



NEVIS ISLAND ADMINISTRATION



BUDGET ADDRESS 2018

Presented By:

Dr. The Honourable, Mark A.G. Brantley
Premier & Minister of Finance

Monday 12th February, 2018

STIMULATING INNOVATION, CREATIVITY
and Diversity Towards Improving Socio-Economic Outcomes.



TABLE OF CONTENTS.

1.0 INTRODUCTION

2.0 INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

3.0 SUMMARY OF SELECTED ACHIEVEMENTS

4.0 DOMESTIC ECONOMIC PERFORMANCE

4.1 Fiscal Performance 2016/2017

4.2 Performance of the Value Added Tax (VAT)

4.3 Status of Public Debt

5.0 NEW PROGRAMS & INITIATIVES

6.0 STIMULATING INNOVATION, CREATIVITY AND DIVERSITY

6.1 Entrepreneurial Development

6.2 Development of Information Technology Capabilities

6.3 Tourism and the Environment

6.4 Agricultural Sector

6.5 Financial Services Sector

6.6 Infrastructure Development

6.7 Energy Development

6.8. Crime Fighting & Security

7.0 IMPROVING SOCIO-ECONOMIC OUTCOMES

7.1 Education & Human Resource Development

7.2 Health Care

7.3 Social Development Agenda

7.4 Youth Engagement

8.0 HOUSING DEVELOPMENT

9.0 FISCAL PROJECTIONS 2018

9.1 Fiscal Measures

9.2 Projected Revenues and Expenditure

10.0 CONCLUSION

11.0 ACKNOWLEDGMENTS

ANNEXES

- I. Comparative Summary of Fiscal Indicators*
- II. Comparative Performance of the Value Added Tax (VAT)*
- III. Comparative Summary of Average Employment by Sector (2012 – 2017)*
- IV. Comparative Summary of Public Sector Debt*
- V. Summary of Current and Capital Expenditure 2018*

1. **Mr. President, I beg leave to move the second reading of the Bill shortly entitled the Appropriation Ordinance 2018.**

INTRODUCTION

2. Mr. President, it is an honor and privilege for me this morning to rise and present this budget under the theme:

“Stimulating Innovation, Creativity and Diversity towards Improving Socio-Economic Outcomes”

3. Mr. President, there is no doubt that the challenges facing small economies over the past several years seemed insurmountable. Slow growth rates, unacceptable high rates of unemployment, sluggish economies, the challenges to the banking sector through the loss of correspondence banking relationships, and the declined in business opportunities in the retail sector arising directly from globalization are some of the factors which have seriously impeded the opportunities for our economies to continue to flourish.

4. The issue of global warming continues to pose a serious challenge to us as small island developing states in achieving our goals of a stable growth rate. The increasing incidents of hurricane and other natural disasters pose a real danger of eroding the gains we have made in a very short time. Our neighbors in Barbuda, St Martin, Dominica, Anguilla, the British Virgin Islands and the US Virgin Islands can all attest to this. Global warming is not of our own doing. Nevertheless, we shall continue to take steps to make our economy more resilient so that it can better withstand the negative shocks from these natural disasters.

5. The unfair system of donor countries that graduated us into the rank of developing countries purely based on per capita income even though a large number of our citizens are still below the poverty line has seriously impacted our ability to gain access to key grant funds to aid our economic development and raise the standard of living of our people.

6. Mr. President, the answer to overcoming these challenges lies in our ability to innovate while creating new opportunities in a diversified economy. This is essential if we are to improve the socio-economic outcomes for all citizens and residents of the island of Nevis. Over the past five (5) years we have made significant investments toward achieving this improved and diversified economy while at every turn putting the interest of our people at the forefront of our economic agenda.

7. We have made substantial investments in our infrastructural development and in our education system through the expansion and upgrading of our school plants. We have invested in our youths through a range of programs including the introduction of Technical Vocation Educating Training (TVET) program as a means of equipping our youths with the technical skills to face the future.

8. We have taken steps towards energy sustainability and security through the procurement of two (2) generating sets for the Prospect Power Station. We have sought also to develop alternative sources of energy by pursuing Geo-thermal Energy Development as part of our efforts to make Nevis a clean and green environment.

9. The Government has introduced programs for our elderly and taken considerable steps to provide adequate care for them as well. We have also introduced programs to ensure that the most vulnerable among us have access to the basic necessities of life in an effort to raise their standard of living as we seek to elevate them above the poverty line.

10. Mr. President, even though we have gained increasing access to a fairer share of the nation's resources, my Administration has taken steps to streamline our expenditure so as to curb wastage in the public sector and increase the growth of our economy as is evident in the incremental increases in our annual revenues over the past five (5) years. We have made meaningful strides in our debt consolidation measures as we seek to attain debt sustainability and bring the public debt to within manageable limits.

11. This solid platform for growth and development laid over the past five (5) years will no doubt create the impetus for acceleration into the future as we seek to introduce new and innovative ideas for growth in the non-traditional sectors of the economy.

12. Over the years the pillars of our economy have been the traditional sectors of Tourism, Construction, Financial Services and the Retail Trades. These economic pillars are no longer sufficient to propel Nevis forward. The time has come for us to actively engage in the diversification of our economy and to guide our young entrepreneurs into developing creative and innovative business ideas to support this new economic agenda.

13. This new innovative, creative and diversified economy must be built around advances in the Information Technology and Alternative Energy Sectors. This paradigm shift must be coupled with major enhancements of the Tourism Sector while using technology to improve our agricultural production geared towards food security and sustainability.

14. We must continue to prepare ourselves to embrace change, to craft new directions and to face the future with renewed confidence. We should work towards repositioning ourselves even as we seek to capitalize on the tremendous opportunities while confronting the challenges that lie ahead of us. We will continue to pursue a structural reform agenda that focuses on economic diversification, improved business practices and to address the skills gap among our young people. It is only through our vision, policies and programs that we will be able to reposition our island's economy over the medium to long-term.

15. Mr. President, I am confident that this new era of government which I am honored to lead will present tremendous opportunities for growth through entrepreneurial development for our people, especially among our young people.

2.0 INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

16. Mr. President, the World Economic Outlook (WEO) forecast that world growth is projected to rise from 3.1 percent in 2016 to 3.5 percent in 2017 and 3.6 percent in 2018. Activities are projected to pick up markedly in emerging markets and developing economies as a result of improvement in the macroeconomic strains experienced by commodity exporters.

17. This projected growth is primarily driven by higher projected growth in the United States reflecting the assumed fiscal policy easing and an uptick in confidence, especially after their relatively recent election. This has contributed to a stronger dollar and higher U.S. Treasury interest rates, pushing up yields elsewhere as well. The outlook has also improved for Europe and Japan based on a cyclical recovery in global manufacturing and trade that started in the second half of 2016.

18. Mr. President, the recent World Bank Report published in October 2017 indicated that Latin America and Caribbean region (LAC) seems to be showing signs of growth after years of slowdown. However, the years of economic stagnation have halted social progress, and the region needs to spur the economic recovery and find new engines for growth to reduce poverty and boost prosperity further. The region is expected to expand its economy by 1.2 percent in 2017, followed by 2.1 percent in 2018.

19. The report further states that the region must take steps to boost investment, savings and exports and foster private sector development. These countries need to address external and fiscal imbalances, strengthen regional economic integration to become more competitive globally. They must also take steps to build resilience to shocks –economic, natural, or social, including crime and violence – and encourage greater transparency and accountability. We must invest in people, particularly the poor as investment in quality education will play an important role in allowing the poor to contribute to and benefit from future economic growth.

20. We are fully aware that despite our trade relations with these major economies namely USA, Europe and China, it will take some time before the improvement in their economies flows

to our local economy. We therefore remain cautiously optimistic. But optimism without proper planning is futile. We propose therefore Mr. President to articulate a cogent and sensible plan.

3.0 SUMMARY OF SELECTED ACHIEVEMENTS

21. Mr. President, over the past fiscal year we have worked tirelessly in the interest of you the people of Nevis consistent with our ethos of our people mattering most.

Worthy of note we:

- Continued to take steps to advance our economy resulting in increased employment for our people
- Completed Phase 1 of the Mondo Athletic Track with International Athletic Federation (IAAF) certification
- Upgraded a number of our sporting facilities including the construction of new stadium at the VOJN Playfield
- Constructed and donated a number of homes for our elderly and other vulnerable members of our society
- Commenced the process for providing upscale facilities for our Water Taxi operators
- Continued to secure scholarships and other training opportunities for our students
- Completed major road reconstruction work at Marion Heights, Braziers, Shaw's Road, Bricklyn, Hermitage and the adjacent road to the Mondo Track
- Started reconstruction work on the Treasury Building Complex and the Alexandra Hospital Expansion Project.
- Completed the first phase of affordable housing at Maddens
- Procured and commissioned a new 3.8 megawatt generator for the Prospect Power Station
- Completed major rehabilitation works at our two secondary schools and the Gingerland Pre School
- Renovated and enhanced the Cultural Village, now transformed into a first class venue

4.0 DOMESTIC ECONOMIC PERFORMANCE

4.1 Fiscal Performance 2016/2017

22. Mr. President, as we turn our attention to our fiscal performance over the last year, it must emphasize that a component of good governance is an efficient, fair and effective system for revenue collection. Over the years we have rolled out a number of revenue collection initiatives including measures to ensure that the public has access to adequate information regarding their obligations for the payment of taxes. We have fully computerized our government services and upgraded our Information and Communication Technology (ICT) capabilities so as to ensure our revenue centers and support departments are well equipped to administer and collect the revenues of government.

23. Mr. President, during the last fiscal year, the revenues collected amounted to \$128.92 million which when coupled with the amount of \$58.99 million received through Federal Grants and Development Aid funding resulted in an overall revenue of \$187.91 million for 2017. Tax revenue accounted for 75 percent of current revenue, whilst non-tax revenue accounted for 25 percent. The main component of revenue collected was the Value Added Tax (VAT), which accounted for 25.30 percent of total revenue. Other notable contributors included Financial Services – 10.29 percent, Import Duties – 9.11 percent, Social Security Levy – 7.47 percent and Stamp Duties on Property – 6.32 percent.

24. Mr. President, compared to the revenue collections for the fiscal year 2016, of note is that revenues collected during the fiscal year 2017 fell slightly by 2.99 percent. Tax revenue, which is a good measure of economic activity fell marginally by 2.58 percent when compared to fiscal year 2016. The slowdown of economic activity for the fiscal year 2017, especially as it relates to the Citizenship by Investment Program (CBI), was the most significant contributing factor.

25. Mr. President, total expenditure for the fiscal year 2017 amounted to \$204.04 million which represents a marked increase of 18.93 percent when compared to the \$171.56 million in

expenditure for fiscal year 2016. Recurrent expenditure for that period amounted to \$140.56 million, which represents a small increase of 3.92 percent when compared to the results of 2016. The major contributing components to recurrent expenditure are personal emoluments which amounted to \$78.55 million and the purchase of goods and services which amounted to \$31.24 million. Debt Servicing, both principal and interest repayment amounted to \$24.43 million. This represents an increase of 3.16 percent more than the outlay for 2016.

26. Capital Expenditure for 2017 amounted to \$63.47 million, a significant increase of 74.86 percent over the \$36.30 million spent in 2016. This level of expenditure was necessary as the government undertook a number of projects in its quest to complete its 5 year commitment to the Nevisian public. A number of these projects were funded through external sources such as Caribbean Development Bank (CDB), the Sugar Industry Diversification Fund (SIDF) and the Social Security Board.

27. Mr. President, for the period January to December 2017, our fiscal outcome showed a modest surplus of \$0.56 million on the primary balance as specified in the economic classification format. This shows a significant narrowing of the primary balance when compared to the \$12.12 million primary balance surplus achieved in 2016. Both the current account balance and the overall balance exhibit significant widening of the deficit, when compared to 2016. These modest fiscal results are as a result of a reduction in our current revenue collections coupled with the \$27.17 million increase in capital expenditure. This underscores the continued critical need for prudence in government spending and improvements in our revenue collection system.

28. Mr. President, my Government will address these issues in an effective and transparent manner so that we can realize the desired improvements in the fiscal balance.

4.2 Performance of the Value Added Tax (VAT)

29. Mr. President, the Value Added Tax (VAT) being a broad based tax, continues to perform exceptionally well over the past 7 years. This is a clear indicator of the improved state of our economic affairs as this tax touches every sector of our economy. It continues to be the single major contributor to our annual revenue collection. Mr. President, the VAT collected in Nevis during the fiscal year 2017 amounted to \$ 32.6 million representing 25.3 percent of the total revenue collected by the Administration during this period. This amount is on par with the amount actually collected for VAT for the fiscal year 2016. Further analysis reveals that 53 percent of this amount was generated by domestic goods and services while the remaining 47 percent was generated from international trade.

30. Mr. President, it must be noted that these figures in no way reflect the total VAT generated from activities in Nevis as there are a number of business entities operating in Nevis who continue to file and pay their VAT returns in St. Kitts. As outlined in the Throne Speech, we will take the necessary steps working with the Federal Government to enact legislative changes to ensure that the VAT generated from economic activities on Nevis are paid in full in Nevis. A full comparative analysis of the VAT is shown in the Appendix attached to the Budget.

4.3 Status of Public Debt

31. Mr. President, as it relates to our Public Debt, my Government pledges to exercise prudence with regard to the management of the Public Debt. Our aim is to achieve a debt to GDP ratio of 60 percent by the year 2030 as mandated by the ECCB. Even though the ECCB and other agencies are yet to devise a formulae for the calculation of the Nevis specific GDP, we are certain that the combined Debt to GDP ratio for St. Kitts-Nevis of 63.2 percent achieved as at December 2016 is a fair reflection of the situation in Nevis as well.

32. Mr. President, as Small Island States with limited resources we are forced to borrow from our creditors in order for us to grow and develop our economy. Even as we pursue new borrowings, our main focus has always been to utilize low cost instruments which will not impair our ability to service our existing debt stock. Our capital expenditure program for the last fiscal year was funded mainly through domestic debt instruments from the Social Security Board, the Sugar Industry Diversification Fund and our Commercial Banks. As a result, while our stock of Foreign Debt is gradually decreasing, there has been an upward trajectory for the Domestic Debt and the overall total Public Debt.

33. Therefore, Mr. President, as at 31 December, 2017 the stock of Central Government Debt portfolio stood at \$379.5 million comprising \$ 44.89 million in Foreign Debt and \$ 334.62 million in Domestic Debt. Our Central Government Debt Stock when combined with the debts of our Statutory Corporations provides an overall Public Sector Debt of \$418.26 million as at December 2017.

34. Mr. President, my government is cognizant of its debt profile and as such we place great importance on meeting our debt service obligations. We are aware that any blemishes on our record could have disastrous lingering effects on our credit rating, our economy and the lives of our citizens. We will continue to employ a debt strategy with emphasis on cost and risk management. We believe that by reducing cost and mitigating the risk associated with these borrowings we will decrease our stock of debt over time. Therefore during this fiscal year we will seek to further reduce the interest rate on our 91 Days Treasury Bills by 1.0 percent to 4.5 percent so as to bring the cost of such borrowing more in line with the interest rate currently paid in the banking sector. In addition we will seek to cap the amount of Treasury Bills sold to each investor so as to slow the growth of our Treasury Bills portfolio.

5.0 NEW PROGRAMS & INITIATIVES

35. Mr. President, as we seek to meet the challenges of an uncertain future, there is need for creativity and the adoption of new programs and initiatives to cope with an ever changing environment. 2018 will witness the implementation of the following new initiatives:

- Commencement of the discussion on Legislative changes to the VAT and CIT Legislation to increase revenue base in Nevis
- Continuation of the road rehabilitation works in Brown Hill and commencement of road works in Craddock Road and Bath Village
- Procurement of a CT Scan machine to complement the array of services presently offered at the Alexandra Hospital
- Launching of the Youth Agri-preneurship Incubator Program to build awareness and promote Agriculture especially among our youths
- Launching of the Small Business Development Centre to promote innovative entrepreneurial development
- Appointing a Lawyer to assist the police with the prosecution of criminal cases
- Establishing an Information Technology Department to advance our country's ICT development
- Further upgrades to our education infrastructure to fully implement the TVET Program
- Fully implementing the Sustainable Development Goals (SDGs) as set by the United Nations to advance the socio-economic wellbeing of our people.

36. Mr. President these are just a few of the programs that my government intends to implement during this fiscal period. Truly exciting times lie ahead for our island.

6.0 STIMULATING INNOVATION, CREATIVITY AND DIVERSITY

6.1 Entrepreneurial Development

37. Mr. President, as we turn our attention to the economy, our goal is to achieve inclusive and sustainable economic growth across all sectors of the economy. The Eastern Caribbean Central Bank (ECCB) has put forward a growth target of five (5) percent per annum for the region and that is what we shall whole heartedly strive to achieve over the medium term. Even while we seek to achieve this benchmark, we will seek to develop an environment in which the social pillars of our country, namely affordable education, affordable housing, access to high quality and affordable healthcare for all and most importantly to ensure the safety and security of our people, are maintained.

38. Our economy must be private sector driven and therefore we intend to work closely with the private sector in such a way as to strengthen and enhance our resilience and competitiveness. Through our various programs for business development, we will seek to provide a solid platform from which both new and existing small, medium and large, indigenous and international businesses will be able to thrive here in Nevis.

39. We will intensify our efforts at attracting foreign direct investment through initiatives such as the Citizenship by Investment Programs and Lifestyle Homebuyers Program. During this fiscal year, my government will seek to do a review of our investment promotion policies. We will seek to reenergize and reactivate the Nevis Investment Promotion Agency so that it can hold true to its mandate of being the driving force for attracting foreign direct investment to our shores. My government is confident that much more can be accomplished through greater collaborative effort between the Nevis Investment Promotion Agency and the Small Enterprise Development Unit. To this end we will seek to merge the activities of these entities thereby strengthening sectorial linkages and creating a one stop shop for both local and foreign investment.

40. Moreover Mr. President, during this fiscal year our Small Business Sector will continue to receive our undivided attention. Therefore my government intends to provide financial support through an annual revolving fund of \$5 million to provide seed funding for new businesses. This fund will be offered to women and youth below the age of 35 at a nominal interest rate of 2.0 percent to provide seed capital for new business startups. These new businesses will also be granted 50% waiver on business license fees for the first 3 years of their commencement.

41. In addition, my government intends to improve and enhance the services presently offered by the Small Enterprise Development Unit in our quest to develop a Small Business Development Centre for the island of Nevis. This Centre will have as its motto: “InvestNevis, building our economy one business at a time” and will serve as an incubator for business development with the main thrust of moving business ideas from concept to implementation. This unit will be equipped with the requisite staff to provide business counselling, tax advice and social marketing tips to our young and innovative entrepreneurs.

42. Mr. President, my government is fully aware that continuous growth in our economy will ultimately result in an improvement in the standard of living of our people and it will place a greater burden on government to allocate resources to support our needs. We implore you the citizens of this country to seize the opportunities for entrepreneurial development that will arise rather than leave the burden of providing these services solely to government. Our people must always be prepared to try new ventures as my government embarks on programs to promote new and creative entrepreneurial opportunities.

6.2 Development of Information Technology Capabilities

43. Mr. President, my government supports the view that the broad-based utilization of information technology can have a substantial impact on our nation's level of productivity and economic growth as well as the educational and social success of our citizens. To this end we have recently created a full-fledged Information Technology Department under the Ministry of Education. This department has been charged with the responsibility of assessing our existing IT

infrastructure and taking the necessary step to advance IT development at the island level. We will continue to make substantive investment in our information technology infrastructure to support the daily services offered by the various governmental agencies so as to enhance the way we respond to the needs of the general public.

44. I am happy to report that our Information Technology infrastructure did not sustain any significant damage as a result of the passage hurricanes Irma and Maria. However, there are critical lessons to be learnt from our Caribbean neighbors who suffered severed telecommunications with the outside world and data loss as a result of damage to server equipment. In light of this, my government will take steps to strengthen the resiliency of its Information and Communication Technology (ICT) infrastructure by improving our off island communications capabilities through the addition of a satellite communication gateway to the existing Wide Area Network infrastructure. This gateway will integrate with our existing network and provide the ability to communicate with the external world, in the event of a complete loss of service from our primary and secondary Internet Service providers. The department will collaborate with the Nevis Disaster Management Department in this regard to ensure that existing equipment can be readily integrated into our existing network.

45. As it relates to our own interdepartmental communications, a backup wireless network will be commissioned that can be rapidly deployed in the event of a disaster while our fixed links are being restored. Similarly, by integrating cloud computing technologies into the existing infrastructure, this will allow for the migration of external facing services to the cloud and provides an additional tertiary backup platform for services. These services will include email, NIA's website and eServices platform. This will ensure that these services remain uninterrupted irrespective of any disruptions to the local ICT/power infrastructure.

46. Our Information Technology Department places cyber-security as one of its primary objectives and seeks to remain active in ensuring that our ICT assets are adequately protected against these threats. In this regard, the department has already employed a holistic cyber-security strategy. This includes proactively educating the NIA end users through the End User Cyber Security Course. It must be noted that Social Engineering techniques remain one of the

key methods by which organizations are attacked. It is therefore incumbent on us to ensure that users are aware of the impact that their behavior can have on the organization's cybersecurity. Other measures include the dissemination of 'advisories' during periods when threats are active along with regular updates & virus scans of all NIA systems.

47. Mr. President, the Voice over IP Project continues to be one of the major achievements of the IT Department. This project facilitates the deployment of VoIP technology as a replacement for analog telephones across the NIA. This has resulted in reduced cabling costs, improved call quality and functionality, reduced operating costs as internal calls are routed via the NIA's Wide Area Network and reduced maintenance costs for our telephone infrastructure. To date, a total of 300 handsets representing approximately ninety (90) percent of the telephone handsets across all Ministries and Departments have been installed.

48. During the 2016/2017 academic year, the department collaborated with the Ministry of Education in the deployment of 100 computers across computer labs at the Gingerland Secondary School where 25 computers were installed and the Charlestown Secondary School where 75 computers were installed. This project was executed in support of CSEC Online Exam pilot that was done as part of the 2017 examinations. As part of this initiative, CSEC now allows multiple choice exams to be taken online. In 2018, it is expected that there will be an increase in the utilization of this technology with additional subject areas being offered online. This deployment will support the increased demand for access to computing resources as a support tool in the delivery of an array of subject areas as part of the teaching/learning process of our education system.

6.3 Tourism & the Environment

49. Mr. President, as we turn our attention to Tourism and the Environment, the Nevis Tourism Promotion and Marketing Agency continues to adopt a marketing strategy carefully crafted to build awareness of Nevis among the international travel press, the travel trade and the traveling public, utilizing the services of our public relations teams in both North America and the UK.

50. I am pleased to report that Nevis hosted a total of forty-seven (47) travel journalists and influencers along with four travel professionals FAM trips and a host of individual travel agent FAMs. As a result of this publicity, our destination Nevis, appeared in over one hundred (100) articles and blog posts in the past year.

51. We continue to benefit from ads in the Hamilton Playbill on Broadway. We also had two international television appearances with US television programs and successfully hosted the Nevis Travel Symposium of Romance and the photo shoot for the 2018 Sports Illustrated Swimsuit edition. We have significantly improved our digital and social media presence with the addition of a dedicated social media team. This has improved our level of engagement on social media, grown our followers, significantly improved our ability to gather and utilize online user statistics and has brought the international team closer together with some internal communications tools. These activities are all geared towards building awareness of our destination in the regional and international market. Awareness of Nevis is the first critical step in generating additional tourism traffic to the island.

52. Mr. President, this tourist season is already showing good prospects despite the setbacks caused by the passage of hurricanes Maria and Irma which affected our coastline and devastated some of our major beaches. We anticipate an increase in visitor arrivals especially as we are projecting a total of 100 cruise ship calls for this season. We continue to position ourselves to benefit from the recently opened Park Hyatt in St. Kitts. It is very heartening to note that a number of our citizens have been recruited to work at that institution. It is a clear testimony of our people's ability to provide quality service of which we should all be proud. We will move speedily to complete the construction of the Water Taxi pier at Oualie Beach to provide an upscale welcoming facility for our visitors to Nevis and an easily accessible transportation hub for Nevisians choosing to commute daily for work on the South East Peninsula. I make the point Mr. President that Park Hyatt and the development at Christophe Harbour are closer to Nevis than they are to most of the rest of St Kitts.

53. We will intensify our thrust to have historic Charlestown inscribed as a World Heritage City by UNESCO. We are making steady progress in this regard and my government pledges full support to the committee already appointed to lead this charge. I am happy to report that two representatives of ICOMOS visited Nevis in late January as a first step in this process and we are confident that this coveted inscription will catapult Nevis to the next level as a tourist destination unleashing the full potential of our people and their creative spirit and allowing us to showcase our rich history to the world.

54. We will continue to invest in our human resource capital to support this all important sector. We must now develop a cadre of professionally trained and skilled practitioners in the field of hospitality to augment this “five-star experience” for which we are known. We intend to partner with investors in the hospitality sector to create a Hospitality Institute in Nevis offering a full range of training in Culinary Arts, Mixology and Bartending, Cosmetology, Massage Therapy, Hospitality Management and other related hospitality areas.

55. This training program is timely in light of the fact that my government anticipates that we will see the fruition of its efforts with the commencement of touristic developments at Pinneys, Cades Bay and Potworks. The redevelopment of the Rest Haven Property is expected to come on stream during this fiscal year. This project when completed would facilitate the expansion of Charlestown and add diversity to the tourism sector by creating a boardwalk, retail shops, restaurants, office space, conference facilities and a marina facility.

56. Mr. President, my government recognizes that the preservation of our flora, fauna, beaches, coastlines, reefs, valleys and mountains are critical to the wellbeing of our image regionally and internationally if we are to promote Nevis as an eco-tourism destination. We continue to market our tourism sector under the tagline "Nevis Naturally" and therefore maintaining a pristine environment coupled with the preservation of the natural aspects of our island must continue to be of utmost importance to us all.

57. In addition to the push for clean/green energy, my government shall ensure that planning laws and regulations are adhered to so as to ensure that our buildings conform to the

requirements of maintaining our island's traditional architecture whisky building stronger and smarter.

58. As part of our plans for a clean and green environment, we will intensify our efforts to clear our lands of derelict and abandoned vehicles and white goods. These will be processed and exported as scrap metal. My government has already signed a contract with the US based company Enclave Resources LLC to assist in this regard. I am happy to report that the first set of equipment has already arrived on island and work will commence in earnest on ridding our island of derelict vehicles and discarded white goods.

59. Mr. President, my government intends over the medium term to re-examine our policy as it relates to the importation and use of plastics and styrofoam to ban their importation into Nevis. This effort will be done in consultation with the Federal Government and stakeholders as we take steps to reduce the considerable environmental damage that these materials cause to our island especially our waterways and oceans. We also intend to robustly enforce anti-littering and anti-dumping laws and to continually seek, through the Nevis Solid Waste Management Authority, to educate our public on the need to keep our environment clean and to dispose of waste only as prescribed by law. We must all strive for a cleaner Nevis and we ask for the public's partnership as we ensure that Nevis remains pristine and lives up to its marketing tagline "*Nevis Naturally*".

6.4 Agricultural Sector

60. Mr. President, Agriculture and food security must be important goals for emerging economies and can be the common thread that links the varied challenges we face while helping to build a sustainable future. By focusing our minds on technology, high productivity and efficiency, our thrust is to be able to produce certain specified commodities and to add value so that we can reduce our reliance on food importation.

61. The Ministry of Agriculture will continue to undertake the necessary policy and support initiatives to further empower the different sectors namely Crop and Livestock Farmers, Fishers

and Agro-processors. The Department of Co-operatives is an important support structure in the overall improvement of agriculture, whether it is farmers, fishers, Agro-processors or bee keepers. Working together is a proven method of achieving economies of scale as they collectively ply their trade.

62. Mr. President, we recognize the challenges being experienced in the Agricultural Sector due to the consequences of climate change. We must therefore adopt climate smart farming techniques. The climatic environment from rain fall patterns, temperatures, soil conditions, pests and diseases are all affecting production and yields. We will continue to work in close association with our allied agencies. With the expertise that we garner from their wealth of knowledge and our access to both technical support and funding, we continue to be on the front lines with our farmers transferring knowledge and best practices. We continue to push protected agriculture. It has been proven that farmers can produce more with smaller physical space in an environment that is ideal for relevant crops. We encourage careful selection of varieties that have proven to be high yielding in our climate and are resistant to the majority of pests and diseases. Every effort has been made elevate agriculture within the hierarchy of our local economy. We will endeavor to provide the requisite incentives to facilitate and modernize agricultural production.

63. Agro Processing continues to be a rapidly expanding value added opportunity for agriculture. The beauty about this activity is that the processors are limited only by their level of creativity. The Ministry continues to value the support from IICA, in particular, which over the last year has contributed equipment and a labelling system and also sourced a mango pulping machine while committing to provide an additional walk in freezer. One of the small successes at the Ministry has been the use of cassava flour in making bread. The bread continues to gain popularity especially with regard to its taste and gluten free attributes.

64. The expansion of the Abattoir in 2016 was a direct result of the increased demand from local patrons as well as hotels and restaurants for our local products. The Ministry took what was an easy decision to invest in the facility as the operations and variety of services offered simply outgrew the existing plant which was constructed more than two decades ago. The manager and

staff at the facility must be commended for the first class service provided to the general public and our expectations continue to be surpassed every year.

65. Mr. President, our youths must be incentivized to see agriculture as a sustainable and viable means of employment and as a potential economic driver. Working through the Small Business Development Centre and the Ministry of Agriculture, my government will seek to launch the Youth Agri-preneurship Incubator Program to build awareness of the importance of Agriculture among our young people. This program will focus on developing alternative forms of Agriculture that utilise greenhouse technology, aquaponics technology and alternative energy sources in production.

66. Mr. President, even as we introduce and support advanced farming techniques, we will continue our efforts to reduce crop damage and losses to farmers caused by the increasing population of monkeys. The working partnership with the company Arnova and Mission Taiwan, the program to reduce human/monkey conflict, is gaining much success as is evident by the reduction in crop losses to farmers over the past six (6) months. This program is specifically geared to bringing about a change in behaviour of these animals while degrading their population over time through sterilization.

67. My government will continue to work in close collaboration with our allied partners. Our technical staff will continue to take advantage of training opportunities that become available through our partnership with these entities. We also intend to continue our close relationship with the Earth University in Costa Rica as we continue to expose our students to the training program in General Agriculture.

68. Mr. President, my government values the support and assistance it has been receiving from these allied partners and pledges to continue the collaboration in the interest of the industry. We wish to place on record our deep appreciation for the support from institutions such as the Caribbean Agricultural Research and Development Institute (CARDI), the Inter American Institute for Co-operation on Agriculture (IICA), the Taiwanese Technical Mission, the Food and Agriculture Organisation of the United Nations (FAO), the University of the West

Indies (UWI) and the Organisation of American States (OAS) and individuals such as Anne Bass.

6.5 Financial Services Sector

69. Mr. President, in the area of Financial Services, my government continues to see the growth of the financial services sector as a viable option for diversification from the traditional agricultural based economy. Tremendous investment has been made in this sector over the years to ensure that we are kept compliant with the requirement of the international community and to ensure that Nevis has a well regulated modern financial services industry. We have amended our legislation and introduced new products all in an effort to keep us competitive while promoting and enhancing our island as a first class well regulated financial services jurisdiction.

70. This sector continues to contribute significantly to the annual revenue collections of government. The revenue collected for the fiscal period 2017 amounted to \$13.3 million a slight decrease of 7 percent when compared to that generated for the period 2016. The total new product registration for the fiscal year 2017 was 2344 entities as compared to the 2470 registrants for the previous year. Several factors may have contributed to this decrease, including the impact of external regulatory and tax transparency initiatives which continue to negatively affect International Financial Centres worldwide. The total number of active entities currently on the respective product registers at the end of the last fiscal year stood at 16400. For the year 2017 the Department received and approved 44 insurance applications including captive insurance companies, reinsurance companies, insurance brokers and three (3) registered agent and money services business licence applications.

71. Mr. President, I am pleased to report that the Nevis Business Corporation Ordinance 2017 and the Nevis Limited Liability Company Ordinance 2017 were passed in the Nevis Island Assembly in July 2017. They both came into force on the 1st day of January, 2018. The Ordinances repealed and replaced the Nevis Business Corporation Ordinance, Cap 7.01 (NBCO) and the Nevis Limited Liability Company Ordinance, Cap 7.04 (NLLCO) and their various

amendments over the years. The NBCO and NLLCO have been in force since 1984 and 1995, respectively. Forward looking provisions were also included to ensure that our financial products are user friendly and marketable to industry practitioners, their clients and prospective investors. The Ordinances also include new provisions to match existing administrative practices resulting in more practical and transparent requirements. Regulations providing for prescribed fees and forms under the NBCO and NLLCO were also promulgated and entered into force on 1st January, 2018.

72. The Nevis International Exempt Trust Ordinance, Cap 7.03, Nevis International Insurance Ordinance, Cap 7.07, and the Nevis International Banking Ordinance, 2014 are also due for review, having entered into force in 1994, 2004, and 2014, respectively. My government has mandated that a thorough assessment of the legislation governing the financial services products should be undertaken at least every two years to ensure that they remain current, competitive and compliant with international standards and best practices.

73. Additionally, the Financial Services Department will undertake the modernization of prudential supervision mechanisms for the international banking sector in accordance with the Basel Core Principles for Effective Banking Supervision, the standard-setting body for the banking industry. These initiatives are necessary to ensure that regulated entities are effectively and adequately supervised; thus enabling the jurisdiction to build and maintain its profile as a reputable and well-regulated International Financial Centre.

74. Mr. President, it is also important to note that the Department is also currently in the process of preparing for the OECD Global Forum peer review assessment which will take place during the month of March 2018. The assessment will look at our regulatory and administrative practices in relation to the provision of timely beneficial ownership, accounting and banking information to our treaty partners in accordance with enforceable exchange of information mechanisms.

75. With respect to the European Union's ongoing screening initiative and listing process for 'uncooperative jurisdictions' for tax purposes, the Department remains confident in its position

in relation to the island of Nevis' assessment against the EU's unilaterally-determined criteria and strongly rejects any attempt to include the Federation of St. Kitts and Nevis on any blacklist.

76. Mr. President, we acknowledge that the international regulatory and taxation landscape involves a range of interconnected initiatives, formulated by developed countries which pose significant challenges, particularly, for small and resource-strapped jurisdictions. The implementation of these initiatives, including the blacklisting of international financial centres, is likely to result in reputational damage, encourage the withdrawal of correspondent banking services and the imposition of costs in the adjustment to new onerous regulatory requirements. Notwithstanding these external pressures, our jurisdiction will remain resolute in its stance against any initiative that threatens our economy. Accordingly, as a responsible jurisdiction, we will seek to identify and address gaps in our financial regulatory system and respond appropriately to international initiatives that are likely to have a bearing on perceptions of risk and reputation.

6.6 Infrastructure Development

77. Mr. President, my government continues to invest heavily in the development of the island's physical infrastructure as we firmly believe that this will provide the catalyst for the future development of our country. Over the past years we have substantially rehabilitated our road network, upgraded our water storage and distribution system and increased our power generating capacity at the Prospect Power Station. We have refurbished our education and health facilities along with a number of administrative support offices for the government. These investments which formed the basis of our capital budget over the years were carefully chosen and prioritised so as to improve the delivery of services to the general public.

78. We must seek to rebuild and renovate our direct physical infrastructure as a means of reducing overall government expenditure. As part of this process, construction work has already commenced on the reconstruction of the Treasury Building Complex. My government has envisioned the renovation of the old warehouse building as an extension to the Treasury Building

Complex as it seeks to create a Financial Complex to house all related financial departments of the government. Additionally, my government is in ongoing discussions with a friendly government with a view to secure funding for the construction of a Government Administrative Complex to host the offices of government and our parliament. The proposed site has already been identified and preliminary concept drawings prepared.

79. Mr. President, this fiscal year 2018 will see a reduction in our capital expenditure program as compared to previous years. We believe that the substantial investments made over the years have placed us in a position to stimulate private sector development and as a government we will now focus on improving the delivery of quality service to the general public. These programmes and projects are geared towards creating the correct environment to stimulate innovation, creativity and diversity, with the aim of achieving our desired socio-economic outcomes in the Nevis economy.

80. However, during this fiscal period 2018, my government intends to complete work on a number of projects started during the last fiscal period. These include completion of road rehabilitation works at Hermitage, Bricklyn and the road adjacent to the Mondo track, rehabilitation works at the Government House, reconstruction of the Treasury Building Complex in Charlestown, construction of the Water Taxi Pier at Oualie Beach, expansion work at the Alexandra Hospital along with expansion work at our two (2) secondary schools under the CDB TVET Enhancement program. A number of these projects are financed through the SIDF and other external funding sources.

81. In addition to the projects listed above, my government has allocated the amount of EC\$4.4 million for renovation works on a number of major roads. These include upgrading works to the main road in Brown Hill, preliminary design works for the rehabilitation of Craddock Road, rehabilitation of the Bath Village main road along with preliminary works on the Fountain to Shaws Road Project. These are in addition to the rehabilitation works on a number of secondary village roads in accordance with the 2018 Public Works Road Rehabilitation Program.

82. Mr. President, work will continue in earnest as we seek to complete the final phase of the Caribbean Development Bank (CDB) Nevis Water Supply Enhancement Project. The objective of this project is to develop an efficient, sustainable and adequate supply of potable water on the island of Nevis by enhancing our water supply network capacity; building capacity; and strengthening the institutional and legislative management of our water resources.

83. I am pleased to report that to date EC\$20.29 million has been disbursed under this loan. Work completed to date includes the Water Resource Management Study, construction of six (6) Reservoirs or storage tanks, construction of two (2) of the three (3) Pump Stations, procurement of ancillary equipment including backup Generators along with the laying of over 68,125 feet of pipelines throughout the island. The remaining items under this project include laying some additional pipelines in the north and south of the island, the completion of a reservoir and a Pumping Station at Pond Hill, the installation of a SCADA system and a new chlorination system to regulate the flows at the various pumping stations and to monitor chlorine residuals throughout the water distribution network. It is anticipated that these remaining deliverables under the project will be completed by the end of this fiscal year. This project enhances immeasurably the water storage and distribution system for our island.

84. Mr. President, it is evident that this administration has expended significant amounts of resources over the past few year to undertake this project. We are now quite satisfied that our water supply and distribution systems are now at a point to meet the current needs of our people. It is therefore imperative that my government seeks to do a review of the existing water rates to bring them in line with the cost of upgrading our water supply and distribution system. In fact, as a condition for the CDB loan negotiated by our predecessors in government, approval was granted for a thirty (30) percent increase in water rates across all sectors. This increase was approved but never implemented. Therefore, as we near the completion of the project, during this fiscal year my government will seek to implement an increase in water rates in keeping with the agreement for the loan funding under this project from the CDB.

85. Furthermore Mr. President, we recognize that in order to transform the water sector in Nevis, improvements must be made in the technical, financial, legislative and institutional

areas. Therefore it is the intension of my government to enact legislation to move the process forward to corporatize the Nevis Water Department, through the guidance of the CDB. This will bring efficiencies to the administration of our water system and the overall management of our important water resources.

86. This CDB Water Enhancement project focused mainly on the storage and distribution of water, which is the demand side; but did not address the supply side. Hence my government has entered into an agreement with BEAD Nevis to explore, drill and develop three (3) new wells with the necessary equipment and Pump Houses to augment our existing water supply. This project which is estimated to cost US\$2 million will involve drilling for additional sources of water at strategic locations on the island. I am happy to report Mr President that drilling of the first of these wells has commenced at New River Estate and is yielding very positive results thus far.

87. Mr. President, it is important to note that these wells when completed and tested will be handed over to the NIA and the Nevis Water Department will have full responsibility for management and maintenance of these well. Put differently, these wells will be the sole property of the Government and people of Nevis. This is very much unlike the previous BEAD arrangement negotiated by the former NRP led Administration whereby the wells are owned by BEAD and the NIA had to purchase water monthly from BEAD for a ten (10) year period.

88. I am further pleased to report that the wells at Maddens Estate and Fothergills Estate presently owned by BEAD will be handed over to the NIA in July 2018 when the BEAD contract comes to an end.

6.7 Energy Development

89. Mr. President, my government continues to take steps to ensure a sustainable and continuous supply of energy for the people of Nevis. During the last fiscal period we made significant investments by adding two (2) new generating sets for an additional 6.85 megawatts of electricity production. While we continue to rely on fossil fuel generation in the short term,

my government stands firm in its commitment towards the pursuit of renewable energy development especially in the area of Geothermal Energy as a viable alternative.

90. The idea of Geothermal energy production is not new as it was the then CCM Party in government as far back as 2004 which began exploring the possibility of harnessing geothermal energy as a source of cheaper and cleaner energy for the people of Nevis, with the possibility of exporting to St. Kitts. I am happy to report that this project now has renewed impetus with drilling once again taking place at Hamilton as we take closer steps towards eventual production of this type of energy. Alternative energy has the potential to truly diversify and transform the island's economy and be a critical driver of economic growth for our small island.

91. Mr. President, Nevis is at the cusp of something truly revolutionary in the area of alternative energy development. Working in partnership with the developer, we will continue to commit the necessary resources to ensure that the promise of geothermal energy as our island's main source of energy is realized.

92. Such an achievement will facilitate economic growth through the development of ancillary industries seeking cheaper sources of power while fostering the growth of bi-products of geothermal energy. Our environment will benefit from cleaner energy generation and our island will wean itself off of fossil fuels for the generation of electricity. My government looks forward to Nevis being declared the greenest place on Planet Earth. Geothermal energy will allow Nevis much needed diversification of our economy.

6.8 Crime Fighting & Security

93. Mr. President, the matter of crime continues to be a troubling issue about which my Administration is deeply concerned. Safety and security must be the paramount duty of any government and my government intends to continue to take this duty very seriously. We will continue our frequent meetings with the leadership of the Royal St. Christopher and Nevis Police Force (RSCNPF) Nevis Division to discuss the issue of crime on Nevis. We have outlined our expectations and will continue to inquire of their plans as they are the ones charged with finding

ways and means to curb crime and keep the people of Nevis safe. I wish to assure them that they have our fullest support. However, I implore them to demonstrate the required effort so that our people can have the necessary confidence that they are safe in their communities and in their homes.

94. My government is also very concerned over the apparent level of anger among our people. This is already manifesting itself in various forms of hate crimes and physical abuse among our people, especially our women. We are sadly developing a culture of persons willing to take matters into their own hands and settle disputes through violent methods. The issue of gang violence is still prevalent within our various communities and is one of the challenges that my government will have to confront.

95. Mr. President, my government will continue to commit the necessary resources in our fight to rid communities of criminal activities. To support the work of the security services, we will continue the ongoing works to expand the CCTV program beyond the environs of Charlestown to ensure island wide coverage. We shall also shortly construct a modern command and control centre for the islandwide CCTV programme.

96. Additionally, it is matter of deep concern that many of the perpetrators of crimes are able to escape conviction. It is the view of many that the underlying reason is that these crimes are not prosecuted by officials with the correct mix of legal and technical skills. Against this backdrop, my government shall seek to allocate more technical resources to our prosecution system. We will appoint a lawyer to work specifically with the Police Force in Nevis and the Office of the Director of Public Prosecutions who will deal specifically with the prosecution of criminal matters.

97. Mr. President, we must take a firm stance as we seek to grapple with this issue of crime which if not brought under control will negatively impact our economic growth and development. We cannot effectively develop as a country unless we can maintain peace and stability and reduce criminal activity in our communities. Criminal activities left unchecked will only serve to erode all the gains we would have made as a people and as a country over the

years. We must ensure, Mr. President, that the security forces have our fullest support (not just of the Government but of the communities around the island) and that at every step in our fight against crime the iron fist of law enforcement must be encased within the velvet glove of opportunity for our people.

7.0 IMPROVING SOCIO-ECONOMIC OUTCOMES

7.1 Education & Human Resource Development

98. Mr. President, my Government continues to place the education of our children at the top of its priority list as sound education must be the foundation for the future development of our country. Therefore, we remain resolute to the theme, “Investing in Quality Education: Empowering the Nation”.

99. My government has made significant investments in education during the school year 2016 – 2017 and will continue to do so during this current school year as we seek to enhance our education product and equip our students with the necessary competencies to maximize their learning outcomes. The exam results for CSEC, CAPE and our local Test of Standards bear out the fact that our policies are already bearing fruits as shown in the performances of our students.

100. I wish to congratulate the outstanding performers in the CAPE exams namely Mr. Cheslin Maloney and runner up Ms. Nekehalia Tyson. At the CSEC level, I wish to congratulate Ms. Kervincia Webbe who was awarded the top female performer in the Federation having attained 12 subject passes with 12 distinctions. Other incredible performers were Mr. Mcke bou Tross, Ms. Gabriella Brantley, Ms. Eulone Pemberton and Ms. Shaniah Taylor.

101. Mr. President, while we celebrate our students’ success, we pledge to continue to invest whole-heartedly in the total education of our people. We must take steps to ensure that the great strides we have made in education are strengthened. The Child Friendly School model will

continue to be promoted in all our schools to bring about the desired positive behaviors that we want our children to display at all times.

102. During this current school year, a number of education-related projects will be initialized. Work will commence under the TVET Enhancement Project with the renovation and expansion of the Multi-Purpose Centre at the Charlestown Secondary School and the construction of a Technical Education Facility at the Gingerland Secondary School. This project when completed, will enhance the vocational training of our people and make us more competitive in the job market. In addition to the construction of the physical facilities, this project involves the procurement of equipment to enhance the delivery of the subject curriculum. Work is presently ongoing in assessing the existing stock of equipment and to make a determination of our most urgent needs. Critical ICT resources such as laptops, tablets etc. will be introduced as a means of promoting ICT integration in the secondary schools.

105. Mr. President, we recently launched the Education Sector Plan 2017 – 2021 which is geared towards the development of strategies and activities to create a more cohesive and responsible society. It seeks to better prepare our learners for higher education, economic independence, social integration and build cultural awareness and pride. This plan has as its theme “Education for All: Embracing Change, Securing the Future”. It aims to establish and strengthen our education system based on societal needs while providing access to high quality education for all our students.

106. The Education Sector Plan encompasses components and strategies that help our people to develop self-worth, to appreciate family and community, appreciate creative arts, focus on personal health and fitness, increase awareness of the natural environment and develop critical and creative thinking skills for the current dispensation. The vision of this plan is to provide lifelong education for all, which will build civic responsibility in individuals and provide them with the tools that will help them to succeed locally, regionally and internationally.

107. My government supports the view that our education system must work for all and must serve to develop, mold and nurture the natural talents of our students especially those who are

not academically inclined. Therefore investments in sports and other extracurricular activities such as the Arts must feature prominently on our school curriculum. Working in collaboration with the Nevis Cultural Development Foundation we will continue to take steps to preserve our traditional cultural art forms such as the masquerades, cake walk, maypole dancing and African drumming and various sporting disciplines among our students.

108. The Ministry of Education successfully implemented phase one of the Early Learners Programme in 2017. This USAID funded project is a Reading enhancement program implemented across member territories of the OECS. The program focuses on developing teachers' ability and performance in utilizing strong instructional techniques while providing them with the necessary resources to effectively aide in the development of children's reading skills. A total of twenty-nine (29) teachers have been trained so far and the program has been introduced in a number of schools across the island.

109. During this fiscal year the Ministry will seek to introduce the archiving curriculum and assessment framework. This project which is funded by the Organization of American States (OAS) will focus on improving the quality and relevance of teaching and learning and will seek to bring about the introduction of advanced technology in five (5) pilot schools to provide online training and learning resources for teachers.

110. Other technological advancements in the delivery of education include the launch of the Open SIS program, which is a secure web-based database that captures and stores staff and student demographic information and school performance data while providing for the timely generation of students' transcripts and report cards. This has been introduced in all schools and allows for increased efficiency in teacher management and parent interaction. This system will become a prominent fixture during this school year as more than sixty (60) teachers and principals were trained in the use of this mobile application.

111. Mr. President, my government expresses grave concern over the rate of vandalism of school property and the increasing rate of anti-social behavior on our school compounds. Such actions not only put a strain on the resources of government but also endanger the lives and

wellbeing of other students. We will adopt a zero tolerance to these matters. Therefore, my government will install an advanced Security and Surveillance System on the premises of our two (2) Secondary Schools and later extend to the primary schools as well. The installation of security cameras and other monitoring systems will greatly reduce unwanted deviant behaviors by students. This Surveillance System will not only serve as a deterrent to illicit activities but will also help the school management and security team to better supervise and control activities on the school compound.

112. The Ministry and Department of Education will continue to work with our private sector partners, civic groups and regional and international organizations in an effort to implement our education plan and strategies. This collaboration is geared towards the continued improvement in our education product. We thank all those who have contributed over the years to the development and innovation in our education system.

113. Mr. President, in the area of Human Resource Development, my government holds firm to the view that every person in Nevis must be exposed to continuing academic and vocational training. In pursuit of this, we intend to create a scholarship and training office to provide a one stop shop for students wishing to study abroad or access training. My government has been able to secure scholarships for Nevisian students to study abroad in Cuba, Taiwan, Morocco, Mexico, Switzerland, Turkey, Georgia, the United Kingdom and Australia. In addition, my government has invested heavily in providing full and partial scholarships to Nevisian youths for university training.

114. An educated population is a prerequisite for lasting socio-economic development. My government will continue to source vocational training opportunities abroad and incentivize students through financial assistance to utilize the services of the UWI Open Campus.

7.2 Health Care

115. Mr. President, as we outline our objectives for Health Care for 2018, we must also take time to reflect on one of our most significant achievement for 2017. As you are well aware, St. Kitts/Nevis has become the first country in the OECS, CARICOM, and the Americas, apart from Cuba, to have eliminated mother to child transmission of HIV and Syphilis. This is a remarkable achievement. We look forward to similar achievements in 2018 and beyond which will be made possible with the advent of the National Health Insurance Scheme here in St. Kitts/Nevis.

116. The Ministry of Health recognizes the link between health and its social determinants such as education and income which can impact a nation's development. In 2018 our priorities will focus on primary, secondary and tertiary prevention of non-communicable diseases, as well as facilitating access to secondary and tertiary healthcare services.

We will continue to implement sound policies and programs geared towards healthy population development. Our burden of disease reflects a population with a high prevalence of obesity which is a risk factor for non-communicable diseases such as diabetes, hypertension and cancers. Access to health promotion services is key, and is required to facilitate behavior change, thus, innovative ideas must be employed.

117. We wish to laud the effort of our critical partners such as the Government of the Republic of China (Taiwan) which has partnered with us for the period 2017-2020 on a three (3) year Renal Health Prevention and Control Project. The first phase of the project included training for three(3) of our health professionals in Taiwan in August 2017, followed by a local training of over 30 health professionals on Nevis in November 2017. It is anticipated that an additional 30 health care professionals will receive training during this fiscal year.

118. Mr. President, m government has embarked on the use of information technology to aid the delivery of quality health care for all. Work has already commenced on the development of an electronic database for monitoring the care of our diabetic and hypertensive clients. Timely access to health care information has been enhanced through the establishment of a hospital information system. Innovation through new health technologies will also include improvements

in the immunization and perinatal information systems at our community health centres. For the first time in over fifty (50) years, all health centres will be computerized which will allow for more timely data reporting and analysis of health information of all our citizens and residents.

119. The introduction of Geographic Information System technology will allow for the mapping of mosquito “hotspots” on the island, leading to a more targeted approach for the eradication of the mosquito population. Training in this area has already been conducted for the Environmental Health Division, with the mapping exercise to commence early in this fiscal year.

The recently launched electronic Perinatal Information System will provide critical information for healthcare providers at the antenatal, labor, delivery, and post-natal stage of infant development. A similar electronic based initiative will be launched in early 2018 with regard to our immunization records where a person’s immunization history will be available across all health facilities.

120. Mr. President, as outlined in the Throne Speech, my Government is cognizant of the view that our people face great challenges from time to time in all aspects of their daily lives. These challenges can inevitable lead to depression and later develop into mental health issues. We are therefore committed to providing the necessary support structure and counselling services to assist our people to confront these challenges at an early stage. My Government will therefore seek to establish a full-fledged counselling unit within the Ministry of Health headed by a qualified and experienced Psychiatrist and supported by a full complement of counselors to respond to the needs of our people.

121. During this fiscal year, the health sector will realize increased diversity in the array of new services offered through the availability of additional qualified health care professionals. Our human resource capacity will increase through the availability of qualified persons in the area of Pharmacology, Internal Medicine, and specialized nursing care in the area of midwifery. We will also pursue other health areas including Optometry which will complement our advanced vision screening program.

122. Through a partnership with the University of South Carolina my government will introduce biannual neurology clinics to provide specialized care for persons who are diagnosed with migraines, epilepsy, and Alzheimer's disease among others. We welcome this partnership overall, and in particular with regard to Alzheimer's care. This service will enhance our ability to bring more attention to this disease as we recognize that we have an aging population, coupled with the fact that 3 percent of persons on our mental health register are currently being treated for this disease.

123. Mr. President, infrastructural development in the health care sector has once again been placed as a high priority for this fiscal year. Expansion and renovation work is expected to be carried out at the health centres in Charlestown, Brown Hill and Gingerland to make provision for an Environmental Health Office and a modern Dental Unit. Works under the Alexandra Hospital Expansion Project will continue after unavoidable delays. This project when completed, would enhance the ability of my government in the delivery of Quality Health Care to all citizens and residents in Nevis and builds upon the existing framework and existing infrastructure in this important health sector.

124. To complement the existing services presently offered at that facility, my government intends to install a CT Scan machine to provide our health care professionals with the necessary tools to properly diagnose patients. This facility will also be equipped with a special chemistry analyzer which will greatly improve the diagnosis of cancer.

125. Mr. President, these substantial investments in providing a modern health care system for our people requires my government to allocate tremendous resources to our health sector. Therefore, during the upcoming year my government will seek to do a review of all fees and charges throughout this sector, including those charged by the Solid Waste Management Authority for disposal at the landfill, to bring them in line with the increasing cost of providing this improved level of health care and other services to our people. At every step in this review process we will seek to ensure that the less fortunate among us are not put in a position where

they are disadvantaged in anyway or deprived of the opportunity to gain access to these specialized services.

126. The development of our island is contingent on the quality of health care delivery, therefore, the Ministry of Health will continue to ensure that we have the availability of human resources in the right mix. This fiscal year will see our capacity strengthened in the fields of nutrition, internal medicine, pharmacology and health technology. The hospital expansion project coupled with the anticipated roll out of the National Health Insurance Scheme are major priorities for my Government in the area of healthcare. Exciting times lie ahead and I charge all our health care professionals to bring their vast talents and energies to bear so that the Nevisian people can be the beneficiaries.

7.3 Social Development Agenda

127. Mr. President, in pursuit of our Social development Agenda, the Ministry of Social Development continues to implement programs intended to strengthen its anti-poverty response and social safety net system geared towards improving the standard of living of the most vulnerable persons in our community. This Administration endorses wholeheartedly the 2030 Sustainable Development Agenda. In this New Year, we will further amplify our efforts for the implementation and review of these critical Sustainable Development Goals.

128. It is important that we continue to work diligently with our social partners in advancing human development as clearly laid out by the United Nations Human Development Agenda. Particular focus will be given to Sustainable Development Goals Number (SDGs) number 1, 4, 5 and 13 which focus on eradicating poverty; providing greater avenues for quality education particularly in the realm of vocational training and entrepreneurship; intensifying our efforts to reduce gender inequalities; investing in sustainable energy concepts that boost climate action and build awareness to help safeguard our environment. We are already making tremendous progress in these areas.

129. There is also a need for heightened awareness of the SDGs, particularly amongst our youth, who are indeed the leaders of tomorrow and would be expected to carry this mantle into 2030 and beyond. We believe that more of our youths need to be exposed to various issues of international significance and the way the United Nation system works. To this end, we intend to stage a Model United Nations sitting on the SDGs utilizing students drawn from amongst our high schools and Sixth Form so that they can become more au fait with the various thematic areas which permeate the SDGs.

130. The area of environmental sustainability is a very critical pillar of the Sustainable Development Agenda. We are cognizant of new and constantly emerging threats from a changing climate which will pose greater risks to an already vulnerable population. Therefore, there is a need to transition the mentality of our populace towards adopting sustainable methods and implementing coping strategies to combat the harmful effects of climate change.

131. With the support of our development partners, my government intends to provide youth based and community groups/organizations with greater exposure to sustainable conservation projects in areas such as solar technology and biodiversity.

132. In our bid to tackle poverty and broaden the opportunities for vocational education, we will solicit the expertise of technical personnel to conduct training programs, targeting at-risk youth, especially young men, to equip them with vocational skills in areas such as photography, automotive-technology, culinary arts (including bartending), renewable energy technologies and green entrepreneurship. To complement this training, we will also pursue short term apprenticeships with local, regional and international establishments in the aforementioned fields to provide the trainees with practical exposure and experience.

133. Mr. President, a Steering Committee on the SDGs has also been established drawing on personnel from key Ministries/Departments to help guide and mainstream SDG themes into government policies.

7.4 Engaging our Youths through Sports and Culture

134. Mr. President, my government has mandated the Departments of Youth, Sports, Culture and Community Development to jointly embark on a series of programs to positively engage our youths. It is through these programs that deviant anti-social behaviour may be changed and our youths directed to positive pathways for their lives.

135. It is a mandate within the realm of the vision and mission of the Department to not only increase participation in sports and develop the athletic prowess of our people, but also to holistically develop the individual which will have the effect of positively impacting the communities and nation as a whole.

136. During this fiscal year, the department of sports will introduce the Com-Unity Sports program which is geared towards building and uniting communities. We will continue to invest in the upgrading of our existing sporting facilities so as to provide our youths with the tools to enhance their skills whether it be cricket, football, athletics or basketball.

137. I am happy to report that the first phase of the Mondo Athletic Track is completed. This facility which is built to IAAF specifications will now host Football and Athletics. It is a matter of tremendous pride for all Nevisians that we can now host any international athletic meet outside of the World Games and the Olympics. Our youths have now been provided with a first class facility to positively engage themselves and to develop their sporting skills. Work will commence shortly on the seating, parking and attendant facilities which are necessary to elevate this athletic stadium to the position of the best facility in the region.

138. Mr. President, in the area of cultural development provides another excellent opportunity to engage our youths. My government has always advanced the idea of investing in the Performing Arts as a means to engage our youths so that they can showcase their talents in a conducive and an accommodating environment. The concept of Performing Arts must be institutionalized so as to enable other facets of this critical area of human expression to be explored and adopted. One such area is music. Hence, my government will seek to establish a

Music Academy along with a state of the art recording studio. These entities will allow our youths to develop their musical talents and recording skills. Without contradiction, music has been the panacea for the young and will be the vehicle through which deviant anti-social behavior will be changed. Music and the Arts will provide viable economic prospects and a lucrative area for job creation among our youths.

8.0 Housing Development

139. Mr. President, housing is a fundamental right of our people. My government continues to laud the efforts of the Nevis Housing and Land Development Corporation as it continues its pledge to provide affordable housing for the people of Nevis. Additional lands have already been identified and an additional \$20 million is being negotiated from the Social Security Board to build additional affordable homes for the people of Nevis.

140. During this fiscal period, the Corporation aims to build and distribute at least Sixty- Six (66) affordable houses to applicants with all amenities. These houses will be a mixture of four (4), three (3) and two (2) bedrooms built on approximately 5000 to 8000 square feet of land in areas such as Maddens, Cedar View and the proposed new development referred to as University Heights to be located at Spring Hill.

141. The idea of University Heights is a new concept designed to incentivize Nevisians studying abroad and upon returning to Nevis after graduation to purchase a plot of land at an affordable price to build their dream home.

142. During the financial year 2017, the Corporation constructed a total of forty seven (47) homes at a total cost of \$10.2 million. This number included four (4) private homes built at a cost of \$1.2 million. These houses were built in areas such as Maddens Cedar View, Low Ground Estate, New River, Colquhoun, Nisbett Estate and Bath Village. A total of twenty seven (27) plots of lands ranging from 6,000 sqft to 10,890 sqft were also sold at a total cost of \$1.2 million.

9.0 FISCAL PROJECTIONS

9.1 Fiscal Measures

143. Mr. President, it has been our aim over the past year to cultivate an environment that is conducive to sustainable, inclusive economic growth and development. This is essential if we are to achieve our desired socioeconomic outcomes. Bearing in mind our small fiscal space, heightened market competition both regionally and globally and our scarce resources, it is not going to be an easy task to accomplish. However, it is challenges such as these that bring out the creativity and innovation in our people.

144. My Government will continue to bolster and support such initiatives through prudent fiscal policy. We will ensure that all opportunities for growth and development are fully utilized as we aim to continue to achieve year on year positive growth and to build an economy that is resilient.

145. Mr. President, there is no doubt that government spending plays an important role in our economy. It stabilizes and stimulates expansion of the economy, which provides a bridge between economic growth and social development. During the last fiscal year the government has expended tremendous resources to develop our infrastructure to incentivize private sector development. Private sector development must now take the lead in moving this country forward.

146. To this end, my Administration aims to present a budget for this fiscal year 2018 that is free of any new taxes as an incentive to stimulate economic activities in the private sector as a means to drive further growth in the economy.

147. Mr. President, we will however endeavor to continue implementing programs and policies that will create good quality jobs and expand opportunities for entrepreneurial development in an effort to improve the livelihood and standard of living of our people. As in previous years, we will continue to implement stronger tax collection practices designed to reduce the level of arrears thus raising our tax collection rates and reassessing our tax concession

policy while streamlining our expenditure, especially our Capital Expenditure Program. We will seek to ensure that our capital expenditure program for this fiscal year provides value for money and that these investments are aligned with Government's priorities to foster growth and development. Where capital programs are to be implemented valued at EC\$200,000 or above, my Cabinet must first grant approval before work commences.

148. Mr. President, your government over the years has expended tremendous resources in developing our road network, improving our water supply and enhancing our health sector. It is necessary for us to review some of our existing charges across these sectors to bring them more in line with the increasing cost of providing the improved level of service. During this fiscal year my Government will implement a 30 percent increase in the water rates for all users across all sectors. This 30 percent rate increase was recommended by the CBD and approved by the former NRP led Nevis Island Administration at the start of the water Enhancement project but was never implemented.

149. We will also conduct a review of the rates charged across the health sector including those currently charged for the disposal of garbage at the landfill. In addition, working with the Federal Government, we will also seek to conduct a complete review of fees and charges in relation to the operations of vehicular traffic on our roads. This adjustment in fees is merely to bring them in line with the increasing cost of maintaining our road network. We will also seek to implement greater measures to improve our collection of Property Taxes and expedite the registration of newly constructed property to the tax roll.

150. We will implement greater measures to reduce loss of revenue by reassessing our tax concession policy especially in the area of duty free concessions. Duty free concessions will only be granted to startup businesses on the purchase of furniture and equipment only. Existing businesses should now be in a position to provide adequate funding for replacement of capital items when they are fully depreciated. In addition, my government will no longer continue the policy of granting concessions to or contracting services from business entities which are continuously in arrears of taxes to the Inland Revenue Department. Suitable arrangements for

payment would have to be in place before such entities can be considered for further concessions or contracts.

151. Mr. President, we will eliminate the random policy of granting duty free vehicles to business entities unless it can be proven that the vehicle is essential for the business to operate. The deciding test will be whether the absence of a vehicle will makes the business cease to exist. In instances where it is necessary to grant such concession, this concession will only be granted on a suitable vehicle that falls in line with the nature of the business activities.

152. We will also continue to work with the Federal Government to amend the VAT Legislation to allow for all entities operating in Nevis to file and pay their VAT in Nevis. Moreover, we will seek assistance to amend the relevant sections of the Companies Act including section 245 subsections (2) to (5) and also the Income Tax Act so as to allow all business entities operating in Nevis to register, file and pay their Corporate Income Taxes in Nevis.

153. Mr. President, it is important that my Administration continues to implement the measures adopted under the recently concluded International Monetary Fund (IMF) structural adjustment program to ensure sustainability of public finances and promote economic growth and competitiveness. Therefore, Mr. President, over the next fiscal year our policies will continue to focus primarily on growth with emphasis on ensuring sustainable economic and financial stability. We must continue to take greater steps to close fiscal imbalances by lowering current account deficit and creating an environment conducive to attracting domestic and foreign direct investment.

9.2 Projected Revenues and Expenditure

154. Mr. President, the total expenditure budget for this fiscal year 2018 is set at \$227.30 million. This represents a decrease of 3.8 percent over the 2017 budget estimates. We have allocated the amount of \$162.61 million to recurrent spending representing a 3.3 percent increase in recurrent spending when compared to fiscal year 2017. This increase is as a result of annual

increments due to our hard working civil servants. Recurrent spending for this fiscal year therefore comprises 71.53 percent of the total projected budget expenditure.

155. My Administration is projecting to collect the amount of \$137.92 million in Recurrent Revenue, a slight decrease of 2.0 percent when compared to fiscal year 2017. This downward revision in our projection is as a result of the slowdown in our CBI sales market thus forcing us to be conservative in our projection for expected revenue inflows from property transfers. In addition, we expect to collect the amount of \$30.0 million from the Federal Government, being our 20 percent fair share of revenues from passport processing fees under the CBI program. Our combined total Recurrent Revenue is therefore projected at \$ 167.92 million for this fiscal year.

156. When compared to projected Recurrent Expenditure of \$ 162.61 million, this provides a surplus on the recurrent budget of \$ 5.31 million which will be utilized to provide part funding for our capital expenditure program.

157. Mr. President, the amount of \$64.71 million has been allocated to capital expansion. This represents an 18.0 percent decrease in capital spending when compared to the previous year. Having undertaken an enormous capital infrastructure program over the last fiscal year, it is necessary for us to reassess our existing situation as we believe that the work done so far has laid the infrastructural foundation for our private sector partners to move forward and carry a share of the burden for the future development of the island.

158. Despite the reduction in overall capital spending, my Government expects to complete works on a number of ongoing projects namely, Treasury Building renovation, construction of the Newcastle police station, completion of the Water Taxi pier and the Alexandra Hospital Expansion project. These projects were all started during the last fiscal year with funding already committed from external sources. We will also execute a number of other projects but on a smaller scale as compared to the last fiscal year. The rationale for these projects were earlier outlined as part of our infrastructure development program. These new and ongoing projects underscore the commitment of my Administration towards the continued future development of the island and provision of employment for our people.

159. Mr. President, funding for our capital expenditure program will also be comprised of loan disbursements from the Caribbean Development Bank for the Water Enhancement project along with committed disbursements from the Sugar Industry Diversification Fund (SIDF). In addition, my Administration will seek loan funding from other local entities at concessionary rates not exceeding 4.0 percent per annum to complete the funding for these programs.

160. Mr. President, a summary of resources projected to finance our 2018 expenditure program is outlined as follows:

- Current Revenue - \$ 137.92 million
- Recurrent Grant from CBI program - \$30.0 million
- CDB loans and other Concessionary Loans - \$21.90 million
- SIDF Grant Funding and other Grant Funding - \$ 11.49 million

161. Mr. President, while we have made these projections we intend to be very strict with the collection of taxes and will seek to reduce revenue losses by curbing our open ended concession policy. It is likely that there will still be a shortfall in funding to cover our total expenditure for this fiscal year. My Government intends to utilize a number of measures to deal with this. The use of public/private sector partnerships will be explored along with the seeking out of other concessional funding options from various institutions.

162. Mr. President, where such funding cannot be accessed, we will curtail our proposed programs and move some of the not so urgent ones forward to the next fiscal year. I wish to assure the public that we are a creative and adaptive government and we possess the ability to curtail our programs to fit within our resources. To do otherwise will only serve to drive our country further into indebtedness. We commit to all citizens and residents that we shall always conduct the financial affairs of Nevis with fiscal sobriety.

163. The major allocations in our expenditure are as follows:

- The Office of the Premier is allocated funding in the amount of \$ 9.6 million representing 4.0 percent of the total budget. Included in this amount are funds allocated for the reconstruction of

the Newcastle Police Station and the construction of operating space for our CCTV operations as we seek to put the safety and security of our people on the forefront of my Government's agenda.

- The Ministry of Finance is allocated funding in the amount of \$ 82.30 million representing 36.0 percent of the total budget. Included in this amount are funds allocated for our Debt Servicing obligations along with funding to execute continued works on the Treasury Building Reconstruction Project and construction of the Water Taxi Pier.

- The Ministry of Communications and Works is allocated funding in the amount of \$ 35.0 million representing 15.0 percent of the total budget. Included in this amount are funds allocated for our infrastructure development program including road work for Brown Hill and Craddock Road along with the completion of the CDB Water Enhancement Program and the drilling of three additional new wells.

- The Ministry of Health and Gender Affairs is allocated funding in the amount of \$ 28.9 million representing 13.0 percent of the total budget. Included in this amount are funds allocated for providing improvements in the quality and delivery of Health Care along with construction work under the Alexandra Hospital Expansion Program

- The Ministry of Education, Library Services and Information Technology Development is allocated funding in the amount of \$ 28.6 million representing 13.0 percent of the total budget. Included in this amount are funds allocated for the delivery of quality education to our people, executing work under the CDB TVET Enhancement program and for the development of our Information and Communication Technology needs including the computerization of our schools.

164. Mr. President, our policies and programs are carefully planned and fashioned to stimulate economic growth and create social stability, while preserving fiscal sustainability as we seek to put our country on a more sustainable path. In creating that environment to facilitate growth, we must remove the structural barriers to growth by enhancing the investment climate and business environment while pursuing macro-economic stability through fiscal consolidation. During this

fiscal period, our strategic approach will, once again, be to create an environment to encourage economic growth and create opportunity for employment and entrepreneurial development.

165. Mr. President, as noted in previous budget presentations, the challenge for every government operating with limited fiscal space is to restrain expenditure while at the same time staying the course in implementing policies which aid economic recovery through a well thought out structural reform agenda. In this regard, over the medium term my Administration will continue to take steps to address our fiscal situation and better align expenditure with expected revenue collections. We will continue to review the operations of Government to reduce wastage in all areas and attempt to deliver services to the public in a more efficient manner through the implementation of a medium term Public Sector Modernisation Program.

10.0 CONCLUSION

166. Mr. President, I must emphasize that, our economy, like so many other small island developing states, is highly synchronized to the global economy. Therefore, our achievements during this fiscal year will no doubt be directly influenced by the successes of these major economies globally and particularly the United States of America which remains one of our biggest trading partners. Notwithstanding the open nature of our economy, we must however make sensible plans and develop our road map for our island's economic success whilst remaining cautiously optimistic about the growth and stability of the global economy.

167. We are mindful of the immense challenges that Small Island States face but we are equipped and ready to provide effective and operative solutions to these social, financial and economic issues. We have clearly laid out our agenda for this fiscal year. We have articulated our position on developing the economy, on the issue of safety and security, in the area of Health Care, programs to engage our youths and our social development agenda. These programs and policies are all geared towards stimulating Innovation, Creativity and Diversity towards Improving Socio-Economic Outcomes.

168. We will continue to take steps to build on the foundation which has been laid over the past years while strengthening the architecture for the future growth and development of Nevis. We will focus primarily on three broad areas namely: Good Governance, the Economy and the development of our Social Infrastructure. Throughout this process we will ensure that the less fortunate among us are not deprived of the basic necessities and must have a fair chance to access those basic requirements which could improve their standard of living. The upcoming Enhanced Country Poverty assessment survey will no doubt provide a clearer indication of the extent to which our social programs are having the desired positive effects on those persons at the lower end of the social strata.

169. We will continue to implement policies to ensure that our youths and our people generally are empowered so that they can seize the commanding heights in their own country. We are aware that when we put people first, whatever the circumstances, we are able to adapt and turn threats into opportunities for the betterment of all.

170. Mr. President as I close please permit me to reiterate that the campaigning is over and governance must now take center stage as we settle down to the real hard work of building Nevis. In this regard, we pledge to be a government for all and we are committed to reaching across the political divide and embracing our fellow Nevisians as we harness our collective energies and ideas to move Nevis forward. We have only one beloved Nevis to which each and every one of us must dedicate our efforts individually and collectively if we are to succeed. We must truly demonstrate that we are One Nevis.

171. I challenge the members opposite to be constructive in their criticism and I also wish to remind them that they too can bring forward ideas to this Honorable House which we together as government and opposition can harness for the betterment of all and improve the lives of our people.

172. We will usher in a new culture in our performance and the delivery of service to our people. We must be prepared to embrace change and craft a new direction as we continue to create an environment to nurture and develop the wellbeing of our people. As part of the kinder

and gentler Nevis that we wish to see, we must be able to discuss ideas and even differ with each other without the level of bitterness which we have witnessed in the recent past. Let us engage with each other and differ with each other if we must, but let us do so respectfully.

173. I ask that as we build this Nevis that we hold hands together and continue to invoke God's blessings, protection and guidance upon us all. I pray that God may grant us wisdom as it is through wisdom we will make the right decisions to move our country forward. Let us pledge together to ensure that the Nevis we leave to our children will be a better Nevis than that which was bequeathed to us.

174. As we move through this fiscal year may God continue to bless us, guide us and prosper our efforts to provide good governance and greater opportunities as we seek to improve the socio-economic outcomes of our citizens and residents of this our beloved island.

Mr. President, I so Move. Thank you.

11.0 ACKNOWLEDGEMENTS

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

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

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

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

CATEGORIES	Actual 2014	Actual 2015	Actual 2016	Actual 2017
Total Revenue & Grants	132.90	133.85	168.40	187.91
Current Revenue	128.47	133.85	132.90	128.92
Tax Revenue	98.29	100.66	99.25	96.70
Taxes on Income & Profit	13.01	16.90	18.58	17.68
Of which: Corporate Income Tax	4.20	4.11	6.72	7.64
Social Services Levy	8.48	12.70	11.47	9.63
Taxes on Domestic Goods & Services	41.86	40.29	34.17	32.32
Of which: Stamp Duties	15.79	16.25	11.33	8.15
VAT	20.05	17.70	16.42	17.05
Taxes on Int'l Trade & Transactions	40.86	40.74	43.71	43.48
Of which: Import Duties	10.62	11.58	11.42	11.74
Customs Service Charge	6.25	7.38	7.96	8.14
VAT	19.13	15.50	16.22	15.56
Non-Tax Revenue	30.18	33.19	33.65	32.23
Of which: Financial Services	12.76	13.84	14.12	13.26
Supply Office	7.34	8.17	7.45	6.94
Water Services	5.20	5.65	5.23	4.75
Total Expenditure	148.34	149.43	171.56	204.04
Current Expenditure	124.79	123.51	135.26	140.56
Personal Emoluments	64.89	65.29	75.55	78.55
Goods & Services	31.03	30.27	28.66	31.24
Interest Payments	16.69	15.46	15.27	16.68
Domestic	14.71	14.48	14.45	15.71
External	1.98	0.99	0.82	0.97
Transfers & Subsidies	12.18	12.49	15.78	14.09
Current Account Balance	3.68	10.35	-2.35	-11.64
Total Grants	4.43	25	35.50	58.99
Capital Expenditure	23.55	25.93	36.30	63.47
Overall Balance	-15.44	9.42	-3.15	-16.12
Primary Balance	1.24	24.87	12.12	0.56
Principal Repayments	9.20	6.98	8.41	7.75
Domestic	6.00	2.96	3.81	2.54
External	3.20	4.02	4.61	5.21

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

	2013	2014	2015	2016	2017
Total VAT Collection	35.42	39.18	33.20	32.64	32.61
VAT as a % of Current Revenue	29.26%	30.50%	24.80%	24.56%	25.29%
VAT on International Trade	17.12	19.13	15.50	16.22	15.56
As a % of total VAT	48.34%	48.83%	46.69%	49.69%	47.72%
VAT on Domestic Goods & Services	18.30	20.05	17.70	16.42	17.05
As a % of total VAT	51.66%	51.17%	53.31%	50.31%	52.28%

**ANNEX III: COMPARATIVE SUMMARY OF AVERAGE EMPLOYMENT
BY SECTORS (2012 – 2017)**

Industry	2012	2013	2014	2015	2016	Up to Sept 2017
Agriculture, Hunting & Forestry	72	88	67	109	113	126
Fishing	3	2	3	2	2	3
Mining & Quarrying	3	3	1	16	10	2
Manufacturing	94	93	133	73	82	85
Electricity, Gas & Water Supply	89	92	105	88	91	91
Construction	478	536	835	664	608	589
Wholesale & Retail Trade	566	610	521	585	635	639
Hotels & Restaurants	982	1,066	919	1,210	1,346	1,304
Transport, Storage & Communications	386	432	354	396	393	377
Financial Intermediation	196	207	198	197	210	206
Real Estate, Renting & Business Activities	195	238	200	233	240	239
Public Administration & Defense	1,513	1,585	1,694	1,684	1,323	1,806
Education	104	110	121	102	117	127
Health & Social Work	32	26	36	26	28	29
Other Community, Social & Personal Services	102	107	105	116	134	129
Private Household with Employed Persons	151	168	175	150	149	145
Extra-Territorial Organization & Bodies	-	-	-	-	-	-
Total	4,966	5,363	5,467	5,651	5,481	5,894

**ANNEX IV: COMPARATIVE SUMMARY OF PUBLIC SECTOR DEBT STOCK
(IN MILLIONS OF EC DOLLARS)**

	2013	2014	2015	2016	2017
NIA External Creditors					
CDB	33.52	39.45	38.85	36.72	33.64
KFAED	10.43	8.84	9.63	8.37	7.24
EIB	1.12	0.50	-	-	-
IMF	2.31	0.00	-	-	-
MICB	5.09	4.78	4.47	4.17	4.01
Total Outstanding External Debt	52.48	53.58	52.96	49.26	44.89
NIA Domestic Creditor					
SKNA National Bank	130.26	101.96	110.81	122.31	134.32
Bank Of Nevis	56.04	57.91	56.37	54.60	60.35
SSB	29.54	28.36	27.22	25.42	24.83
Treasury Bills Issue (OTC) 91 days	65.48	70.65	83.52	93.78	98.43
Treasury Bills Issue 365 days	14.54	12.86	10.67	7.65	3.40
Treasury Bills Issue 365 days					5.00
FCIB	1.45	1.99	1.94	1.80	5.57
RBTT	0.17	-	-	-	-
Surrey Paving	0.42	0.42	0.42	-	-
FINCO	0.71	0.60	0.45	0.28	0.11
TDC	0.97	0.82	0.59	0.34	0.12
SIDF					2.50
Total Outstanding Domestic Debt	299.59	275.58	291.98	306.18	334.62
Total NIA Debt	352.07	329.16	344.94	355.43	379.51
Government Guaranteed Debt	37.64	34.53	31.66	28.45	36.75
Total Public Sector Debt	389.71	363.69	376.60	383.89	416.26

ANNEX V: SUMMARY OF CURRENT AND CAPITAL EXPENDITURE 2018

	Description	Current Expenditure	% of Current Expenditure	Capital Expenditure	% of Capital Expenditure	Total Expenditure
01	Deputy Governor General	374,000	0.23	-	-	374,000
02	Legislature	896,200	0.55	-	-	896,200
03	Audit	490,400	0.30	-	-	490,400
04	Legal Services	1,130,300	0.70	-	-	1,130,300
05	Premiers Ministry	4,761,600	2.93	4,970,000	7.68	9,731,600
06	Ministry of Finance	73,295,600	45.07	9,000,000	13.91	82,295,600
07	Ministry of Communications	13,422,500	8.25	21,585,000	33.36	35,007,500
08	Ministry of Agriculture	6,842,600	4.21	2,496,700	3.86	9,339,300
09	Ministry of Health	18,549,300	11.41	10,460,000	16.16	29,009,300
10	Ministry Tourism	4,642,350	2.85	3,130,000	4.84	7,772,350
11	Ministry of Education	24,623,200	15.14	4,071,000	6.29	28,694,200
12	Human Resources	1,602,100	0.99	-	-	1,602,100
13	Ministry of Social Development	11,981,400	7.37	9,000,000	13.91	20,981,400
	Total	162,611,550	100.00	64,712,700	100.00	227,324,250

NIA

