties and Customs Service Charge. The VAT collected for November and December was \$3.06 million.

Expenditure Performance

26. Madam President, total expenditure in 2010 was \$167.41 million including current expenditure of \$143.83 million and capital expenditure of \$23.58 million. Of the \$143.83 million expended on current expenditure for the period debt servicing was \$55.76 million and encompassed interest payment of \$21.91 million and principal repayment of \$33.85 million. Subsequently, the Ministry of Finance had a share of 55.74 percent of the total up from 48.13 percent in 2009.

27. Personal Emoluments were the second highest category of current spending. In 2009, this expenditure was \$52.64 million by 2010 it had fallen to \$51.49 million. Spending on general goods and services also contracted in 2010 to sum at \$25.01 million. Apart from debt servicing, transfers and subsidies had the highest increase in spending; 10.56 percent with pensions and gratuity increasing by 4.7 percent.

28. The capital expenditure of \$23.58 million in 2010 had increased from \$20.74 million in 2009. The major capital projects were the Fine Arts Theatre which expended \$4.43 million in 2010 and road and water development, expending \$7.57 million in total.

2012 BUDGET

29. Madam President, looking to 2012, the Administration will continue measures to contain fiscal expansion. In fact, the budget underscore a tightening of the total budget deficit by 12.55 percent to sum at \$15.83 million moving from a deficit of \$18.11 million in the 2011 budget. Resources to finance the budget include current revenue, loans and development aid.

30. The main source of funding for the Administration is current revenue. In addition, loans of \$4.45 will be obtained. The Caribbean Development Bank will provide \$1.00 million in loans for the further development and upgrade of water on the island. Moreover, a loan of \$2.5 million will be obtained to form part of the funding for the Hamilton – Government road development project.

The Revenue Budget

31. The revenue budget totals \$158.83 million, consisting of current revenue \$128.72 million and development aid or grants \$30.12 million.

32. The Ministry of Finance will collect \$112.39 million in current revenue or 87.31 percent of the total. Customs and Inland Revenue are expected to collect \$40.39 million and \$58.38 million respectively.

33. Madam President, 77 percent of current revenue is comprised of taxes which totals \$98.82 million. The VAT is the most predominant tax and it includes a total projected amount of \$36.06 million. Moreover, other taxes such as Social Service Levy, Stamp Duties and Import Duties remain notable sources of funding for the Administration.

34. The Japanese government has consented to assist the Administration with the furtherance of its bio diversification agenda in fishing through the development of a fisheries complex. The value of grant assistance for this cause has expanded the budgetary grant revenue to \$30.12 million.

The Expenditure Budget

35. Current expenditure for 2012 is projected to be \$127.34 million, representing a contraction of 4.95 percent when compared to 2011 which was \$133.97 million. This contraction was reinforced in the total allocation for most ministries. The Ministry of

Tourism was the only ministry that had a major increase; where its allocation rose to \$3.44 million from \$2.27 million in 2011.

36. Current expenditure is allocated as follows:

- The Parliamentary agencies of Deputy Governor, Legislature and Audit Department will receive \$1.2 million.
- The general service agencies of Premier's Ministry and Human Resources will receive \$7.05 million
- The justice agency of the Legal Department will receive \$0.77 million.
- The economic sector will be allocated \$83.63 million. This sector includes the Ministries of Finance; Communications, Work Public Utilities and Post; Agriculture; Tourism and Trade, Industry and Consumer Affairs.
- The social sector will be allocated \$34.69 million allocated to the Ministries of Health, Education and Social Development.

37. Madam President, a diverse economy involves the development of policies that positively affect all sectors. However, the economic sector is extremely vital as the forerunner of economic advancement. Thus these ministries will have their work "cut out" in 2012 to secure a progressive Nevis. Consequently, the increase in Tourism will help to energize the sector to higher levels of success.

38. The social dimension of a balanced economy is not lost on this Administration. The island has experienced a significant reduction in poverty and has benefited from improvements in health and educational opportunities. Therefore, the Ministry of Social Development also will witness a marginal increase in its budget in 2012.

39. Capital investment for 2012 is budgeted at \$51.8 million. The most significant project the Administration is expected to undertake in the 2012 period is the Fisheries Biodiversity Project under the Ministry of Agriculture. It is anticipated that \$27.29 million will be expended in 2012. This project will be financed largely through development aid of US \$10 million or EC\$27.17 million. The project is expected to impact the island by generating growth and employment. We have also made provision under the Ministry of Health to establish a Urology Centre costing \$150,000, and a Recovery Room and upgraded Intensive Care Unit costing \$250,000 at the Alexandra Hospital. These projects will improve the

quality and range of medical services, and reduce the number of persons travelling abroad for specialist care.

40. The other major capital investment project that is expected in 2012 is the Water Development Project. This is expected to extensively improve the quality and availability of water on the island. Investment in the project for the 2012 period is expected to total \$3.2 million. The other significant project by the Ministry of Communications will be the Hamilton – Government road construction.

DEBT MANAGEMENT

41. Madam President, debt crisis, debt ceilings and increasing debt levels are topics that have bombarded the various media outlets and have become a common concern of various governments globally. Regionally, we have seen increases in debt and the situation in Nevis is no different. It is impractical, Madam President, for the government to function in an atmosphere of declining revenue, without simultaneously increasing the debt. As a Middle Income State, our chances of receiving grants from other countries are minimal. Therefore, the Government has increased its borrowings to sustain government activities and to sustain the economy on a whole. The stock of outstanding Public Sector Debt rose from \$383.58 million in 2009 to \$404.89 million in 2010; this represents an increase of 5.56 percent. While the debt levels for the Public Corporations declined from \$64.11 million to \$58.32 million, NIA debt rose from \$319.47 million to \$346.57 million.

42. At the end of December 2010, the debt portfolio for the NIA had maturity extending to 2040, with 55.24 percent maturing in the medium term. The average interest rate was 6.18 percent and the proportion of external to domestic debt was \$91.51 million to \$255.06 million. In the 2009 period, external and domestic debt was \$105.00 million and \$214.47 million respectively.

43. Most of the external debt is held by the Caribbean Development Bank and is denominated in US currency. However, 12.62 percent is still outstanding with the Kuwait Fund for Arab and Economic Development. The decline in the external debt portfolio is due to the amortization of some instruments.

44. In the 2010 period, we received a disbursement of \$5.40 million from Mega International Commercial Bank to fund the construction of the Fine Arts Theatre.

Additionally, the RGSM T-bills that were rolled over in June were fully subscribed, with external creditors holding \$11.93 million.

45. Madam President, changes in the domestic debt structure was attributed primarily to the conversion of a portion of the overdraft at SKNA National Bank to a loan of \$64.00 million, with interest rate of 6.175 percent and a maturity date of May 2025. Meanwhile, the overdraft account at National Bank continues to be the main account for the government's operations and hence rose to \$47.04 million at the end of 2010.

46. Other increases resulted from disbursements totalling \$4.29 million from the Social Security Stimulus Package to fund various capital projects.

47. Moreover, the full subscription of the rolled over Regional Governments Securities Market (RGSM) T-bills, led to an increase of \$3.58 million in favour of domestic investors. This T-Bills issue confirms the confidence that the public has in this NRP led government, regardless of the economic challenges that we face.

48. Madam President, my Administration fully understands and appreciates the importance of bringing the debt on a downward trajectory. Consequently, one of the objectives of the Stand-by Arrangement between the IMF and the Federal Government is a comprehensive debt restructuring programme. The Federal government has already contracted debt advisors who have developed a debt restructuring strategy and are in advanced negotiations with many creditors. It is important to note that the Treasury bills and debts of multilateral agencies will not be included as part of the restructuring plan. It is anticipated that the debt restructuring along with the fiscal consolidation strategy will significantly reduce the debt service burden and assist in moving the debt to GDP ratio on a downward path toward the Eastern Caribbean Central Bank (ECCB) target of 60 percent of GDP by 2020.

49. Madam President, having reviewed the fiscal situation and put forward the fiscal proposals for 2012, I will now focus my attention on perhaps the most import segment of the budget – growth and jobs.

GROWTH AND JOBS

50. Madam President, many countries throughout the world have been imposing austerity measures due to their high debt and lack of fiscal space. However, without growth, very little is possible. It would be extremely difficult to manage debt, restore fiscal balance, and create

employment. My government will play a limited and strategic role in capital formation, and will turn to the private sector to become the main engine of growth. We have been working closely with the private sector and our efforts are bearing fruits. S.L. Horsfords company Ltd recently opened the upscale and magnificent Valu Mart supermarket which is one of the best in the federation. The Bank of Nevis building construction project is ongoing and will be completed next year. The Social Security Building project is still in the pipeline and will begin during 2012. These projects involve a total investment in excess of EC\$15 million and have already created several jobs. During 2012, we will continue the drive to encourage private investments in the various sectors of the economy.

Private Sector Projects

51. Madam President, we have been fortunate this year to have been spared the visitation of a hurricane. This has mercifully provided the economy with the breathing space it needs to expand the recovery which the reopening of the Four Seasons Hotel has afforded us. Notwithstanding, we look forward with great expectations to the arrival of another upscale property, the renowned six star Aman Hotel- a first in the Caribbean. The Aman, too, has already firmly asserted its commitment to be a part of Nevis' future development. There have been a few snags in the progress to fruition of this venture but plans indicate that this historic development will begin construction during 2012. The establishment of this project creates, for Nevis, a new niche in regional tourism. It sets us apart as one of the few islands in the Caribbean with a 5 star and a 6 star hotel.

52. I am also very happy to report that Nelson Spring Phase 2 is progressing smoothly and scheduled to be completed in May 2012 with the addition of 79 units to the hotel room stock. When fully operational the hotel will employ in excess of 50 persons. This project is spearheaded by a young Nevisian who has continued to play a leadership role in the development of condominiums and real estate in Nevis. He was also involved in the purchase of the 24-acre parcel of land adjacent to Four Seasons which will be used for the construction of high end luxury villas under the name of one of the top international hotel brands. The project is scheduled to begin construction in 2013. This local investor must be commended highly for his outstanding contribution to the Nevis economy. Mention must also be made that the Villa Paradiso hotel will be restored and reopened in 2012. This project will employ at least 24 persons when operational.

53. In addition, ground has already been broken for the establishment of a marina in the Cades Bay area. The project will include construction of 100 boat slips, a boutique hotel and spa, a yacht club and restaurant. It is spearheaded by another local investor who must be commended for his hard work and dedication in bringing the project to fruition. The Charlestown Harbour Village Project which the government is pursuing with the Namdar Brothers has already entered the all important financing phase. Indications point to a successful outcome. Furthermore, land has already been cleared for the start of the construction of a shopping mall on the pump road. It will consist of 14 retail outlets and a state-of-the-art gas station. The property is owned by Cross Road Nevis Ltd which is controlled by Windwatt, the wind power company. Madam President, the level of development and employment that will be created by all of these projects will, in short order, transform the face of Nevis and reaffirm our prospects for prosperity.

54. Madam President, we will work to develop new areas of growth such as offshore services in the areas of health and education. The former CCM administration granted the Medical University of the Americas a 50-year exclusivity which has impeded our ability to attract more of these institutions. However, we will seek to negotiate with the University, as well as provide additional incentives and explore new avenues to increase the level of investments in Nevis. Health tourism is also an area of priority for the government and various fiscal incentives will be developed to encourage investments in this sector. We expect that the cosmetic surgical clinic will begin construction in New River next year. The project will result in an investment of over US \$10 million in the Nevis economy.

55. Madam President, I now turn to the green energy projects that have the most potential for catalyzing the future growth and development of Nevis.

56. As you are aware the implementation of the Maddens Wind Farm was a success and NEVLEC and the people of Nevis are reaping the benefits. Since the commissioning of the wind farm consumers have received savings on their electricity bills up to five cents per kilowatt. In addition, NEVLEC realized savings of over EC\$2.5 million on their fuel bill over the period. Madam President, this Administration has demonstrated leadership in the OECS in renewable energy development and our people should be proud and embrace this movement towards making Nevis 100% “green” in producing its electricity from the available natural resources such as wind and geothermal.

57. Madam President, some six months ago the Nevis Geothermal Project application for financing was almost ready for approval by the Export Import Bank of the United States (EXIM). However the NRP led Administration was met with some challenges which were not the fault of the Developer, West Indies Power (Nevis) Ltd (WIPN)/Renova Capital Partners, Nevlec, the NIA or EXIM. One of the main challenges had to do with the IMF supported debt restructuring programme for St. Kitts and Nevis which created some doubt as to whether the Power Purchase Agreement (PPA) would be included in the debt restructuring mechanism for the Federation. After many months of meetings and negotiations I am pleased to announce that this issue has been resolved to the satisfaction of all parties.

58. Madam President, this means that the project can move forward in earnest. I must tell you by way of update that contracts have been negotiated and awarded to engineering and drilling companies by WIPN. While dealing with the challenges, additional monies were spent to advance the project in areas such as clearing the site, conducting the geotechnical studies, civil engineering for the power plant, preparation and engineering for drilling pads and wells, establishment of onsite contractor supervision and so on. Madam President, virtually all of the preliminary work has been completed. The developers have informed us that they will push for EXIM Bank approval within the first quarter of 2012 after which production drilling at the Spring Hill site will commence. The relevant parties, that is, NEVLEC, WIPN, and NIA are now working on a revised PPA for submission to the EXIM Bank.

59. Madam President, we still maintain and are fully convinced that the Nevis Geothermal Project will transform the economy of Nevis. The revenue, employment creation, investment spinoffs, economic diversification and stability in electricity prices from geothermal could only result in sustainable development and growth, debt reduction and fiscal stability for the economy of Nevis for many years to come.

60. With the planned introduction of cheaper geothermal energy, my government will work aggressively to attract Information, Communication and Technology (ICT) businesses. This will allow our people to develop high level skills in software development, database management and data processing using information technology. We believe that for small islands to survive in a very competitive world that they have to develop knowledge-based economies which leverage their human capital and communication infrastructure. The objective is to use ICT technologies to increase the productivity of our people, and enhance

our competitiveness and ability to develop new sources of growth in offshore services such as health, education and finance.

61. We have already put in place the Nevis Investment Promotion Agency to function as a central agency for the promotion of investment. This policy initiative is reaping dividends. The agency is presently working on several initiatives including hotels, offshore banks and offshore medical facilities, some of which will become a reality in the future. During the next year we intend to provide additional resources so that the work of this very important agency could be enhanced.

62. Madam President, I shall now turn to the public sector projects that will represent my government direct contribution to growth.

Public Sector Investment Projects

63. Madam President, in addition to private sector projects, the government will continue to upgrade the infrastructure of the island. Due to the shortage of resources, we will focus our efforts on the critical projects that create employment and build the infrastructure to facilitate the expansion of the private sector.

Fisheries Complex

64. I am happy to report that the Japanese Government has agreed to construct a fisheries complex in Charlestown at an investment value of US \$12 million. This project involves the construction of a 40-meter jetty, and the provision for marine fuelling, ice making and fish processing facilities. Upon completion of the complex, fishermen in Nevis will have access to a first class facility with the latest technology which will enhance their output and revenue stream. The project is expected to begin by March of next year and will be completed in 2013.

Irrigation Project

65. Madam President, during 2012, we will construct and rehabilitate wells at Indian Castle, New River and Cades Bay to provide a cheaper source of water for farmers in those areas. Some remedial work was done during this year but the project will begin in earnest in 2012 with a capital expenditure of EC\$ 1.7 million. This project is funded through development aid

from the Republic of China (Taiwan) and will certainly increase agricultural production in Nevis

Roads Development Programme

66. Madam President, the Nevis Island Administration (NIA) spent over EC\$1.9 million on the upgrade and construction of secondary roads during the fiscal year 2011. The areas that received attention include Rawlins Pasture Road; Malcolm Hill Phase II; New Castle - Shaws Road to Jade and to Ocean View Guest House, Rumours Restaurant Road; Almond Garden Road; Bath Village Roads including Bath Village Housing Development; Stoney Grove and Eden Brown Housing Development. Madam President, given the financial situation at this time we would continue to repair, maintain and construct roads on an incremental basis as the resources become available. It is our intention to bring relief to the Hamilton and Government Road communities in the next fiscal year. We will also look at the best way to implement other road projects in the near future such as the Brown Hill and Brown Pasture roads bearing in mind the fiscal constraints under the IMF Programme. Madam President, we must give God thanks for sparing us thus far for the year from any major natural disasters which could have hampered our development agenda.

67. Furthermore, as indicated in last year's budget speech the old asphalt plant at New River has served its useful life. The NIA therefore invested in a brand new ADM Asphalt Plant and one DMI Portable 10,000 Gallon AC Tank for US\$425,000 and US\$61,500 respectively. A Service Manager from the manufacturer, Asphalt Drum Mixers Inc. (ADM), travelled to Nevis on 24th October 2011 for two weeks to commission this new asphalt plant and train the public works asphalt technicians in how to operate and maintain the plant. Madam President, it is important to note that before this plant was commissioned some work had to be done by Public Works, such as constructing a concrete foundation on site for the plant and tank; and NEVLEC had to supply the correct electrical power source to operate the plant. In fact, a brand new transformer had to be ordered from the USA which took nine weeks to be manufactured, tested and shipped to Nevis for installation. We would like to express thanks to the Public Works Department and NEVLEC for their hard work and diligence in making this possible.

68. Madam President, I do believe that the people of Nevis appreciate our outstanding performance in the last term and have given this Administration a second mandate to manage

the infrastructural development of Nevis in an effective and efficient manner. We are fully aware that the road development programme plays an important role in tourism, agriculture, construction, housing development, foreign direct investment promotion and ultimately in supporting sustainable growth and development.

Physical Planning

69. Madam President, it is our intention to pay more attention to the physical development and the environment of Nevis in our second term in office. For a small island like Nevis, land is one of the most valuable resources and it is essential that it is managed wisely. It is equally important to have a physical development plan which provides a vision for the future of Nevis, the foundation for sustainable growth and development and land use policies for many years to come. Moreover, in order for sustainable development to take place it is imperative that projects, plans and investment proposals are processed in the most efficient manner. The NIA has already started to take steps to address this issue with the recent amendments to the Nevis Physical Development Ordinance 2005.

70. In light of this, the NIA will proceed in reviewing and passing the Nevis Physical Development Plan. The Organization of American States (OAS) funded the development of this plan some years ago and the plan is now before the NIA for consideration. The vision of the plan is that “Nevis will be a distinctive place where everyone is able to enjoy an improving quality of life in a way that respects the environment and culture of the island and keeps it special for future generations”. This Plan, Madam President, is developed with five core principles in mind namely sustainability, inclusion, partnership, flexibility and equity.

Water Sector Development Programme

71. Madam President, you would agree with me that development in the water sector has been unprecedented under the NRP led NIA. We have achieved great success in providing additional supplies of potable water for the residents and people of Nevis as we chart the course to sustainable growth and development with fiscal balance. I am happy to inform you that the Caribbean Development Bank/NIA funded Water Supply Enhancement Project has been approved, the loan agreement was signed in February 2011 and the project is well on its way to implementation.

72. A Project Management Unit is established to manage the execution of the project led by one of the most experienced chartered water engineers in the region, Mr. Brian Kennedy, who has also been appointed as Project Coordinator with no objections from the CDB. Halcrow is appointed as Engineer Consultants and has already started its work by gathering data and charting a clear path forward with stakeholders.

73. Madam President, according to the project document, the project seeks to contribute to the development of an efficient, sustainable and adequate supply of potable water on Nevis. This is done through the enhancement of the water supply network capacity by the supply and installation of approximately 20 km of high density polyethylene pipes and associated fittings and valves; the supply and installation of domestic and bulk meters; the construction of new glass fused bulk reservoir tanks at Maddens, Camps, Fothergills and Mount Lily with a combined storage capacity of approximately 1 million gallons. Civil works for these and other areas such as the construction of two new pumping stations at Fothergills and Camps will commence in the first half of 2012. Other areas of the project include capacity building and strengthening of the institutional arrangements for service delivery which involved the corporatization of the Nevis Water Department from a government department into a company similar to NEVLEC. The project will also strengthen the legislative and institutional framework for the management of its water resources. Water quality, the use of technology, training, capacity building, a tariff review and public education are all important elements of the project.

74. Madam President, this project would not only strengthen and modernized the public infrastructure but more importantly it lays a solid foundation for sustainable growth and development which will bring benefits to the water sector and the NIA.

75. Madam President, I have laid out the fiscal stance of the NIA and the strategies for growth. I shall now highlight the sectoral policies that will underpin our strategy for economic and social transformation. I begin with the most important sector of the Nevis economy – tourism.

TOURISM

76. Despite the setbacks of the past two years, this industry has shown its resiliency and versatility. While arrival numbers were affected by the closure of the Four Seasons Hotel, the Nevis tourist industry has not gone unrecognized. In fact our industry has been in recent

months, the recipient of several accolades. At the prestigious Condé Nast Readers Choice Awards held in New York in October 2011, the Nisbett Plantation Inn copped the Readers Choice Award for best Caribbean resort, while our island itself was voted the number three preferred destination for Condé Nast readers. This is a fantastic achievement against the odds, and no praise is too great for the efforts of our hoteliers and hotel workers. We have once again proved that no matter the odds, we in Nevis possess the talent, aptitude and capacity for hard work to beat those odds. This positive outlook now requires us to reassess our priorities and plans for a future in which Nevis' tourism industry can remain strong

Marketing

77. The Nevis Tourism Authority plans to undertake a pro-active and more inclusive approach to marketing in 2012. The financial situation is forecasted to improve significantly in the New Year. This would leave the Authority much better equipped to carry out its mandate to promote and market Destination Nevis. The Nevis Amenities for Tourists Amendment Ordinance 2011, which was passed in the Nevis Island Assembly on October 31st and which came into effect on November 1st 2011, has made provisions for the re-introduction of the much needed 2% Tourism Development Levy, which will go directly to fund the marketing machinery of the Nevis Tourism Authority (NTA).

78. The 2012 budget for the Nevis Tourism Authority is projected at \$3 million as follows:

Nevis Tourism Development Levy	EC\$ 2.5 million; and
NIA subvention	EC\$ 0.5 million

79. One key strategy for 2012 will be that of targeting secondary markets. Primarily, we recognize the need for greater focus on the Caribbean market, which accounts for approximately 20% of visitor arrivals to Nevis. There will be greater support for sports tourism, as we have seen the benefits especially to the guest houses and other small properties resulting from events like the very successful 2011 TriStar triathlon, as well as recent drag racing and fishing tournaments.

80. The NTA will also position itself to extend its marketing efforts in Canada. Travel to Nevis will be made easier by a direct flight from Toronto to St Kitts every Friday as of December 23rd, 2011. In addition, the Authority will explore possibilities for tapping the

relatively new and affluent Latin American market which has excellent connections from Brazil and Argentina via the St Maarten gateway.

Cruise and Yachting

81. Our limitations in port facilities do not permit us to benefit as much as others from the cruise industry. However, under the circumstances, 2011 has turned out to be ample reward for the efforts put in by the cruise marketing division of the Ministry of Tourism. Latest available figures show improvements on both counts over the corresponding period last year. A comparison of the Yacht arrival figures show that 86 more calls were made into Nevis for the first quarter of the year, while cruise ship passenger numbers for the same period already exceed by 741 the figures for the whole of last year.

Public Relations and Marketing Consultancy

82. In order for visitors to be persuaded to come to Nevis, they must first hear about the destination and be aware of our unique brand. One of the most effective strategies for getting the attention of the media, the trade and the consumers in the marketplace is public relations. In the New Year, PR firms will be hired to cover our primary markets, North America and the UK, so that we can continue to expand brand awareness. In addition, consultancy support will be obtained so that the Tourism Authority could have at its disposal the widest possible array of marketing ideas and initiatives to propel the destination's marketing efforts in the right direction

Airlift

83. One of our major challenges continues to be airlift. It is our intention to continue to work collaboratively with our air and seaport partners to manage capacity and stimulate route development. We will also promote new methods of marketing which will seek to enable potential visitors to connect to our tourism services and products through a novel range of distribution channels, with particular emphasis on a shift to the internet as the preferred means of researching and purchasing these products and services.

84. An important part of our strategy will be joint marketing with new airlines such as Cape Air and Air Sunshine as well as those already serving Nevis, including Winair and LIAT. We also eagerly await the advent of low cost carrier Red Jet via St Kitts, which will

significantly boost regional travel and make it much cheaper and more convenient for regional travelers to get to Nevis.

85. The retrenchment of American Airlines has been mitigated by the emergence of Cape Airlines which will keep the air pathways to Nevis open for our U.S. visitors. In addition, Cape Air's partnerships with JetBlue and Continental Airlines will allow for more widespread distribution thereby increasing access to Nevis as a tourism destination. In addition, Cape Air's decade old interline connections with American, Continental, Delta, US Airways and United will provide travelers with greater flexibility, flight frequency, and ease of travel, while opening up a new gateway to visitors from the Midwest and West Coast. We also aim to play our part in keeping LIAT as the Caribbean Airline. LIAT'S link with Nevis has been of critical value for fifty years. We will continue to work with LIAT to ensure that this vital air link remains open and continues to provide access to Nevis. A recent meeting in Antigua with the LIAT Authorities has managed to extract tangible benefits both for Nevis and for LIAT. Direct meetings of this sort with airline partners and other high ranking tourism officials can lead to improved air connectivity for Nevis as well as the establishment of positive and mutually beneficial business relationships.

86. As a follow up to this process, further meetings are planned with Winair, CAPE Air, American Eagle and LIAT for the first quarter of 2012. The Winair meeting will include the Director of Tourism/CEO of the St. Maarten Tourist Board so that options for connections from major gateways on key airlines via St. Maarten to Nevis can be fully explored.

Product Development

87. In a small economy it has been proven wise to create or target smaller niche activities for maximum returns. This has led to our isolating certain events in our calendar year from which we hope tourism can benefit. In focusing on niche tourism, we will create an Events Management and Promotions Unit to coordinate the hosting of tourism related events held in Nevis.

88. Product development activities for 2012 will concentrate on activity based market segmentation – the Nevis Tourism Authority (NTA) and the Ministry of Tourism will work closely together to develop the Nevisian product so that the destination can cater to visitors with varied interests and pursuits such as sports & adventure (triathlon, diving, hiking, drag

racing, yachting, water sports), weddings and honeymoons, health and wellness, heritage, eco-tourism, culinary adventure, culture, and agro-tourism.

89. We took our first step last year by assisting with the Tri Star Triathlon which was admirably organized and executed by the Nevis Cycling and Triathlon Club. The intention here is to place ourselves in a position to partner with organizers of Sports Events like the Triathlon, Drag racing meets, and other international events to be held in Nevis. Our hope is also for some incorporation with musical performances and other events of that nature. This approach will work to ensure the sustainability and viability of such events and in effect make them an integral part of our overall policy.

90. Readers' polls have shown that one of their most enjoyable facets of visiting Nevis is the opportunity to share in our rich history. The upcoming year will see several approaches towards the enhancement of heritage tourism. The Bath Hotel and grounds have been among our most visible landmarks for over two hundred and thirty years. Successive storms have rendered the Bath House unfit for its original purpose where it functioned as one of the earliest natural spas in the region. It is our intention to rehabilitate the building to once again play its part in history. The refurbishment of the Bath House, complete with gift shop, will herald the rebirth of one of our more treasured historic landmarks. The overall intention is to provide a much needed facelift, and to add to the stock of interesting places to visit while on Nevis. One thing remains clear, if our economy is to be based on tourism, we must work together. Investment by the local private sector is paramount, and the NIA is prepared to offer support in whatever form to achieve this end. There will also be upgrades to the environs of the Bath Stream with attention given to providing bathroom and changing facilities as well as access for persons with disabilities or limited mobility.

Awareness and Training

91. A well informed workforce is an indispensable asset to the tourism industry. Throughout the year the Ministry continued the process of tourism education in our schools. All of the primary schools and one of our secondary schools now participate in the program. It is expected that all schools will be on board in 2012.

92. The Ministry also hosted two industry skills training workshops for industry workers during the course of the year. The Customer Service Workshop held during Tourism Week

saw participation from 15 tourism organizations and allied partners. A “Restaurant Server Certification Workshop” was held at the Mount Nevis hotel.

93. We also collaborated with the St. Kitts Tourism Authority to organize the OAS Sponsored “Banquet Server Hospitality Skills Certification Workshop” held at the Ocean Terrace Inn in St. Kitts.

94. We will expand our efforts aimed at promoting our responsible Community Tourism initiative which we pioneered in the St. George’s area in 2009. The 2012 project proposes working with interested persons living in the Jessups area to develop a walking tour highlighting the village as a fishing community, allowing visitors to interact with fishermen making fish pots, pulling up their boats or even painting the name on a local fishing boat or otherwise tending their trade.

95. Ultimately the effectiveness of our programmes is a direct result of successfully partnering with other government departments, statutory bodies, NGO’s and other private sector entities, along with support from International Organizations such as United Nations Educational, Scientific and Cultural Organisation (UNESCO), Organisation of American States (OAS), and Inter American Institute for Cooperation in Agriculture (IICA). We have chosen this participatory and integrated approach to product development as we feel that it is the best way to achieve our overall goal of promoting sustainable tourism in Nevis.

FINANCIAL SERVICES

96. The Financial Services Industry realized a significant decline in activity as a result of the serious economic downturn that gripped the entire world. The recent downgrade of the US credit rating also seemed to have stymied the already anaemic growth and brought renewed fears that the US economy could be at risk of falling into a double dipped recession. With the debt crisis that Europe is facing, fears has worsened that the Global economy is also at risk of plunging into a double dipped recession. Our financial services industry is sensitive to the global economic landscape and so it becomes incumbent on all stakeholders to keep abreast of and to analyze the impact on our Financial Services Industry.

2011 Performance

97. The Industry continues to perform fairly well despite the global challenges. Our statistics reveal that overall year to date the performance for 2011 is slightly above the

performance for the same period last year. One thousand, six hundred and fifty-seven (1657) companies were incorporated as at end of August 2011 compared to one thousand six hundred and fifty-six (1,656) for the same period in 2010. Our International Insurance product continues to lead the growth charge however. Captives, the most sought after of the International Insurance product has increased by 75.4% from 65 as at end of August 2010 to 114 for the same period in 2011.

Regulatory Environment

98. Increasing complexity and globalization of financial activity lends credence to the seriousness of the Financial Services Regulatory and Supervisory Infrastructure. It is known that major financial scandals have impacted on the reputation of the financial services industry globally. In response, a number of international bodies have been established to set common frameworks and standards for financial regulation. These include the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors and other standard setting bodies. The Financial Services Industry has to subscribe to the principles and standards set by these relevant international bodies. Our regulatory and supervisory authority is also responsible for implementing the principles developed by the intergovernmental Financial Action Task Force (FATF) to combat money laundering and the financing of terrorism, in so far as they relate to the operations of financial services providers. The consequence of noncompliance is severe with the very likely threat of being once again placed on the blacklist. If our jurisdiction is to be blacklisted again, this could very well threaten the viability of our Financial Services Industry.

Outlook for 2012

99. Without a doubt, the development of Nevis and other Caribbean Islands as key players in the global economy has been challenged by many legislative issues and world circumstances.

Legislative

100. We have undertaken to enhance our legislative environment and will have ready for 2012 a Regulated Financial Services Ordinance which would provide service providers, clients and investors with a defined legal framework of the acceptable regulatory standards for the industry in Nevis. Amendments have also been proposed and are being reviewed for

certain other legislations which should make them current and more relevant and therefore enhance the attractiveness of those products.

Industry Growth

101. Although the Global Economy has not rebounded fully and the potential is there for a protracted recession there is still the capacity for growth. I call on all stakeholders of the Industry to engage in vigorous marketing. However, if the status quo is maintained with the marketing efforts concentrated by just a few stakeholders, then it is likely that the uptick in the industry for 2012 would remain at the levels for this year. We expect the surge in Captives and other International Insurance Products to continue and with the efforts of NIPA we are confident that we will be able to attract additional business in banking and mutual funds.

Capacity Building of the Regulation and Supervision Department

102. The Government has committed to build the capacity and expertise of the staff of the Financial Services Regulation and Supervision Department. That capacity building would take the form of hiring new personnel with targeted expertise and training of current staff. The training that would be undertaken would equip the staff with keen knowledge of the financial products we offer as well as the expertise to engage in increased and heightened supervision of the industry as called upon by the international standard setting bodies.

TRADE

103. Madam President, my government created the Ministry of Trade with the objective of improving the quality of service and range of products at the supply office, of protecting the consumers from unscrupulous business practices, and of being more involved in regional and international trade issues. I am happy to report that we are making steady progress as the Ministry works assiduously to achieve its goals.

104. Madam President, the operations of the Supply Office need to be highlighted as one in which due diligence and effort was exerted to make it a viable entity. The public is now assured of a regular and reliable supply of a wide range of staple products. This has resulted

in additional savings for the members of the public as they are able to purchase a larger variety of products at more competitive prices.

105. Madam President, special mention must be made of the Consumer Affairs Division for the outstanding work it has been doing. The Unit was established to provide the consumer with protection, information and representation and it has not disappointed. For instance, extracts were taken from the Consumer Protection Act and the public informed of their rights, how they could be infringed and how they could be protected. This provided an eye opening experience for many consumers who prior to the setting up of this unit were unaware of the Legislation that was put in place to protect their interest.

106. Madam President, in this regard, therefore, credit must be given to the weekly interactive program aired on radio in which details of the act were discussed and in general much needed consumer information and tips were disseminated. In addition, the Nevis Newscast's Nightly Programming is used to disseminate information so that the public is kept abreast of many consumer issues. With the public now having an awareness of their rights, as consumers, they have become more conscientious and confident to enforce their rights.

107. Mention must also be made of the novel idea of placing prices of many consumer items in the various local news papers on a weekly basis. The consumers are now empowered to compare prices at different supermarkets and thus make their choice of place of purchase. In fact, this initiative has placed the onus on the supermarkets owners to be more competitive knowing that their prices will be published in the media. Consumers are now more knowledgeable and can make better purchase decisions.

108. Madam President, in terms of international trade issues, we have been very instrumental as part of the Federal representation at meetings held by the Office of Trade Negotiations (OTN) in Barbados. These meetings are held to facilitate the negotiation of a trade agreement between Caricom and Canada on trade in services and investments. The Nevis Investment Promotion Agency (NIPA) has also been actively involved in these negotiations to ensure that we are strategically placed to grasp the potential investment opportunities.

109. We have also been working closely with our Federal counterpart in all relevant areas to ensure that the Nevis consumer and businessman alike benefit from external resources

including financial and technical assistance. There is an ongoing relationship with the Federal Bureau of Standards in which our staff is constantly involved in technical training. Because of limited resources, we have established a relationship with the Bureau to inspect and calibrate measuring units on Nevis. These include scales at retail businesses as well as pumps at gas stations.

110. In recent years, Nevis has been the victim of questionable imports. In the New Year, plans will be put in place to establish Import Control officers whose responsibility would include the issuance of import licenses for selected items. This step would be taken in an effort to control or prevent the importation of items that could pose risks to human health and safety.

111. Madam President, the Small Enterprise Development Unit (SEDU) continues to play a critical role in assisting small businesses in this country. Technical assistance of various forms including that of training is made available to small and medium sized enterprises to assist them in remaining viable and competitive in these difficult times. In addition, SEDU continues to provide loans to small businesses that normally experience difficulties in accessing resources from the established financial institutions. These small loans provide much needed relief for these businesses and facilitate our strategy of growth and poverty alleviation.

112. Much emphasis would be placed on the setting up of the Industrial Development Unit which will be responsible for overseeing the establishment of industries and businesses at all industrial sites. This is a relatively new initiative and dovetails well with our plans to attract new industries especially after the implementation of geothermal energy.

AGRICULTURE

113. Madam President, the task of transforming agriculture has begun in earnest. As we embark upon the reform agenda, let us not forget the neglect that this sector suffered during the 14 years of the CCM administration. We will turn the situation around but the process will take time. However, from the investments made in infrastructure, equipment and training, my government has already accomplished much.

114. We have gone from a shrinking and aging farmer base to an expanding pool of young enthusiastic and committed farmers. In 2006, there were fifty-two (52) farmers cultivating one hundred and thirty-two (132) acres; today there are seventy-one (71) farmers spread across one hundred and fifty-eight (158) acres. To put this in context, in 2008 our focus was on sweet potato and banana production. I am happy to report that in both crops, production increased by over 400% in 2011, resulting in a 100% self sufficiency for six (6) consecutive weeks. We must thank both the Republic of China-Taiwan and the Caribbean Agriculture Research Development Institute (CARDI) for their generous technical and material support, without which we would not have progressed as quickly as we did. For this year the Department of Agriculture has committed its technical and material resources to assist a private farmer with the development of an additional ten (10) acres of bananas. In 2009 – 2011, we assisted two (2) private farmers with the development of twelve (12) acres of fruit orchards. According to Dr. Basil Springer in a 2008 paper addressing the issue of public/private investment, he commented that this “public private partnership is critical if we are to build consensus about long term strategies and to create the enabling environment to support investment activities”.

115. Madam President, in 4½ years, Agriculture has taken a quantum leap forward from low technology to high technology farming. This is to ensure that our farmers remain current, competitive and economically viable. It is my government through the Department of Agriculture which first introduced soluble fertilizer injectors in 2010. This device effectively and efficiently delivers the nutrients through the irrigation lines directly to the plant roots. We also continue to push our farmers to move away from rain-fed agriculture, to modern drip irrigation systems. As a result, since 2006, over 100,000 feet of drip lines have been deployed, enough to completely circle the island main road. Prior to 2006, farmers who deployed plastic to cover their plant beds in order to suppress weeds had to do so by hand. It was no easy task. That all changed in 2007 when we introduced the first and only machine in the Federation capable of laying down the plastic. This seemingly minor technology has the potential to enhance farmer productivity. According to Ian Collier, President of the Trinidad and Tobago Chamber of Commerce, “A simple concept of productivity is doing the right things the right way. Doing the right things focuses on effectiveness, while doing things the right way focuses on efficiency”. The work of our Extension Service has expanded as they promote Good Farming Practices that improve the productivity of our farmers. We must all endeavour to do the right things the right way.

116. Our Marketing Division has doubled its refrigerated storage capacity from 800 ft³ in 2006 to 1,600 ft³ currently so as to stem the loss of farmers' produce. We continue to source top quality seeds, environmentally friendly pesticides and the myriad of other supplies needed by our farmers. The truth be told, our farmer support program is so infectious that it has spread to our fellow farmers on St. Kitts. As a result over 1/3 of all farm inputs sold by the Marketing Division find their way to St. Kitts. The Marketing Division also facilitates a very vibrant and economically significant two way trade in vegetables that harken back to the days when Nevisian farmers fed most of St. Kitts. Today the trade is more evenly balanced.

117. In 4 ½ years, my government through the Department of Agriculture successfully introduced two new blood lines to our livestock farmers on Nevis. In 2007, we succeeded in delivering a red polled (senepol) bull from St. Croix to breathe new life into the government's livestock farm at Maddens Estate. That bull has since sired over one hundred (100) calves across two (2) different herds. In 2010, we also introduced three (3) black head dorper ram sheep, all the way from Iowa in the USA to crossbreed with our black belly ewes at Indian Castle. When fully matured these rams will average 175 lbs, four times the weight of existing breeds on Nevis.

118. In 2012, we will do it again by introducing new swine genetics from the USA. These pigs will form the core of a breeding program from which farmers will be able to access high quality piglets.

119. These are but a fraction of the policies and strategies intended to reinforce our objectives of achieving in significant measure, our hope of agricultural diversification and further securing the base of food and nutrition security.

120. The vision of my government extends well beyond good genetics and feed, to include land tenure and security. In 2010, the Ministry of Agriculture was given 31.5 acres just beyond the now famous Cherry Gardens Housing Development. All farmers displaced by the Housing Division will be allotted 2.5 acres on a long term lease. This is an important economic and strategic investment on behalf of our farmers. It is important from an economic standpoint because the land itself is valued at over \$7 million. This is a princely sum in the best of times and we all know these are ragged and difficult economic times when governments around the world are strapped for cash. But as we are all reminded by the scope of civil unrest that is punctuating Middle Eastern societies today, it is clear that governments who fail to invest in their people are doomed to fail.

121. It is a strategic investment from the standpoint of food security. Not so long ago, several well respected international institutions including the World Bank, expended tremendous effort promoting the idea that small developing states like ours would be better off buying our food from countries who had a comparative advantage in food production. Unfortunately, many countries bought into this argument and divested away in varying degrees from agriculture. We gave up on our local ground provisions, fruits and meat in favour of imported staples from Europe and North America.

122. This dilemma is captured by Dr. Cheston Brathwaite, past Director General of IICA, in a 2008 speech entitled, "Agriculture in Development Agenda". "We are at a defining moment; it cannot be business as usual when someone decided for us, and when we accept that our nutritional base must be based on five basic products, wheat, corn, potatoes, rice and soybean – a narrow base of genetic material that someone else defines. Circumstances now demand that we change". Let me remind you that it was us who in 2007 launched the Department of Agriculture's "Buy Local Eat Local Campaign".

123. Three years ago, my government confronted one of the biggest challenges facing agriculture here on Nevis - monkeys. With a population estimated at 9,000 animals, not a single farm or backyard garden has remained untouched. Two years into our campaign to contain and reduce this threat, I am happy to report that over 3,600 of them have been laid to rest.

124. At the Ministry of Agriculture, my government has given top priority to training. When we recruit new staff, one prerequisite is that they must be willing to attend university. In 4 ½ years we have returned one (1) masters, one (1) associate and three (3) are currently pursuing bachelors' degrees. Our officers, farmers and fishers have availed themselves to training in Europe, North and South America just to name a few. This investment is to ensure that we are building the leadership necessary to properly train our farmers and fishers, our school students and civil society in the science, technology and business of agriculture.

125. As one author puts it, "Agriculture is being reinvented through the adoption of research and development and commercialisation of research results".

126. Madam President, I would like to thank our supporters in the allied agencies of IICA and CARDI for their dedication and generosity. To the Republic of China-Taiwan, our program in sweet potato production is better because of your expertise. Thanks for the

donations of planting materials and land preparation machines. To the Japan International Cooperation Agency (JICA) Grass Roots Project for the significant investments in irrigation and the soon to be constructed Fisheries Centre. Thanks to the staff at the Ministry of Agriculture for your dedication and creativity. With the hard work of the partners and staff, I am confident that Agriculture in Nevis will continue to grow from strength to strength.

EDUCATION

127. Madam President, education is the foundation on which we intend to build a productive and prosperous Nevis. Based on the CSEC and CAPE results our children have been performing exceptionally well when compared to other islands in the Caribbean. However, to be competitive in the global economy, we will have to continue to refine and improve our education policies and systems to give our children a better chance of succeeding. In this regard, we will continue to innovate and implement new programmes at all level from preschool to tertiary. The following priority areas for the 2011-2012 academic year, will take prominence.

1. Enhance the overall performance of schools by developing and implementing effective school evaluation processes that take into account appraisal of principals, clinical supervision of teachers and teacher appraisals, the condition of school and classroom facilities, school records, and overall student performance. Emphasis will be placed on the training and retraining of education officers, principals, supervisors and those identified for succession planning. In this regard, professional development sessions will be provided for education officers, principals, school management teams, teachers and school support staff. One priority area for professional development across the board is the integration of technology in the school curriculum and culture. Additionally, an effective school review process will be developed and conducted annually. This will result in the identification of the best performing schools as well as the most effective and innovative school leaders and thus enable us to implement best practices in all schools. (The estimated cost is thirteen thousand dollars \$13,000.00.)
2. Provide and/or seek resources for the effective maintenance of schools' physical plant, the upgrading of teaching-learning facilities, and curriculum enrichment at all levels. A system will be put in place for school maintenance. The proposal is to

involve the students who pursue technical subjects and for the schools to be used for practical activity for skill based education. (The estimated cost for transportation, supplies and supervisory personnel from the private sector is \$15,000.00.)

128. At the primary and secondary school levels, emphasis will be placed on teaching to the multi-ability classroom, identifying special needs and strategies for learning, behaviour management, enhancing language arts, reading remediation, reading recovery, and information technology for teacher-librarians, and school safety procedures.

129. Our students at the Special Education Unit have received over the last few years, great recognition for their outstanding achievements. The Ministry of Education will be relentless in its efforts to ensure that these children continue to receive the due care and attention they so deserve, by increasing training for teachers at the unit, especially in the areas of teaching non-verbal students through sign language and picture exchange, and behaviour intervention. Furthermore, the establishment of an early stimulation programme for special education children under five years old will be initiated.

130. We will continue to enhance capacity in guidance and counseling, by developing counseling strategies for sexual behaviour, bullying and theft; anger management and conflict resolution; career guidance; and guidance counseling. The social media will be utilized to instil positive values. These will all receive priority in an effort to support the Nevis Island Administration thrust in arresting the tide of deviant behavior in our society.

131. The Ministry of Education will continue to upgrade school libraries to support the curriculum, meet the needs of ALL students, provide for our rapidly increasing cultural diversity, and provide the relevant and current technology to afford research and interconnectivity for all schools. (The estimated cost is fifty thousand dollars \$50,000.00.)

132. To effect maximum use of the improved technology initiated by this Nevis Island Administration, we will ensure that all primary, secondary and tertiary institutions have functioning websites and work towards the automation of all school libraries.

133. Madam President, I have just highlighted some of the policy initiatives that will be taken by my government which are consonant with our agenda for reforming education and with the goals of the national education plan. We are maximizing the use of scarce resources and ensuring that our children get the best possible education. We are firmly on the path to a

increasing the resilience of the Nevis economy with our people especially the young at the centre of development.

HUMAN RESOURCES DEVELOPMENT

134. Madam President, in spite of the financial challenges which have manifested themselves locally, regionally and globally, my government will continue to promote the advancement of our Human Resource Capital. As such, my government will continue to assist as many Nevisians as it possibly can in their pursuit of higher education. In 2011, an additional thirty (30) Nevisians have been assisted up to the first degree level. This number includes persons pursuing studies by distance.

135. We are indeed encouraged by the fact that the number of students pursuing studies at the University of the West Indies has increased. There are currently thirty-eight (38) Nevisian students pursuing studies at the University of the West Indies. We will keep encouraging our people to opt for regional institutions where possible. At the same time we encourage these institutions to further promote the educational opportunities they offer.

136. We are indebted to the Government and the people of Cuba who continue to make scholarship offers to our citizens, especially in the area of medicine. To date, there are six (6) Nevisian students in Cuba; five (5) pursuing studies in Medicine and one (1) in the area of Sports. We welcome every opportunity to join forces with friendly governments, the OAS and other organizations to enrich our efforts in training our people.

137. Worthy of note is the recent launch of the NIA/MUA Scholarship Fund which seeks to award two (2) scholarships annually to successful Nevisian applicants. This year two (2) Nevisian students were awarded scholarships to pursue studies in the fields of human medicine and veterinary medicine. We applaud the commitment of the Medical University of the Americas to the development of our people and invite other corporate entities to come on board in this regard.

138. In 2012 the Human Resources Department will again organize training exercises to strengthen efficiency, professionalism and productivity within the Public Service. Special emphasis will be placed on supervisory management to sharpen the administrative and organizational skills of senior officers. Some of the areas of focus would include handling discipline and grievances, evaluation of employee's performance, decision making, principles of supervision, organizational communication and motivation and work attitudes.

HEALTH

139. Madam President, the Ministry of Health strives to provide a full spectrum of exceptionally high quality healthcare services, programmes and leadership as are required to promote, prevent, protect and preserve the health and well being of the population. During the year 2011, this mission was accomplished through the success of several initiatives which formed part of priority areas of focus through which we will attain healthy population development.

140. With 485 persons on the hypertensive register, and 505 on the diabetic register, in 2010, and a total of 41 deaths due to these chronic non-communicable diseases (CNCD's) in that same year, the management of CNCD's, remains one of the major priority areas of focus. The Ministry of Health therefore, in collaboration with local, regional and international partners, conducted surveys in 2011, designed to investigate the risk factors associated with chronic non-communicable diseases. One such survey included the **Global School-based Student Health Survey**, conducted at high schools in the Federation. Analysis of data revealed that among students between the ages of 13 to 15, 32.50 percent are overweight and 61.6 percent consume at least one (1) carbonated soft drink per day. We therefore believe that it is of paramount importance to educate our young people about these diseases so that preventative measures could be taken.

141. Consequently, International Health Day messages such as the one for World Diabetes Day were read in all primary schools by student government presidents. Routine health education sessions are now in effect with monthly health education sessions held in all primary schools as of January 2011. Additionally, in commemoration of World Health Day 2011, 25 teachers and 125 students in 3rd and 4th forms were tested for diabetes and hypertension at the Gingerland Secondary School and this programme will be expanded to the Charlestown Secondary School in 2012. Additionally, community health screening will continue and have been extended beyond Charlestown.

142. Madam President, Nevis continues to serve as a model in the Caribbean region in the area of Men's Health, and was one of the first islands to implement this public health service in 2006. Another **Men's Health Clinic** was launched in September 2011 at the Brown Hill Health Centre with over 30 men in attendance. Other clinic locations are at Butlers and Gingerland.

143. In the area of Environmental Health, the International Health Regulations places greater attention on communicable diseases and their capacity to spread throughout the globe via points of entry as was the case with H1N1, commonly referred to as “swine flu”. The Federation has hosted several workshops to orient key stakeholders on the International Health Regulations. One of these workshops was held in Nevis in April 2011, with over 25 persons participating from the Federation.

144. Other communicable diseases also continue to garner attention from the Ministry of Health. The only endemic infectious disease in the federation is dengue. There have been eight (8) confirmed cases to date in Nevis for 2011 and 28 suspected cases. With assistance from the Pan American Health Organization, the Ministry hosted a Vector Control Workshop in 2011 with the aim of customizing a Vector Control Manual for use by the Environmental Health and Vector Control Officers in the federation. The management of vectors such as mosquitoes and rats are covered in this manual. The Environmental Health Department has placed 30 bait stations in Charlestown and 3 in Bath Village to assist in controlling the rat population on the island.

145. Madam President, in May 2011, the US President’s Emergency Plan for AIDS Relief (PEPFAR) conducted a health systems assessment exercise where an evaluation was done with respect to health financing, health information systems, and human resources for health. The findings of this exercise will be disseminated in January 2012, and will form the basis for the fulfilment of technical assistance needs of the Ministry of Health in the aforementioned areas. Also, in May 2011, International Triage, a health insurance company specializing in cross border health services, held a two day consultation with key stakeholders to discuss the feasibility of a national health insurance plan for Nevis. Further consultations are planned for 2012.

146. Policy development, another aspect of health systems was prioritized in 2011. A workplace policy for HIV/AIDS in the federation is nearing completion, and addresses aspects of the rights in the workplace of persons living with HIV/AIDS, and the responsibilities of the employer. Outreach activities regarding HIV/AIDS testing have increased significantly in 2010 and 2011. During the first half of 2010, 65 tests were completed through voluntary counselling and testing programmes, compared to 181 tests for the same period in 2011. Workplace testing for HIV/AIDS was also piloted at Brown Hill Communications, with a total of 59 persons tested.

147. Human resource development, a critical component of health systems development is vital to the provision of quality health care on the island of Nevis. As such, the Ministry of Health has recently acquired the services of a general practitioner with extensive experience in psychiatry. The services of this practitioner will not only advance general medical services at the Alexandra Hospital but will also build capacity in the Psychiatric Unit.

148. Madam President, this government will continue to invest in the development of our people. Currently, there are twenty (20) persons pursuing studies in the medical field; sixteen (16) persons with the goal of becoming physicians and six (6) persons pursuing nursing at CFBC, one of whom completed studies in 2011.

149. Initiatives in geriatric care must also be highlighted. Through the “Circle of Care”, a Canadian based NGO with Nevisian connections, a nurse and a nursing assistant received hands on training in Canada at Villa Columbo through a two month attachment in the development of residential recreational activities for seniors. This training provided by The Circle of Care is its second contribution to geriatric services. In 2010, this organization donated medical supplies and equipment, and also facilitated training at the Flambouyant Nursing Home. Geriatric services in relation to dental care were also provided to the elderly as a part of Dental Week 2011. Thirty-two (32) persons at the Flambouyant Nursing Home, and eleven (11) at the St. Georges and St. John Nursing Homes received oral health examinations including screening for oral cancer. One senior based at home also received this service in the parish of St. George’s.

150. Madam President, partnerships with other organizations such as Global Links based in the USA have also benefited the health care system here in Nevis. We received a 40-foot container of medical supplies, educational material, surgical equipment and general medical supplies in the 4th quarter of 2011. Other equipment acquired through donations included a theatre table and a hooyer lift to facilitate the transfer of patients from bed to wheelchair.

151. At the Alexandra Hospital, we will continue to offer services in specialized areas including dermatology, orthopaedics, urology and ophthalmology. In the month of November 2011, the number of cataract surgeries increased to 53 from 44 in the same period of 2010. Urological services were also enhanced with the acquisition of a Green Light Laser donated by surgeon specialist Dr. Dwayne Thwaites. This piece of equipment allows for minimal invasive surgery which results in less bleeding and faster recovery time for patients. The

Alexandra Hospital is also now equipped with a variety of saws and other supplies to facilitate orthopaedic surgeries.

152. Madam President, the accomplishments of this government as far as health care is concerned is commendable. Even with limited resources, we were able to accomplish so much and we will continue investing and providing for the needs of our people and to ensure a healthy population.

SOCIAL DEVELOPMENT

153. The continued global economic downturn has posed renewed challenges for the Ministry of Social Development as it continues to seek to bring about meaningful social change through participatory and sustainable programmes in Sports, Community Development, Social Services and Culture.

Despite the challenges, the Ministry was able to and will continue to develop and implement sustainable programmes in the following areas:

1. Promoting all aspects of social development through public awareness.
2. Adopting a proactive approach to tackle the root cause of social problems.
3. Strengthening the abilities and opportunities for communities to develop their own organizations, resources and activities.
4. Accessing training opportunities to raise awareness of social development issues.
5. Making social development and social assistance services more accessible and available.
6. Working towards poverty reduction by instituting interventions, with the aim of protecting consumption and preventing any further decline in poverty.

Sports

154. Sports continue to play a vital role in the social and economic development of the island. It provides experiences to individuals, through instruction in basic skills required to be successful in major sporting disciplines. It also develops positive characteristics of integrity, good sportsmanship, character, commitment and competitive desires in our athletes.

155. The Sports Department continues to create an enabling environment conducive for the development of all sports through improved infrastructure, coaching and training, sports administration and sports tourism. In relation to infrastructure, the Department has spare

headed the upgrade, expansion and lighting of the Brown Hill and Cotton Ground Playfields. The lighting at The Flats is to be completed shortly. The Brown Hill Sporting Complex has also been transformed with improved lighting and the construction of a new stand, outfitted with bathroom facilities, dressing rooms and a bar. It is the hope of the Ministry that these infrastructural developments will redound to the benefit of our youths, as we seek to channel their energies into positive sporting activities. To ensure that the sporting facilities are fully utilized, the Department of Sports has and will continue to develop and expand its programmes, to widen and deepen participation in sports at all levels of the society. This will be done through coaching, physical education, sports administration and the integration of sports with public health and social well being.

Sports Tourism

156. As a tourist based economy, the linkage between sports and tourism in economic and social advancement is very crucial and as such the Administration will seek to promote this aspect of our development to its fullest. The successful hosting of the St. Kitts & Nevis Triathlon (Tristar Nevis) in March 2011 is testimony to our efforts in promoting sports-tourism. This event attracted great competitors including the world's number one Tri-athlete. The general feedback indicates that the athletes were very pleased. Furthermore, local and international journalists wrote very positive reports of the event and of Nevis. In 2012, the Administration will once again partner with the St. Kitts & Nevis Triathlon Federation and Tri – Star to host this annual event in Nevis. In 2011 a total of 411 athletes from local, regional & international countries participated in the event, and it is anticipated that this figure will increase significantly in 2012.

157. In addition to the triathlon event, Drag Racing has received unprecedented attention, locally and regionally as a sports tourism event. We have attracted Dragsters from Trinidad & Tobago, St. Lucia, Grenada, Anguilla, Antigua, St. Maarten, Montserrat, Tortola, Virgin Gorda and St. Kitts & Nevis, on different occasions. The congregation of all these youngsters and adults at the St. James Racetrack has provided and will continue to provide not only opportunities for socialization but also opportunities for tourism enhancement. In 2012, we intend to move this sporting event to another level with the aim of attracting international participation, by extending and lighting of the track and completing the storage facility so that racers from overseas can store their cars in Nevis. The hosting of seminars and training

workshops for racers and a general upgrade of the facility will make it more conducive to participants and patrons.

Community Development

158. Through the Department of Community Development, we continue to provide opportunities for individuals and communities to develop self-reliance and community cohesion.

159. Areas of focus include:-

1. The adoption of non-partisan and culturally sensitive approaches to carry out community development initiatives.
2. The provision of institutional strengthening through continued training of community development practitioners.
3. The strengthening of community-based organizations to ensure good governance.
4. The improvement of social cohesion through increased use of community centres for social and economic programmes and activities.
5. The development of partnerships with local, regional and international agencies to secure funding for community projects.

160. The aforementioned sustainable programmes will be greatly enhanced with the commissioning of the new Community Centres in Combermere, Fountain, Cotton Ground and Jessups, along with the Basic Needs Trust Fund (BNTF) Adult Education Centre in Barnes Ghaut, by the 1st quarter of 2012.

Social Services

161. Madam President, in an era where social issues seem to be on the rise, the role of the Social Service Department is becoming more critical. Thus, the Social Services Department will continue to pay special attention to the following:-

1. Development and implementation of social programmes for boys with behavioural problems. These programmes will provide the Education Department with additional alternatives to dealing with disruption and violence in schools, as well as the Court with alternatives to imprisonment and corporal punishment.

2. Parenting technique classes for teen mothers, with special emphasis on new parents with mentally challenged children and parents dealing with behavioural issues.
3. Youth skill programmes that provide training and create additional job opportunities for young people.
4. Strengthening collaboration with youths 18-35 years, with the view of fostering a spirit of increased participation in embracing the Departments policies and programmes.
5. Building the capacity for and encouraging intergenerational support/unity amongst our seniors, to help in the general improvement in the overall quality of their lives.
6. Developing a more efficient service for juvenile offenders so that they can live more productive lives and thereby reduce the crime rate.
7. Strengthen the foster care programme with regards to placements and post placement follow ups in cases involving child neglect, physical and sexual abuse.

CULTURE

162. Madam President, during the year the Nevis Cultural Development Foundation (NCDF), in collaboration with the Department of Culture in St. Kitts and through funding from UNESCO, undertook an intense and in-depth consultation towards the drafting of a National Cultural Policy. This policy will guide the advancement of the preservation, development and promotion of culture in the Federation. All stakeholders made significant contributions to the various positions, strategies and actions that will be included in the Policy document.

163. When the National Cultural Policy is ratified and implemented in 2012, the NCDF would have realized one of its main aims as provided in the NCDF Ordinance of 2007. The National Cultural Policy will provide the framework whereby the Arts and Culture could be used to affirm a sense of pride amongst our people. While the NCDF will continue to lead the charge for artistic and cultural advancement in Nevis, it is expected that all stakeholders will play a role in the integration of culture in the society.

164. During 2012, NCDF will continue its school-based Artistic and Cultural Development Programme in the areas of Creative Dance, Steel Pan Music, African Drumming and Folk Dance. This will be supplemented with new programmes in Drama, Kettle Drumming, Fife Playing, the Calypso Art Form and Craft. In addition, the Foundation will continue to offer

technical assistance to all schools in the organization of commemorative and celebratory activities.

165. In 2012, the Foundation will enhance and expand on its Cultural Outreach Programme throughout the island. This will be done in collaboration with the Department of Community Development as part of the Ministry's efforts to maximize the use of new and existing community centres throughout Nevis. This programme will involve all aspects of culture. The Cultural Outreach Programme will also involve collaboration with the History Departments of all Secondary Schools in the conduct of oral history research and documentation projects to be implemented by the Foundation's Research & Documentation Unit. The Foundation will seek to develop partnerships with local, regional and international agencies to fund its outreach and other developmental programmes. An annual four-day Creative Arts Festival will be established to display the various aspects of arts and culture featured in the Foundation's Outreach Program.

166. Greater emphasis will be placed on positioning Culturama as one of the Caribbean's most unique cultural festivals. The school and community-based programmes mentioned above will be manifested through greater participation and enhanced quality performances in the Annual Culturama Festival.

167. Very shortly the entire Nevisian community will get the opportunity to witness the commissioning of the state-of-the-art Nevis Performing Arts & Conference Centre (NEPAC). NEPAC will facilitate the staging of high quality cultural, fine arts, social and educational entertainment for the benefit and enjoyment of the residents and visitors of Nevis. This will be done through the attraction of national, regional and international performing artistes. It will foster the development and growth of performing arts groups and artistes; create programmes that nurture local talent and expose performers to training opportunities locally and overseas up to a first degree level.

168. NEPAC will seek to introduce an annual Performing Arts Career Fair which will highlight the numerous professional possibilities that can be attained through the Performing Arts. NEPAC will also seek to establish National Adults' and Children's Performing Arts Ensembles in the areas of Theatre, Dance and Chorale Singing. An annual Performance Arts Programme will be developed for NEPAC which will feature at least one major production monthly.

169. Madam President, there is absolutely no doubt that this NRP-led government has provided dynamic leadership in the areas of community development and culture. Our programmes are transforming the lives of many Nevisians as we continue the thrust to bring art, culture and community programmes into the mainstream of economic development.

POVERTY ALLEVIATION

170. Madam President, the NRP government has been successful in reducing the poverty rate in half since returning to office. The most recent poverty survey revealed that the poverty rate which was established at over 30% during the CCM era has been cut to about 15% under the NRP government. This is a remarkable achievement and demonstrates that our people empowerment policies are working. In fact, the opposition members were so impressed with our progress that in the recently concluded elections they attempted to plagiarize our 2006 people empowerment theme with the expression, '*People Matter More.*' Despite tremendous progress in poverty reduction, however, we will not rest on our laurels. We will continue with several initiatives aimed at alleviating poverty.

1. The affordable housing programme will continue until we are satisfied that every Nevisian family has access to housing. In this regard, we are planning to construct 10 new homes in Maddens to bring the total to 26; 4 new homes in Harbour View, Craddock Road to bring the total to 31; 53 new homes at Cherry Gardens Phase 2; 8 on Marian Drive, and 8 at Stoney Grove. We have already completed 17 homes at Hamilton with one (1) under construction to make a total of 18. In Cotton Ground there are 10 homes under construction with an additional 13 planned for 2012. All of these projects will progress in 2012 and are expected to be completed in 2013.
2. The small business sector is extremely important to the economy in terms of employment creation and contribution to economic development. We will continue to give high priority to this sector with the provision of tax concessions, training, and soft loans. We are presently in negotiation with the Social Security Board to obtain a loan of \$1 million to lend to small and productive businesses.
3. We will utilize the community centres to provide training for our people especially in ICT technologies. Our strategy is to focus on increasing productivity and preparing Nevisians to be more competitive in an increasingly knowledge-based global economy.

171. Madam President, our poverty alleviation strategy is not designed to encourage dependency. We will teach people the survival skills so that they are better equipped to work, maintain their families and become productive members of the society.

CRIME PREVENTION

172. Madam President, my government is cognizant of the negative effect of crime on our economy and livelihood. While the police have done an excellent job in reducing the incidence of crime, there is still a lot of work to be done. The recent spate of robberies and gun related crimes close to the Christmas season must be contained immediately to restore the image of Nevis as a peaceful and friendly island. To eradicate this scourge from our society, my government will continue to work closely with the Federal government to undertake the following initiatives:

- I. Provide the police force with the necessary technology and equipment to solve crimes. This includes implementing state-of-the-art information systems to track criminals.
- II. Build capacity and provide training for police officers.
- III. Improve the screening of new entrants into the police force.
- IV. Continue the installation of surveillance cameras at critical locations in Nevis.
- V. Improve the laws and court system to ensure that perpetrators are punished severely and swiftly.
- VI. Continue our efforts to enhance street and community policing.
- VII. Develop programmes to rehabilitate offenders to discourage a lifestyle of crime.
- VIII. Develop social intervention programmes through the Social Services Department to discourage our youth from criminal behavior.
- IX. Develop an incentive regime to motivate police officers to strive for excellence.

173. Madam President, crime reduction is a top priority of my government and every effort will be expended to address the problem. However, we all have a responsibility to protect ourselves from crime. I would encourage homeowners and businesses to install alarm system and security cameras to increase the chance of detection of criminal activity. If we witness a crime, it is our responsibility to report it to the police. I believe that the initiatives outlined

and closer collaboration between the police and the communities could go a long way in making Nevis a safer place for residents and visitors.

FISCAL MEASURES

174. Madam President, we do not have any plans to introduce any new taxes for 2012 under the constitutional powers of the NIA. The VAT was introduced in 2010 and so far the revenue intake is satisfactory. During 2012, we will focus on expenditure management and on improving the efficiency of revenue collection. Under the IMF programme, we will have to meet quarterly expenditure and revenue targets and thus every effort must be expended to comply with these guidelines so that we can access the resources of the IMF. Consequently, we will execute the following:

- Impose a general freeze on hiring including a freeze on the hiring of auxiliary employees.
- Make arrangements for retired persons to leave the system by September 2012 and ensure that their duties are assumed by the current work force.
- Make use of attrition as a means of reducing the number of employees.
- Institute a pay freeze including an annual increment and bonus freeze.
- Look internally for replacements where it is absolutely necessary to fill a position.
- Discontinue the granting of increments to person on study leave.
- Contain all areas of payroll cost including overtime. We will also review allowance to reduce this expenditure head.
- Strengthen the collection unit at the Inland Revenue Department and provide training for staff with the assistance of the Caribbean Region Technical Assistance Centre (CARTAC).
- Enforce the tax law aggressively to ensure compliance. We are prepared to take action to garnish the income of tax payers.
- Begin the process to reduce discretionary duty concessions.
- Implement the policy whereby any transfer of shares in an offshore company that owns property is subjected to the 12% stamp duty calculated on the value of the property. In addition, permission will have to be obtained from the Minister of Finance before the shares are transferred.
- Request the assistance of CARTAC in revising the formula for the sharing of VAT revenues to reflect the contributions to GDP by both islands.

- Establishment of enforcement for the collection of income taxes from all companies operating in Nevis.
- Exert greater control over public enterprises to improve the management of expenditure, revenue, debts, and receivables.
- Increase port charges to improve the profitability of the Nevis Air and Sea Ports Authority.

175. Madam President, I must reiterate that these measures are necessary to return the government to fiscal sustainability. We are well aware of the debt and fiscal challenges facing many countries in the world including Greece, Ireland, Italy and the United States. These countries are presently imposing austerity measures to reduce their level of indebtedness so that they can return on the path of growth in the future. We have no choice but to enforce the same discipline in these small islands to buffer our people from future shocks.

176. I am aware that the IMF programme has created some level of anxiety because of the institution's record of imposing stringent austerity measures resulting in the retrenchment of workers, wage cuts, and the scaling back of critical services. However, the IMF is not using a big stick approach but is collaborating with our technical staff to develop pragmatic policies that are mutually acceptable to both parties. The technical assistance and support provided by the IMF is invaluable as we confront the challenges of a capricious global environment. We are also expecting to receive soft loans of about EC\$20 million from the IMF to help close the financing gap for 2012. This partnership will certainly benefit the country as we work untiringly to restore fiscal balance.

177. I therefore appeal to the people of Nevis to pay their taxes willingly and to be supportive and patient as we navigate our way through the vicissitudes of the global economy. The sacrifices that we make now will guarantee a brighter tomorrow.

CONCLUSION

178. Madam President, I conclude this presentation by posing the question – what does this budget offer? There is no doubt that it offers:

1. The priority programmes for reinvigorating growth.
2. Policies and programmes to improve the lives of all Nevisians.

3. Policies to restore fiscal balance but with the necessary fillip to support job creation and enterprise development.

179. Madam President, there is something in this budget for every Nevisian.

180. For the poor, we continue to improve community services, expand affordable housing, and provide financial assistance to the elderly and disabled.

181. For the young, we continue to create job opportunities, and provide financial assistance to pursue tertiary education.

182. For workers, we continue to emphasize the creation of quality jobs, and expenditure on health and education.

183. For small businesses, we continue to provide tax incentives, to develop training programmes, and to offer financial assistance.

184. For businesses in general, we continue to modernize infrastructure, to accelerate education and skills training, and to foster an environment conducive to technological and industrial development.

185. Madam President, I will not pretend that the road ahead will be easy. We are all aware of the global challenges including the debt crisis in the developed countries and the failure of the leaders to agree on a common solution. There has been a clarion call by the IMF president for the reserve rich emerging and developing countries to shoulder some of the burden of resuscitating the global economy, but so far her appeal has fallen on deaf ears. The lack of coordinated action by world leaders and the failure by some of the best minds to agree on a coherent strategy have created great uncertainty in the world about future prospects. There are now fears of a double dip recession in Europe which could have negative consequences for the whole world.

186. Madam President, despite the vagaries of the external economy, my government is not fearful of the rocky terrain that lies ahead. We have a team of leaders who have the resilience and fortitude to confront the challenges as we pursue the interest of Nevis with a zealous determination. However, we all have to play our part including the government, business, communities, families and labour. It is the time to do extraordinary things. It is a time for new ideas and bold efforts to ensure that we continue to progress in a hostile global environment. We will have to increase productivity, learn to be competitive, accelerate the utilization of

technology, and better manage our resources to ensure that we are not going around in circles but that we are in fact moving upwards.

187. Madam President, seeking to sustain growth and development while improving fiscal balance is no easy task. Fiscal consolidation requires us to reduce expenditure while enhancing growth often requires the opposite. The key to success is to find the right balance between both. We will therefore have to curtail consumption expenditure and target our limited resources on productive investments that could generate growth and jobs.

188. This task requires creativity, innovation and discipline, but this budget is testimony that we are ready and prepared to take on big challenges.

189. We are encouraged and inspired by the famous sociologist Max Weber, who wrote in one of his essays, **‘Man would not have attained the possible unless time and again he had reached out for the impossible.’**

190. Let us not give up hope but continue to make the sky our limit, and we will progress as a people and as a nation.

191. Before I close, I would like to express thanks to the various funding agencies that continue to partner with us in the development of Nevis. Special mention must be made of the Social Security Board, the Caribbean Development Bank (CDB), the Kuwait Fund for Arab Economic Development, and the Republic of China (Taiwan).

192. I must also express thanks to the budget staff for burning the midnight oil to prepare the estimates of revenue and expenditure. I must also mention the hard work of the Permanent Secretary of Finance and the Fiscal Policy Unit for preparing the budget speech. This is done in collaboration with all the Permanent Secretaries who submit policy statements for their respective ministries. They must also be commended for their sterling efforts.

193. Last but not least, I would like to express thanks to the people of Nevis for reposing their confidence in the NRP government for a second term. I can assure you that despite the many challenges, we will work diligently to improve the lives of all Nevisians. There are no doubts that sacrifices will have to be made in the short term but I have full confidence that we will overcome.

194. History has taught us that periods of anarchy always seem to precede the birth of new societies and systems. Let us therefore prepare ourselves to grow stronger and more prosperous when the recession storm eventually subsides.

195. Have a blessed Christmas and let us look to the future with confidence.

196. Madam President, I so move.