



NEVIS ISLAND ADMINISTRATION

BUDGET ADDRESS 2019

WEDNESDAY 5TH DECEMBER, 2018

PRESENTED BY

THE HONOURABLE
MARK A.G. BRANTLEY

PREMIER AND MINISTER OF FINANCE



HARNESSING THE SYNERGIES OF INNOVATION AND ENTREPRENEURSHIP;
WHILE INCREASING GLOBAL COMPETITIVENESS TO ACHIEVE OUR SOCIO-ECONOMIC GOALS



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Mr. President, I beg leave to move the second reading of the bill shortly entitled the Nevis Appropriation (2019) Ordinance 2018.

1.0 INTRODUCTION

1. I am honoured as Premier and Minister of Finance to rise and present this budget under the theme:

“Harnessing the synergies of Innovation and Entrepreneurship while increasing Global Competitiveness to achieve our Socio-economic Goals”

2. Just a few months ago, as a newly elected government, we presented our plans and programs as a roadmap for the development of this country for the next five (5) years. The 18th day of December, 2018 will mark our first anniversary in office and I wish to again thank the good people of Nevis for the tremendous confidence they have placed in me and the team that I am privileged to lead.

3. I take a moment at the outset to congratulate my fellow Cabinet colleagues for their excellent stewardship over the past year. As any new government with new members, we have faced some challenges over the past year. However through determination and an unshakeable commitment to our people, we have been able to rise to those challenges and overcome them.

4. Mr President, we campaigned on a platform of good governance and the economy as we believe that these were two of the main challenges facing our island. It is therefore no coincidence that the first year of my newly elected government in office was spent dealing with the principles of good governance through the strengthening of the institutions of government which are the basic foundations of our democracy.

5. We have operationalized legislation promoting Integrity in Public Life. We have enacted legislation for Freedom of Information. We have for the first time in our history provided a fully funded and fully functional office for the lone member of the Opposition notwithstanding there is no constitutionally appointed Leader of the Opposition. We have

pursued policies to strengthen the administration of the public service. We have inaugurated and maintained a monthly interaction with the Press at my monthly Press Conference. And Mr. President I am sure that you can attest that this Honourable House for the first time in recent history is meeting with frequency and regularity as we committed to. All these initiatives Mr. President have been historic and transformational for our beloved island. All have been undertaken to satisfy this Government's unflinching commitment to greater transparency and better governance.

6. Despite a heavy focus on the issues of good governance, we however never lost sight of our responsibility to strengthen our economy. As a small island state we must continue to find creative ways to tackle the challenges of sustainable growth; unemployment and under-employment; external threats to the banking sector through the loss of correspondent banking relationships; and the adverse effects of globalization on our small and medium sized enterprises.

7. We are persuaded that the answer to overcoming these challenges will lie in our ability to be innovative as we seek to create new business opportunities in a diversified and broader based economy.

8. Mr. President, if in our first year we focused heavily on our good governance agenda then this second year of my Government will focus heavily on the economy as we seek to strengthen the key pillars that will propel our economy and our island forward.

9. We have been prudent in the managing of our finances as is evident in the marked improvement in revenue growth in key areas when compared to the corresponding period of past years. We also witnessed increases in the rate of employment and an increase in the number of new business registration during this fiscal year 2018. Through our commitment to the growth and development of the small business sector, we were able to engage a number of our prospective business minded individuals through various training workshops with a view to redirecting their focus towards creative and innovative business development.

10. We will continue to work with our tourism and allied partners to nurture and develop our tourism sector capability. We will continue to enact changes to our legislation to strengthen our Financial Services Sector to withstand the scrutiny of international regulatory agencies. We will seek to embrace new products to enhance our Financial Services Industry. To this end my government has embraced the concept of Digital Asset Technology/ Blockchain Technology and the Fintech industry as a welcome addition to our financial services products. The introduction of Blockchain technology is transitioning the world into a new technological era and my Administration intends to position itself to maximize the tremendous gains that this technology will provide. To this end we have already conducted awareness seminars to enlighten our Service Providers and have engaged the services of a consultant to advise us on our entry into the Fintech market.

11. In addition, as part of our strategy to grow this financial services sector by 50 percent over the medium term, we have engaged another international consultant KPMG to re-examine this sector to implement policies to enhance our strengths while working to find alternative solutions to combat our weaknesses.

12. Through an enhanced legislative agenda for this fiscal year, we have enacted changes to the legislation establishing the Nevis Investment Promotion Agency (NIPA) as it is our determination that this entity must be the driving force for foreign direct investment for Nevis. A re-organized NIPA must now create an investor friendly environment which facilitates the ease of doing business by being the investor's point of contact in matters related to investment opportunities in Nevis. We must now redouble our effort to promote Nevis as an attractive destination for investment and build awareness among high net worth individuals of the various investment products offered through the Nevis Financial Services Sector and Foreign Direct Investment generally.

13. We are of the view that the Private Sector must be the key growth partner of the future. Therefore we will continue our ongoing discussions and dialogue with our key stakeholder partners in the Tourism and Construction industry along with representatives of the Financial Services and Banking Sector and the Chamber of

Industry and Commerce (Nevis Branch). We believe that it is important to have joint public/private sector partnership if we are to drive policy which advances our island and achieve the level of growth in economic activity as anticipated.

14. In this regard Mr President my government will shortly look to enact a standing Economic Council for the island which will attract targeted expertise at home and abroad. This Economic Council will seek to attract the best minds to provide guidance to the Government on matters of the economy, growth and sustainable development for our island. It is our intention Mr President for the Economic Council to function as a think tank to guide Economic policy for Nevis and so create the necessary policy framework for development.

15. Mr President we have seen the large number of students graduating from our High Schools, our Sixth Form and colleges and universities across the region and the world. They need jobs and the Government alone cannot be the source of jobs for all. Our Job creation through expansion in economic activities is therefore one of the key priorities of my Government over the next four (4) years. We will continue to implement policies geared towards this objective through our various programs at the Nevis Investment Promotion Agency and our small business programs which seek to create new entrepreneurs.

16. I am indeed heartened that the independent data provided by the Social Security Board is trending in the right direction. Based on that data, newly registered jobs during the first half of 2018 were 217 as compared to 124 for the same period in 2017. This represents a growth in new employee registrants for 2018 over the similar period in 2017 of a remarkable 75%. The Hotel Sector along with the Wholesale and Retail Sectors were the dominant areas followed closely by the Construction Sector with regard to the concentration of these new registrants. It must be noted that these numbers represent formal employment only. I believe that the informal sector which operates outside the social security net still has to be better captured and I urge all workers to regularize their status with alacrity. The number of self-employed registrants during this period was 38 as compared to 29 during the same period

for 2017. An increase in self-employed persons for 2018 over the same period in 2017 of 31%. Mr. President these numbers from Social Security are significant because they suggest that on new job creation we are making good progress.

17. We continue however to be very concerned over the marginalization of our males in the work place especially in the higher paying jobs. We are aware that it is a regional problem as is evident in the composition of graduates from the various regional universities each year. However, it is our hope that as we seek to fully implement the technical vocational education program in our schools, it would serve as an impetus to raise the profile and earning capacity of our males in the job market.

18. Mr. President, as we strive for economic success over the medium to long term, we must continue to pursue our structural reform agenda that focuses on economic diversification, an improved business environment and contingency planning in a manner that will enhance resilience to external shocks and bolster longterm growth potential. We will continue to take steps to address the skills gap through our TVET Enhancement Program as we seek to adequately prepare our people and to develop a competent workforce. This is a key component of that enabling environment for private sector development as we intensify our efforts at attracting foreign direct investment into our local economy. We will continue to pursue policies to attract investment in targeted transformative projects, including working with the Federal government to broaden options under the CBI program to include business investment in renewable energy, education and health, as we seek to improve our competitiveness, diversification and resilience of the economy.

19. Mr. President, this new fiscal year, I am confident that we can continue to develop the appropriate mix of polices, in the areas of skills training, psycho-social interventions and entrepreneurship support, in a way that will empower our people and particular our young people to strive for success and shun crime and violence and deviant social behaviour.

2.0 INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

20. Mr. President, we are living in era of unprecedented broad based global growth that has led to the economic and social transformation of both developed and developing countries. The International Monetary Fund's (IMF) October 2018 World Economic Outlook (WEO) report indicates that from mid-2016 to 2017 global economic growth has been trending upwards – moving from 3.3 percent in 2016 to 3.7 percent in 2017. The report projects continued positive growth in the years 2018 and 2019 but will be constrained to the level achieved in 2017, remaining steady at 3.7 percent for both years respectively. Advanced economies are expected to grow at rate 2.4 and 2.1 percent for 2018 and 2019 respectively, while emerging markets and developing economies are expected to grow at a steady rate of 4.7 percent for both 2018 and 2019. The World Bank's Global Economic Prospects June 2018 report termed "The Turning of the Tide" concurs with the findings of World Economic Outlook. This report projects positive global growth for the years 2018 through to 2020 but with a slightly more conservative projection of 3.0 percent in 2018, 3.1 percent in 2019 and falling off to 2.9 percent in 2020.

21. Fiscal measures taken by countries such as the United States of America (USA) continue to provide momentum for the expansion taking place within their own borders and globally. The recent rise in global trade and commodity prices, in particularly oil prices, has strengthened the growth prospects for commodity exporting countries especially those classified as emerging markets and developing economies. The consensus is that the period of rapid global economic growth is beginning to show signs of a slowdown. This is due to both in country factors such as geopolitical tensions and policy stances adopted by various countries in regards to trade, protectionism and monetary policy. The faster than expected rise in global interest rates has also resulted in the tightening of financial conditions in advanced economies which has led to a reduction in capital inflows to emerging markets and even to us as developing economies.

22. The Eastern Caribbean Central Bank (ECCB) predicts that growth for the Eastern Caribbean Currency Union (ECCU) will be 2.9 % in 2018. It estimates that growth will

remain positive and steady but that there also exists imbalances within the region. The ECCB further predicts that only six of its eight member countries will experience an expansion in economic activity for 2018. The ECCB forecasts that St. Kitts and Nevis will see further expansion in its economy in 2018 as growth is predicted to be 2.07 percent in 2018 with continued growth in 2018 and 2020. Though overall expectations continue to be favourable, there is now heightened concern about the significant downside risks that threaten the longevity of this current growth spell. These risks are even more concerning for small and venerable island states such as ourselves. Key to mitigating these risks while improving and sustaining our long term prospects is the establishing of buffers to build resilience, the implementing of policies to boost competitiveness and the adaptation of technological innovations. These measures will be essential to support continued economic expansion within our borders and on some issues the development of a cooperative regional approach.

3.0 DOMESTIC ECONOMIC PERFORMANCE

3.1 *Fiscal Performance 2017/2018*

23. Mr. President, the NIA's 2018 budget clearly articulated the intended fiscal path to be forged for the next three years by the Administration. This included the curbing and prioritizing of expenditures and the improvement in the levels of efficiency throughout all aspects of the Public Service including the revenue collection system and service delivery. Our fiscal performance for the period January to October 2018 in comparison to that of the same period in 2017 is a testament to that end.

24. The revenues collected for the period January to October 2018 amounted to \$112.55 million, which when coupled with the amount of \$32.86 million received as our share of processing fees from the CBI Program along with minor grant funding from other agencies resulted in an overall revenue of \$145.41 million. Tax revenue collected for the review period accounted for 74 percent of current revenue, whilst non-tax revenue accounted for 26 percent. The most significant source of revenue collected for the period was the Value Added Tax (VAT), which accounted for 25 percent of total current revenue. Additional

notable contributions included Financial Services – 9.90 percent, Social Security levy – 7.87 percent, Import Duties – 7.85 percent, Stamp Duty on Property – 7.15 percent and Customs Service Charge – 6.27 percent.

25. Mr. President, current revenue rose by 8.57 percent when compared to the amount collected for the same period in 2017. However, the overall total revenue collected for the review period fell marginally by 0.91 percent when compared to total collections for the same period in 2017. This was primarily due to a reduction in the amount of grants and aid received by the Administration between January and October 2018. Grants and Aid funding received in 2018 thus far amounted to \$32.86 million which is a reduction of 23.72 percent over the same period in 2017.

26. Mr. President, total expenditure for the period January to October 2018 amounted to \$153.90 million which represents a substantial decline of 5.19 percent when compared to the \$162.33 million in expenditure for the same period in 2017. Recurrent expenditure for the review period amounted to \$113.56 million which represents a small increase of 3.68 percent when compared to the results of the same period in 2017. The main contributing elements of recurrent expenditure are personal emoluments which amounted to \$59.57 million and the purchase of goods and services which amounted to \$26.39 million. Debt servicing consisting of both principal and interest repayment amounted to \$23.86 million. This sum represents an increase of 17.28 percent more than the outlay for the same period in 2017.

27. Mr. President, as was alluded to in our 2018 budget, public investments would be scaled down over the medium term to allow for private sector investments to play a greater role in the growth of our economy. As such, capital expenditure for the period January to October 2018 amounted to \$40.34 million, a reduction of 23.61 percent when compared to amounts expended for the same period of 2017. We are very much aware of the gains to employment, income and output that can be brought about through effective and efficiently implemented public sector investment projects and we will continue to fulfil our five year commitment to the Nevisian public. These projects have been funded through both external and internal sources such as the Caribbean

Development Bank (CDB) and the SIDF and also the Consolidated Fund. My Administration will continue to prioritize public investments to ensure that economic returns are maximized.

28. Mr. President, for the period January to October 2018, our fiscal outcome showed an improved primary surplus of \$5.93 million as specified in the economic classification format. It indicates a healthy widening of the primary balance when compared to the restated balance as at December 31, 2017 of \$0.70 million and the comparative period balance of - \$2.50 million. Both the current account and the overall balance deficits have also significantly improved from their 2017 levels. Mr. President, this is excellent performance as our collected revenue is ahead of where it was for the same period in 2017 and our expenditures have been well managed for the period as well. However, caution and prudence will continue to be exercised as our small and open economy is very susceptible to external shocks. We will continue to employ due diligence, prudence and a forward thinking mind-set as regards our fiscal policies to ensure that the gains achieved thus far are not eroded.

3.2 *Performance of the Value Added Tax (VAT)*

29. Mr. President, the Value Added Tax, since its introduction in 2010, continues to be a major contributor to the tax revenue of the Administration over the years. This tax, being a broad base tax, touches every sector of the economy. The annual increases in this tax is a clear indication of the continuous improvement in the state of our economy resulting from more and more business activities getting included in the tax base.

30. Despite the recent removal of VAT on additional items such as food, medicine and funeral expenses, this tax continues to contribute an average approximately 25% of the annual revenues of the Administration. Over the years we have made and continue to make efforts to streamline our VAT exemptions policy to limit our exemption to only those categories of items as prescribed in the legislation.

31. The VAT collected for the period January to October 2018 amounted to \$28.2 million as compared to the amount of \$ 32.61 million collected for the entire fiscal year 2017. This represents 25 percent of the total revenue of the Administration for this period. Of this, the amount of \$12.97 million was collected from at the Customs Department from international trade and other transactions while the amount of \$15.23 million was collected at the Inland Revenue Department from the provision of domestic goods and services. We are optimistic Mr President that with 2 VAT days this year our VAT targets for 2018 will be achieved.

32. Even as we look ahead to finish the fiscal year 2018 with optimism Mr President, I sound a note of caution. Too many businesses large and small are failing and or refusing to pay their part. Too many seek to use and abuse the grant of concessions to avoid paying any taxes at all or in many cases to pay very little. Too many refuse to file returns with the Inland Revenue. Too many refuse to pay when assessed by Inland Revenue or seek to cheat at Customs. Many who have had concessions for decades are still even now seeking more concessions.

33. Mr President if we are to progress as an island we need each and every individual and each and every business to play a part. Fairness demands that we all pay according to our ability to pay. It is not right and can never be right that the single mother in Brown Hill or the young man in Jessups can be asked to pay but the big businessman in Charlestown gets away “ scott free”. We, all of us, must be responsible citizens. I have therefore said to the good people at Inland Revenue and at Customs and at every collection agency that they must do what they have to do and collect the people's money so that the Government can have the fiscal space to continue the developmental march of our island.

3.3 *Status of Public Debt*

34. Mr. President, debt management continues to be a critical component of my Government’s fiscal agenda. We understand that borrowing is critical to

development especially for larger capital projects. However, we must borrow responsibly and ensure that we seek at all times the most attractive interest rate and a repayment period that will not put any undue pressure on the finances of the Administration. The critical component of any decision to contract new debt is not the debt itself but the ability to service the debt. My Government is therefore concerned both about the overall size of our debt and about the management of that debt.

35. Mr. President, in 2018, NIA contracted new debt to maintain the pace of our island wide infrastructure improvement program. We increased our borrowing from the St. Christopher and Nevis Social Security Board to fund Phase 2 of the Housing Development Program undertaken by the Nevis Housing and Land Development Corporation. In addition, there was a draw down on the final balances under the Caribbean Development Bank Water Enhancement Program to complete works on the water project in Nevis.

36. As at the end of October 2018, NIA Central Government Debt stood at EC\$398.58 million and when coupled with the debt of the Statutory Bodies amounts to a total Public Sector Debt of \$441.98 million. This reflects a 6.18 percent increase when compared to the total Public Sector Debt of \$416.26 million as at the end of December 2017. Though the debt has increased slightly, it is in keeping with our debt management objective, which is, to obtain the country's Gross Financing Needs at the lowest possible cost with a prudent degree of risk.

37. Throughout the year, this administration has implemented a number of strategies to lower the cost of debt and mitigate the risks associated with debt management. We have ensured that the new debt contracted constituted low cost instruments. We retired some of our 365 day Treasury Bills and reduced the interest rate on the remaining bills by 1.0 percent, moving from 5.5% to 4.5% per annum. Additionally, we have capped our 91 day Treasury bills and we are aggressively taking steps to reduce this stock of T-bills especially those held by commercial entities. The interest rate of this 91 days Treasury Bills will also be reduced to 4.5 % with effect from the Treasury Bills rollover issue in

January 2019. By taking these steps, we are lowering the cost of refinancing for the NIA's maturing short term debts.

38. Mr. President, servicing National Bank's debt has been a burden for the CCM Led Administration since it regained office in 2013. Since then we have been in constant negotiations with the bank to devise an amicable way to deal with this level of indebtedness. The land for debt option was examined along with consolidating all the outstanding debts into a single long term instrument. I am happy to report that we have now completed this painful debt restructuring exercise with the St. Kitts Nevis National Bank. It is indeed painful to service this debt, which was allowed to get out of control through reckless spending during the period 2006-2013.

39. The National Bank debt has presented a tremendous financial burden on the already tenuous finances of the Administration. These outstanding debts have now been consolidated into a single long term debt instrument of \$142.0 million repayable over 25 years at an annual interest rate of 5.36 percent. This equates to a monthly debt servicing payment of \$860,000.00 which we are now servicing monthly with effect from July 2018. The renegotiation and consolidation of this debt from interest rates as high as 9.5% to 5.36% constitutes an annual savings to my Government in the amount of \$10.52 million.

40. I have made the point before and believe it is worth making again that this National Bank debt is **not** new debt. It is existing debt inherited by this government which we have now successfully renegotiated. I wish to thank the Federal Government for providing a Parliamentary Guarantee for this debt and also the hardworking team at the Ministry of Finance for working tirelessly with the National Bank to bring this debt restructuring exercise to completion.

4.0 HARNESSING THE SYNERGIES OF INNOVATION AND ENTREPREUNERSHIP

4.1 Efforts at Entrepreneurial Development

4.1.1 Developing our Small Business Sector

41. Mr. President, small business entities have role to play in the economic development of every country. Even in the most advanced economies they continue to have tremendous economic impact. We continue to be very impressed with the number of new business registrants year after year. For the period January to November 2018 a total of 211 new business applications were processed and approved by the Ministry of when compared the total of 262 applications processed for the entire period in 2017.

42. My Government views the development in the small business sector as a tool not only for economic development but also for social intervention. When we analyse the data of the persons engaged in this sector, it is quite noticeable that our single mothers and our youths are the ones actively involved. These persons are sometimes unable to gain full time employment elsewhere and have sought instead to better themselves by engaging in business activities such as car wash, heavy equipment and trucking, bus driving, landscaping services, day care services, catering and vending along with other similar operations as a means to earn an honest living and feed their families.

43. We will continue to provide support for this sector through our various programs for business development organized through our Small Business Development Unit. The mandate of that unit is to seek to convert business ideas into viable business entities while providing the necessary support and guidance along the way.

44. For this past fiscal year, there was a heavy emphasis on the development of small business entities in the Agricultural sector. In partnership with the Ministry of Agriculture, workshops were conducted in areas such as utilizing agricultural produce to make health care products such as bath oils, soaps, body perfumes and therapeutic rubs. A second workshop was also held during this period to train potential business person in the art of canning, fermenting and processing of agricultural based items. I am happy to

report that some of these trained business persons were able to display their products at the Diaspora Conference held at the Marriott Hotel in St Kitts during the month of September 2018.

45. In the area of record keeping we continue to train our small business persons in the area of QuickBooks Accounting as a management tool for decision making. As a business person you cannot make meaningful business decisions without a full assessment of your financial progress. It is therefore our hope that these business persons would fully utilize the benefits of the training to enhance the operations of their various business entities. To date we have trained a total of 60 small business owners in this financial tool.

46. Mr President, my Government will continue to forge links between our small business sector and the international community. I am happy to report that on October 30th 2018, my Administration hosted a delegation of representatives from the small business sector of the Republic of China on Taiwan. From all reports the discussions between the delegation and representatives of our small business sector were very productive as parties sought to share ideas as to how we can adopt international best practices to enhance our SME sector. It is the intention of my government to foster this relationship by establishing a core group of small business persons to be in constant contact with their counterparts from Taiwan as we seek to forge meaningful business relationships. It is our hope that in the near future we to can send a delegation of our small business persons to Taiwan to gain first-hand knowledge of their business culture.

47. As part of our ongoing support for our small business sector, it is our intention to merge the activities of our Project Writing Unit with those of our Small Business Development Unit so as to achieve synergies between both units of government. A critical focus of our small business development policy in the medium term is to provide the necessary training and assistance to both present and potential business owners to enable them to complete proper business plans and funding proposals for submission to the various funding agencies. This expertise which is already developed at the project writing unit will now be made fully available to assist in this critical area for businesses development. This merger is even more critical as it is our intention to expand the reach

of SEDU to also provide business support for entities operating in the cooperative sector as well as non-governmental agencies. We must recognize that these entities as small businesses operate in an important niche market and assist them in developing proper business models. There are a number of regional and international donor agencies that provide support and grant funding for the work of these entities which we must now seek to access.

48. A critical component for receipt of the grant funding is the ability to provide a properly written project proposal or business plan and to demonstrate that there are proper monitoring systems in place to ensure the success of the program. This feature is sadly lacking at this time hence an expanded SEDU is therefore necessary to satisfy these criteria. I am happy to report that to date our Small Business Unit has been successful in assisting entities such as the Indian castle Fisher Folk Association, the new River Farmers Co-operative and the Better Boys Project at Saddle Hill, which comprises a number of at risk youths, to complete project proposals for accessing grant funding from these various agencies to execute the work of their individual entities.

49. As part of this thrust Mr President we also intend to make available through SEDU a revolving fund of \$5 million for seed money for small and micro businesses at low interest rates for the primary benefit of youth under 30 and women as we try to encourage greater entrepreneurship across our island among our youth and our women.

4.1.2 Foreign Direct Investment Agenda

50. Mr. President, while we continue to laud the efforts of the small business sector and provide the necessary support for its growth and development, we are cognizant that foreign direct investment must be injected into our economy for us to move forward at a more rapid pace.

51. To this end, my Administration continues to have ongoing discussions with a number of proposed developers who are indicating an interest in making substantial

investment in our economy. As a government we have given our full support and committed all the necessary resources to these potential developments. We have already granted all the necessary planning approvals and developmental concessional arrangements and I therefore want to use this rostrum to say to these developers: the people of Nevis have been waiting far too long; hasten your footsteps and make these developments a reality.

52. I wish to report that following my recent meeting with the developers of the Wyndham Grand Resort to be located at Potworks, the developers are now advising that they have arranged the necessary financing and construction is expected to commence during the first quarter of the new fiscal year. I am also happy to report that there has been a renewed interest by the proposed developers of the Aman Resort to be constructed at Indian Castle and they too are advising that they have now raised the necessary financing and construction should also commence during the first quarter of 2019. Both projects promise much in terms of jobs and long term economic benefit to Nevis. We welcome the new enthusiasm attending both projects.

53. The Oasis development also at Potworks has commenced construction and it is our hope that the developers of the Spring Aire Resort to be constructed at Spring Hill will follow suit quickly and commence construction in 2019 as well. We have also granted planning approval and concessional developmental approvals to a number of other smaller villa development projects as well. We have started now to limit such concessions to 18 months so as to push developers to start their activities. It is therefore our hope that these various developments will commence construction during this upcoming fiscal year. We also continue to support the efforts of Four Seasons Resort Estates which has been a major developer on Nevis for over two decades. We continue to see stalled developments at Candy Resort due to litigation and at Cades Bay for other reasons. We stand ready and willing to assist these developers in getting their projects back on stream. This Government stands ready to work with all developers to ensure that projects are executed for the ultimate benefit of the people of Nevis.

54. Mr President, we continue to aggressively seek a developer for the old Rest Haven Hotel property. This property which was compulsory acquired by the then NRP led Administration in 2007 has been left abandoned over the years. Its close proximity to downtown Charlestown provides an excellent opportunity for the construction of a small luxury hotel with conference facility, high-end gift shops and a restaurant along with a boardwalk which will be a welcome enhancement to our high end tourism sector. This Government is prepared to consider reasonable offers on this property as the compensation to the owners has never been paid and the people of Nevis are faced with a growing debt in this regard.

55. The Nevis Investment proportion Agency (NIPA) must be the driving force for attracting Foreign Direct Investment to Nevis. We have already taken steps through amendments to the Ordinance governing NIPA so as to strengthen and bolster this organization. Its focus will not only be on promoting the Financial Services Sector but also overall investment in Nevis as well. We have increased the number of Marketing Officers assigned to this unit for the next fiscal year as a demonstration of our commitment to aggressively pursue investment opportunities. As a first step toward the restructured operations of NIPA, my Administration has already engaged the services of KPMG to do a study of our Financial Services Sector, to evaluate the existing status of the sector, to assess our strengths and weaknesses in administering the sector and to make recommendations on the way forward based on our perceived strengths having taken into consideration the considerable challenges being posed by International Financial Regulatory Organizations. The focus would also be to broaden our approach to making Nevis a most attractive destination for investment.

4.2 Development of Information Technology Capabilities

56. Mr. President, we continue to dedicate substantial resources to develop our information technology capability. Our IT platform over the years has been used not only as a means of communication but more importantly as a tool for enhancing our ability to rid our communities of criminal activities.

57. The rolling out of our fibre optic program stretching from the Ministry of Agriculture Building in Prospect through Charlestown and ending at the Craft House at Pinney's has been one of the major success stories of our information technology development. It is through this network that we have been able to deploy CCTV cameras around Charlestown and its environment as a means to deter and detect criminal activities. The second phase of this fibre optic infrastructure will see the continuation of cabling from the junction at Pinney's stretching to the Police Station at Cotton Ground. This expansion will play a major role in supporting our plans for expanded CCTV coverage beyond the confines of Charlestown.

58. Our long term goal is to computerize all the operations of government in an effort to offer a number of government services online as we seek to improve our ranking in the ease of doing business index. We urge the private sector and other stakeholders, especially those entities that do business with government, to follow the lead of government and advance their communication capabilities so as to make this business environment seamless. There is no doubt that we have made tremendous progress over the past few years at developing our information technology infrastructure. Despite this, we are still some ways off from achieving the level of ICT development that we want for our people. We must now take this development strategy beyond the realm of government and endorse a holistic ICT Development strategy for our island. It is important that the private sector keeps pace with government and seeks to adopt technology to enhance their daily performance and improve the quality and delivery of services to their customers.

59. Our success has been evident as customers can now file and pay a number of taxes to the Inland Revenue Department on line. We are in the process of automating government payment systems as well. In August we piloted the first phase of the Electronic Fund Transfer System for the payment of government wages and salaries. This system has been very successful to date as employees are now receiving payment directly into their bank account via the payment portal.

60. To facilitate this advancement in information technology, our Education system must keep pace. We must continue to produce a cadre of students with a firm background in ICT to sustain this development. The merging of our Information Technology Department with our Education Department was a first step in our ICT development agenda. We felt that to achieve this long term vision our ICT development must start within our school system. The career opportunities in Information Technology are vast and our students must be introduced to this technology at a very early age. When we look to the diaspora we recognize that a number of our citizens are holding various high level positions in Information Technology firms. It tells us that our people have the capability and through a reorganized Education System we can harness these skills and equip our people with expertise to support this information Technology Agenda.

4.3 Tourism & the Environment

4.3.1 Tourism

61. Mr. President, the Tourism Sector continues to be one of the key economic pillars of our development. Our marketing efforts through the Nevis Tourism Promotion and Marketing Agency are geared towards adopting creative and innovative ways to build awareness of Nevis. One of the highlights of the marketing strategy for this season was the introduction of annual marketing themes to create focus and uniformity of message to travellers and travel professionals across the world. The marketing efforts for 2018 were built around the theme of Health and Wellness while it is expected that 2019 will be the year of Culinary Wellness. These themes are carefully crafted and embrace many of the authentic attributes of Nevis in the area of food and lifestyle experience for our visitors.

62. We continue to adopt the policy of engaging travel writers and journalists as a medium for building awareness of the unique travel experience that Nevis has to offer. It is anticipated that during this past fiscal year, destination Nevis will appear in over 150 international promotional media and it is our hope that this level of awareness campaign will stimulate travel to our destination.

63. Traditionally our marketing efforts were focused on the American and European markets. While we continue to maintain a presence in these markets, efforts are now well advanced to introduce brand awareness of Nevis in other new and emerging markets. To this end the Nevis Tourism Authority has been engaging in public relation activities to build awareness of Nevis in the German market. These plans will intensify during the fiscal year 2019 through the engaging of travel professionals to sell destination Nevis as a vacation experience.

64. Plans are also on track to build brand awareness in non-traditional areas of Europe such as Channel Islands and our US market in states such as California and Minnesota as well. These brand awareness campaigns are already showing signs of success as we were able to convince our tour operators in both the UK and North America to add more Nevis hotels to their sales roster of hotel vacation packages. I am happy to report that Liberty Travel which is based in North America and Virgin Holidays of the UK are already on board and currently selling Nevis Hotels in their vacation packages.

65. As it relates to this coming season, it must be noted that our hoteliers are already reporting positive signs as we approach the festive season and continuing into the new year. We continue to position ourselves to benefit from the recently opened Park Hyatt in St. Kitts. A number of our hotel operators are already reporting successes in their partnership with the Park Hyatt as there continues to be a steady increase in the number of guests at the Park Hyatt who are journeying over to Nevis to dine at our high end restaurants. We will move speedily to complete the construction of the Water Taxi pier at Oualie Beach which will no doubt facilitate this partnership and provide an upscale welcoming experience for our visitors to Nevis.

66. I am also happy to report that we are seeing an increasing number of Nevisians who are showing interest in providing water taxi service between the two islands. The water taxi sector is one of the sectors dominated by Nevisian entrepreneurs. This augurs well for the Tourism Sector and is driven by the foresight of this Administration as we embarked on the construction of an improved and enhanced landing facility at the Oualie

Pier. I wish to impress on these operators of the need to operate at a standard in keeping with our reputation of a high end destination. We at the Ministry of Tourism will do our part to provide the necessary training and monitoring of these Water Taxi operators so as to ensure that they provide quality service to our guests.

67. We will continue to invest in our human resource capital to support this all important sector. It is essential that we continue to 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. It is always quite heartening to see a number of Nevisians occupying key jobs at the newly opened Park Hyatt. It is a clear indication of the success of our program for human resource development for this sector.

68. Our efforts will continue through our tourism education program at the Primary and Secondary School level along with our partnership with the Clarence Fitzroy Bryant College where our students continue to receive advance training in the area of hospitality and Culinary Arts. Our school internship programs which see our students getting on the job experience at a number of our hotel properties are all a part of this wider program to develop the cadre of trained professionals to support the tourism sector.

69. However, we must do more. We must ensure that our people not only occupy the technical positions in this sector but also strive to achieve supervisory and management positions as well. I therefore call on all our citizens who work at the various hotel properties to avail themselves of the opportunities for overseas training, placement and internship which are offered from time to time. It is this experience and exposure which will form the catalyst to propel you up the ladder to eventually occupying senior positions at these various hotel properties.

70. Mr. President, the issue of Air lift is a key component for the success of any tourist destination. While we continue with our promotional efforts to increase traffic at the Vance W. Amory International Airport, we are also working in partnership with our counterparts in St. Kitts to add more direct flights which will enable ease of travel to destination Nevis. I am happy to report that as a result of direct intervention of the NTA, we have

successfully negotiated the addition of Sun Country Airlines service from Minneapolis, Minnesota to the RLB International Airport. Minnesota is one of the new and emerging markets in which we have sought to build awareness of Nevis and it is our hope that having this direct flight will fully complement our marketing efforts.

71. Discussions are presently ongoing to have direct flights from Dallas to St. Kitts during the summer of 2019 by Sun Country Airlines as we seek to increase visitor arrival on Nevis during the traditional off season. It must be noted that the initial booking for this airline seems very promising and we therefore look forward to the tremendous rewards from our partnership with this new airline. I am happy to report that two of our hotel properties, namely the Four Seasons Resort and Nisbett Plantation are already partnering with Sun Country Airlines to have them sell vacation packages at these hotel properties.

4.3.2 The Environment

72. Mr. President, as part of our plans for a clean and green environment, we will continue our efforts to clear our lands of derelict and abandoned vehicles and white goods. Our partnership with the US based company Enclave Resources LLC is in full operation. I am happy to report that to date the company has already compressed and exported over 1500 tons of scrap metal consisting mainly of derelict vehicles and white goods as part of its ongoing operations.

73. My Government still intends over the medium term to re-examine our policy as it relates to the importation and use of plastics and Styrofoam. This effort will be done in consultation with the Federal Government. I am happy to report that some entities in the tourism sector have already introduced the policy of reducing the use of plastics albeit on a small scale. This is a first step as we seek to eventually roll out this policy at the national level. I also wish to report that my Administration intends to introduce eco-friendly biodegradable food take away containers at our Supply Office for sale to vendors as a viable alternative to the existing Styrofoam food containers. It is our hope that our vendors will become environmentally conscious and seek to use these eco-friendly containers rather than continuing the use of Styrofoam.

74. Mr President we welcome the continuing massive investment in upgrades to the venerable Four Seasons Resort and the completion of additional luxury villas at Paradise Beach Resort. I am told that Four Seasons employed well over 150 workers during the renovations thus far and the completed Paradise Beach now has a complement of about 50 permanent staff. Mr President despite the chatter in some quarters these are but an indication of the continuing investor confidence in Nevis. I am especially proud of Paradise Beach which we met shuttered and moth balled and which has under this CCM government been reopened and expanded providing an ultra-luxurious addition to accommodation on Nevis.

4.4 Developing the Agricultural Sector

75. Mr. President, at the start of this political term, my government took the bold decision to pair the Office of Disaster Management with the Ministry of Agriculture. This was a strategic move to harmonise the synergies between both units of government. We are all aware that this sector to a large extent predominantly engages in traditional outdoor farming techniques. The recent experiences of our neighbours in Dominica, Anguilla, St. Maarten and the Virgin Islands give a clear indication of the disastrous effect that natural disasters can have on our Agricultural industry whether it be backyard farming or large acreage farming. We firmly believe that the implementation of sound disaster mitigation practices by our farmers will ultimately have a positive impact on output and enhance our ability to provide a sustained supply of food items for our population.

76. During the upcoming fiscal year the he Ministry of Agriculture will focus on business development across the sector as we seek to raise awareness to Agriculture as viable business ventures for our youths. The Ministry will continue to work closely with the Small Enterprise Development Unit (SEDU) to gain the necessary business training and support for persons involved in the Agricultural sector. It has always been the policy of this Administration to recognise our farmers as business persons operating a viable and important niche market rather than persons merely engaging in causal practices. I am happy to report that during this fiscal year a number of persons engaged in the Agricultural

sector benefitted from training and exposure through various workshops organised by SEDU in the area of canning and fermenting of agricultural products. These persons were also exposed to various techniques to use by-products of their farms to make health related products such as body oils, body sprays, insect repellents and therapeutic rubs for muscle and joint pains.

77. Encouraging our people to engage themselves in agricultural production can be a vehicle for social intervention. We are fully aware that a number of our youths have unfortunately found themselves trapped within their communities and are unable to venture outside to seek gainful employment. Our single mothers as well sometimes find it really difficult to gain suitable employment to provide for the needs of their children. While these situations are unfortunate, it is the reality that we face and hence it is imperative that we seek to develop programs at the community level to creatively alleviate these issues. To this end my government feels that working through the departments of Agriculture and Community Development, we can use agriculture as a tool for social intervention and poverty alleviation.

78. Over the medium term we intend to seek donations from friendly governments to establish green houses in these various communities across the island. The Department of Community Affairs will be charged with engaging with our at-risk youths and single mothers with a view to have them bind themselves together to operate these greenhouses as a means of earning a daily income for themselves. The Department of Agriculture through its extension program will provide the necessary support and guidance for good farming techniques for these persons.

79. This program will no doubt be a win-win situation for all as our agricultural production will increase and our at risk youth and vulnerable groups would be gainfully engaged. This policy will be further develop and enhanced over the longer term to include the development of small scale poultry farms in areas where these vulnerable groups unfortunately find themselves trapped within their communities and devoid of opportunities.

80. The challenges of climate change are real and with the help of allied agencies we are championing the adoption of smart agriculture techniques. We have established an Aquaponics farm where aquaculture is combined with hydroponics in a closed system that reduces water usage by more than 90 percent. We continue to push protected agriculture or shade houses as this technology provides higher yields on short term crops and has proven to be an excellent solution to many of the problems experienced in using traditional agriculture methods. Our reforestation program will continue during the upcoming fiscal year as the Ministry will redouble its efforts at planting fruit or tree crops such as soursop, guava, golden apples and citrus. Root crops such as sweet potatoes, yams and ginger will be pursued and encouraged as well.

81. We will continue to encourage our primary producers to use existing and new technologies to enhance their various business enterprises. This new thrust will see the infusion of mechanisation and technology into the sector in keeping with our mantra of working smarter and not harder. One of the goals of the Ministry for this fiscal year was the establishment of a virtual crop management platform. With the help of the ICT Department on St Kitts, which built this platform, combined with the efforts of the IT Department on Nevis, the platform was piloted during the last quarter of this past fiscal year with a view for broader deployment by the second quarter of the 2019 fiscal period.

82. Agro Processing continues to be a rapidly expanding value added opportunity for agriculture. During the last quarter of this fiscal year, with the help of the Republic of China Taiwan, a walk in freezer was acquired and installed primarily for the storage of pulp especially mango as we seek to explore and pursue export markets for these products. It is anticipated that expansion work will commence on this facility during the upcoming year to provide additional processing space and kitchen facilities as well. One of the great successes of this unit during this year has been the production of composite bread made with Cassava, Plantain and Moringa Flour. These products are in high demand from the general public as they are much healthier than regular white flour.

83. The Ministry continues to struggle with the effects of the monkey and donkey populations respectively. It is the belief that the numbers of both animals are at a stage

where the available resources cannot support their existing population. Our earlier program, working in partnership with the company Arnova and Mission Taiwan, specifically geared to bring about behavioural changes in these animals did gain some success as we saw a reduction in crop losses to farmers during the period of the program. The Ministry is actively engaging our allied partners such as CARDI and Ross University to determine the best way to reduce the populations to sustainable levels. Research suggests that their interaction with humans can potentially lead to the transfer of disease and their nature can lead them to injure vulnerable persons if they feel threatened. Hence the need to take action to bring their growing population under control.

84. With assistance from Ross University School of Veterinary Medicine, the department has been able to improve the quality of beef from the government owned farm at Maddens. This has been facilitated through the introduction of enhanced reproduction practices namely artificial insemination. Our aggressive housing program has created a shortage of open grazing areas for ruminants. The Department has now re-introduced the concept of feed lot or intensive system for cattle production which allows us to deliver high quality animals to the abattoir regularly. There has been an increasing demand for mutton over the past few years. The department is taking steps to improve the quality of meat on the island by working with livestock farmers to improve the quality of their breeds and adjusting their farming practices.

85. As we seek to devote more attention to our eco-system and our marine environment, my Administration working in partnership with the Federal Government, has renamed and rebranded our Fisheries Department as the Department of Marine Resources through the promulgation of legislation governing this sector. These changes to the legislation will foster a closer working relationship with their counterparts in the federal level and provide greater efficiency in the management for our marine resources. Plans are already in motion to upgrade the Fisherman Marketing Facility in Charlestown to provide for laboratory facilities for quality testing of our fishing stock and other marine harvested items and to provide a training facility for our fishermen and other marine partners

86. We continue to be grateful for the support we have received from allied agencies such as IICA, CARDI, FAO, UWI and Republic of China Taiwan. I wish to thank the Republic of China (Taiwan) for their timely assistance in donating to us two (2) Massey Ferguson Tractors and a JCB Backhoe. These pieces of equipment have already made a huge impact in the area of land preparation. We will continue to deepen these current relationships and pledge a collaborative and coordinated approach to agricultural development.

4.5 Developing the Financial Services Sector

87. Mr. President, the Financial Services Sector is one of the significant revenue generating sectors of our economy both in terms of direct government revenues and spinoff revenues to the Private Sector as well. Revenues collected for the period January to October 2018 stood at \$11.14 million as compared to the \$11.04 million collected the corresponding period in 2017. As outlined in our Throne Speech delivered earlier this year, it was indicated that our intention is to grow this sector by 50% over the next 4 years. As outlined earlier in this Budget Address we are already taking positive steps in this direction by diversifying the sector through the embracing of Digital Asset Technology as an additional product. In addition we have engaged the services of KPMG to do an evaluation of this sector and make recommendations on how to proceed in achieving this 50% growth over the medium term.

88. We hold firm to the view that this sector must be private sector driven and impress upon the Service Providers of the need to work in partnership with the NIA to move this sector forward. We have revamped our marketing program and established a Marketing Advisory committee consisting of both government officials and private sector representatives to spearhead the marketing of this sector. It is our wish that at every turn both government and the Service Providers are standing side by side at the various marketing events to promote this sector.

89. The number of incorporations and registrations of IBCs, LLCs, Trusts and Multiform Foundations for the period January to October 2018 was 1,778, a slight decrease when compared to the figure of 1,948 for the corresponding period in 2017. To date there are 297 Regulated Entities on register comprising 53 Licensed Registered Agents, 220 Licensed International Insurance Companies, 18 Insurance Managers, 5 Money Services Businesses and 1 International Bank.

90. This sector continues to be under severe threat from the International Financial Services Regulatory bodies. I am extremely pleased to report that the Second Round Peer Review Assessment of St. Kitts and Nevis by the OECD Global Forum on Transparency and Exchange of Information was successful. The Assessment examined our ability to implement standards of transparency and exchange of information on request for tax purposes. A comprehensive review of the legal framework and administrative practices was undertaken covering the review period 1st July, 2014 to 30th June, 2017. An on-site visit by the Global Forum Assessment Team took place during the first week of March, 2018 where representatives from the Department, Inland Revenue Department and Legal Department in Nevis were interviewed. At the completion of this exercise, the Federation of St. Kitts and Nevis was rated as **largely compliant** on all matters that were under review by the Global Forum. The Peer Review Report also highlighted the areas where progress was made since the previous review in 2014.

91. The 13th Annual Anti-Money Laundering /Countering the Financing of Terrorism (AML/CFT) Awareness Seminar and Training Workshop hosted by the Department in May 2018 was a major success. The Regulator and Staff of the Department must be highly commended for their continuous efforts in providing best in class training opportunities for regulated entities on an annual basis. This year's workshop saw the largest number of attendees ever recorded with a total of 207 individuals from across all regulated sectors. The first Gold Sponsor of the event was the compliance and business solution firm, Accuity, and they have expressed keen interest in providing sponsorship for next year's event. The Regulator and Staff of the Department wish to extend gratitude to all the local businesses and individuals who contributed to the success of the workshop and look forward to partnering with them again in 2019.

92. During the course of 2019, the Department will continue its preparation for the Fourth Round Caribbean Financial Action Task Force (CFATF) Mutual Evaluation on St. Kitts and Nevis. The CFATF will undertake an assessment of our technical compliance with the FATF Recommendations and review the level of effectiveness of St. Kitts and Nevis' Anti-Money Laundering/Countering the Financing of Terrorism (AML/CFT) system.

93. The Federation is also currently engaged in a National Risk Assessment, which is a comprehensive assessment of money laundering and terrorist financing risks within our borders. The FATF recommendations mandate that each country should be able to identify, assess and understand its money laundering and terrorist financing risks so as to mitigate illicit financial flows and transactions. Countries should also develop defence mechanisms to address risks specific to the country. In that regard, the Financial services Department along with other relevant government agencies and competent authorities have commenced work on this important risk assessment.

94. As part of our efforts to remain compliant with international best practices, additional amendments to the Nevis Business Corporation Ordinance 2017 and the Nevis Limited Liability Company Ordinance 2017 are anticipated to address the Base Erosion and Profit Shifting (BEPS) Initiative as well as the OECD Forum on Harmful Tax Practices (FHTP) and the EU Code of Conduct Group criteria. These bodies are of the view that, both the Nevis Business Corporation Ordinance and the Nevis Limited Liability Company Ordinance contain preferential tax treatment provisions as they grant exemptions on taxes for all foreign source income of corporations and companies in the financial services sector, whereas the general position is to tax corporate residents on their worldwide income. They have also raised concerns regarding the lack of substantial activities requirements.

95. The Federal Government and the NIA have been working closely with international firm Ernst & Young to fashion solutions to these concerns. My government stands ready willing and able to enact necessary changes to ensure that Nevis remains firmly and fully compliant and our financial services sector remains on a solid footing. In this regard we give our solemn commitment to the international community that we stand shoulder to

shoulder in the fight against illicit financial flows and harmful tax practices. We however continue to call on the international community to insist on a level playing field where the rules apply not just to some of us but to all of us.

96. During the course of 2019, we shall streamline the registration, licensing and supervision process of regulated entities and financial services products by automating a number of daily processes. We are currently in active discussions with various vendors to ensure that the services to be offered align with the Department's objectives. Automation and greater deployment of technology are important steps in ensuring that Nevis remains relevant and competitive.

4.6 Infrastructure Development Program

97. Mr. President, our Public Sector infrastructure program continued during this past fiscal year albeit at a much reduced pace when compared to the fiscal year 2017. Our policy as outlined in our 2018 Budget of Expenditure was to complete works on ongoing projects and implement new projects through a staged approach over the next 4-5 years.

98. As it relates to ongoing projects, work continued on the Treasury Building Renovation Project which is expected to be completed by mid-2019. Expenditure to date on this project amounts to \$6.16 million funded largely through disbursements from the Sugar Industry Diversification Fund. When completed, this structure will be our main financial centre, hosting the offices of the Inland Revenue and the Treasury Department, resulting in huge cost savings in rental payments for the Administration.

99. The Alexandra Hospital Rehabilitation Project is progressing smoothly despite some earlier setbacks. This project is the single largest investment in our health care infrastructure and it is a clear demonstration of my Administration's commitment and dedication to providing first class health care for the citizens and visitors on Nevis.

100. In addition, Phase 1 of the construction of the enhanced Water Taxi Facility, being the construction of the pier itself also funded by the SIDF, is substantially completed. Expenditure to date on this project amounts to \$5.07 million including the cost of acquisition of the property. Phase 2 of that facility, being the renovation of the existing building structure to provide administrative services, will commence early in the New Year. This project is of significant importance to the Administration as we seek to enhance our visitor arrival experience while aligning our tourism related facilities with our reputation of being a high end destination.

101. Work also continued at a rapid pace on the reconstruction of the New Castle Police Station. Even though National Security is a responsibility of the Federal Government, it must be noted that the NIA is thus far bearing the full cost of reconstruction. Expenditure to date on that project amounts to \$ 2.2 million. I am also happy to report that restoration works at the Government House are now substantially completed and we are indeed looking forward to the relocation of the Office of the Deputy Governor General to this enhanced structure during the first quarter of the new fiscal year. The expenditure to date on this project amounts to approximately \$1.70 million.

102. Expansion work on our education plant at the Ivor Walters Primary School through the construction of a temporary classroom block, a guidance counsellor's office and additional bath rooms was undertaken at the start of this school year to meet the needs of the growing school population. This has been completed on time and within budget and we publicly thank contractor Euclid Williams and his team for their excellent work. Expansion work on the office complex at the Charlestown Primary School is proceeding nicely and we anticipate completion shortly. As I have done before Mr President please permit me again to apologize to teachers staff parents and students for disruptions and thank them for their patience.

103. I wish to report that Phase I of the Brown Hill Road Rehabilitation Project is substantially completed with the laying of 5,700 feet of asphalt, road realignment along with the construction of curbs, slipper drains, U-drains, culverts and reconstruction of retaining walls. Total expenditure on this project to date amounts to \$2.8 million. Mr.

President, I wish to put on record our sincere thanks and appreciation to the good people of Brown Hill for their patience, understanding and tremendous cooperation thus far as we seek to complete this project early in the new fiscal year.

104. I am also happy to report that work has started on Phase I of the Bath Village Road Rehabilitation Project and also Phase I of the Craddock Road Rehabilitation Project as we seek to close out our road reconstruction program for this budget cycle. Both of these projects are long overdue and the good people of Bath and Craddock Road have suffered for decades with inadequate infrastructure. Today I am proud to announce that we are working to alleviate and ameliorate that suffering.

105. Our road development and maintenance programme will continue during the fiscal year 2019. We have allocated the amount of \$12.0 million in our budget for our road reconstruction program for the upcoming fiscal year. Our first priority will be the completion of the ongoing projects at Bath Road, Craddock Road and Brown Hill Road before embarking on any new works. Our program for the 2019 fiscal period will see works undertaken at Upper Shaws road continuing to Fountain. In addition, we shall undertake a number of secondary village roads such the road network connecting Craddock Road with Old Hospital Road, connecting Hamilton with Pump Road, Farms Estate Road and the road network in the Ramsbury area to name a few.

106. Mr. President, we will have to give attention to remedying the Island's Main Road from Cotton Ground to the Vance Amory International Airport and the Long Point Road to Pinney's Junction by Artisan Village via Pump Road. These roads have deteriorated badly through heavy wear and tear over the past years. It is our intention to seek a Public/Private funding arrangement with an international construction firm to execute the works and provide financing under a long-term payment arrangement in order to reduce the burden on the finances of the government. These works will be done with the assistance of the Public Works Department and we will ensure that our local labour, contractors and equipment such as trucks, backhoes and excavators are fully utilised on these two projects. We have allocated an amount of \$8.2 million in our budget to execute works on this section of the island's main road during the upcoming fiscal period.

107. Mr. President, the Caribbean Development Bank (CDB) funded water project dubbed the Nevis Water Supply Enhancement Project comes to an end at the end of January 2019. We wish to express sincere thanks and appreciation to CDB for their remarkable contribution to our economic development through the provision of concessionary funding in the amount of \$23.65 million for this project. This was matched with counterpart funding directly from the NIA in the amount of \$5.97 million for an overall project cost of approximately \$29.6 million. We are very pleased with the success of this project which entailed construction of new reservoirs, pump stations, laying of 115,300 feet of pipe lines to date throughout the island, acquiring equipment, training and building capacity within the Water Department. We would like to commend Mr Roger Hanley and his staff at the Nevis Water Department (NWD) for their excellent work in supervising and executing this all important project true to their motto "**Water is Life**".

108. Mr President, while this project has satisfied our goal of an enhanced and upgraded water distribution system, there is much more work to be done on ensuring the availability and sustainability of our water supply to meet the increasing demands of our island especially as we seek to encourage foreign direct investment in the private sector. We will seek to enforce our contractual arrangement with BEAD Nevis LLC for the drilling of three (3) additional wells to increase our water supply. This project is behind schedule but it is our intention to have these wells drilled, tested and commissioned during this upcoming fiscal period. I wish to make it clear that under this drilling arrangement, the NIA will not be purchasing any water from BEAD Nevis LLC as these wells once completed and commissioned will immediately be the sole property of the NIA.

109. As part of our ongoing program for a sustainable water supply it is our intention to construct two (2) additional reservoirs at Pond Hill and Hamilton to increase water storage in the Charlestown area. The proposed cost of this project is approximately \$2.4 million and will be done through a Public/Private financing arrangement whereby the contractor will construct the reservoirs and we will repay over an extended period thus easing the immediate burden on the cash-flow of the Administration.

110. Mr. President, we are pleased to put on record that the ten year agreement with BEAD Nevis LLC for the sale of water to the Administration has come to an end. The Nevis Island Administration took full control of the wells at Fothergills and Maddens on 5th October 2018 giving the NIA full control of its water supply. We express thanks and appreciation to BEAD Nevis LLC for working with the NIA over the years and for their contribution to the development of the water supply here on Nevis. In addition, we must thank the people of Nevis for their understanding and cooperation with the NIA especially as we increased the water rates by 30% earlier this year to fulfil our legal obligations to CDB. Our revenues from water rates for the period January to October 2018 stood at \$4.76 million when compared to the amount of \$3.9 million collected for the corresponding period in 2017.

4.7 Energy Development & Sustainability

111. Mr President, we recognize that our ability to build our economy, create new jobs and ensure the wellbeing of our people requires reliable, sustainable and affordable energy. We stand committed to providing this sustainable and reliable supply of energy whether it be our traditional fossil fuel generation or the exploration of alternative energy. Towards this, we will continue to make critical investment in energy research and our energy infrastructure while exploring alternative energy sources. We have a duty to both our commercial and domestic customers to continue to meet their demands on a continuous basis. Our ability to attract and retain foreign direct investment also depends on having a sustainable energy supply at competitive rates at all times.

112. Over the past years we have sought to diversify from the traditional fossil fuel energy supply to green energy sources such as geothermal energy, wind energy and to a lesser extent solar energy. We have made significant progress on the delivery of Geothermal energy and feel growing confidence that the financing for the production phase of this project is at hand. We are in continuous discussions with the developers of the Geothermal Project and representatives from Blackrock Investment Management Company, which is providing financing for the project. As part of its due diligence process,

the investment firm met with Senior Government Officials, visited the Prospect Power Station and the location for the planned Geothermal Plant at Hamilton Estate. We are also happy to announce that the project insurance coverage is nearing completion with the US Government Agency- (OPIC) Overseas Private Investment Corporation.

113. Harnessing renewable energy from sources such as geothermal will not only allow us to achieve energy sustainability but will also provide resilience in the event of natural disasters while providing a catalyst for foreign direct investment into our economy. Having a cheaper and reliable form of energy will allow us to diversify our economy in the area of informatics and other technology based services. Climate Change is real and is one of the gravest threats facing our planet. None of us is safe from the ravages of Climate Change. The development of energy for renewable sources will enable us, despite our size, to play our part in reducing the emission of harmful greenhouse gases.

114. Even as we seek to pursue alternative sources of energy, we continue to invest substantially in our existing generating capability to ensure reliability of our energy supply. During 2017 we made substantial investments in our generating capacity through the procurement of a Wartsila Diesel Generating set to the value of US\$5.0 million in addition to a containerised generating set to the value of EC\$1.5 million. We have also just last month completed the replacement to failing transformers in the Charlestown area securing greater reliability of power supply to our city centre.

115. While we have successfully satisfied the generating capacity of our electricity supply for the short to medium term, our efforts in 2019 will focus on major upgrades to the distribution side so as to increase the efficiency of the Prospect Power Station. During this upcoming fiscal period NEVLEC intends to embark on major upgrades to its distribution feeders especially on the Cotton Ground and Charlestown Feeders. Work will also be done on the automation of the existing distribution network to create a smart grid system, as well as the replacement of a number of inefficient and outdated transformers along with the procurement of additional pieces of equipment to improve the efficiency of delivery of supply to customers. This investment in the amount of EC\$6.8 million is not

only to meet our immediate needs but is also a first step in laying the infrastructure for the eventual delivery of Geothermal Energy to the people of Nevis.

4.8 Efforts at Crime Fighting & Security

116. Mr President, we continue to promote a policy of zero tolerance to crime and criminal activities within our communities. While progress has been slow, I am happy to report that the recent statistics as released by the Police Division indicate that the Island of Nevis has seen a reduction in major crimes so far for this year. According to the data, the period January to November 2018 showed a reduction in Major Crimes by 6.0 percent when compared to the 5.0 percent reduction for the same period in 2017. Noticeable areas of reduction include murders/manslaughter, bodily harm, larcenies and malicious damage to property. However, one crime is one too many and we continue to be deeply concerned about incidents of violent crime and crimes against property such as housebreaking, robberies and larceny.

117. My Government continues to rely on our CCTV program as a means of deterrence for criminal activities through our local program which started some years ago along with the program at the Federal level funded by the Taiwanese government. I am happy to report that we are making tremendous progress in upgrading and expanding our CCTV infrastructure. My Government has invested in excess of \$800,000.00 for the construction of our CCTV Command Centre which will serve as the base of operations for our program as we seek to achieve an island wide CCTV coverage by the year 2020.

118. Mr President, we cannot rely only on the members of the Police Force for the safety and security of our people. Our private security firms must play a role as well. To this end my Administration has held meetings with these entities in an effort to enlist them and partner with them as part of our national security apparatus. Following those meetings, we have introduced policies to incentivize these entities and to equip them with the tools necessary to function effectively.

119. My Administration has approved a waiver of Customs Duties and VAT on all patrol vehicles purchased by private security firms for a two year period in the first instance, with effect from 1stAugust 2018. In addition, we have also approved a waiver of the payment of Customs Duties on the importation of firearms by the management of all licensed security firms for that same period as well. These measures are significant steps in our efforts to achieve a zero tolerance to criminal activity and the ridding of our society of the scourge of crime.

120. Mr. President, these programs, policies and investments are a demonstration of our seriousness and commitment to the safety and security of our citizens and visitors on Nevis.

121. We will continue to give full support to all the security forces stationed on Nevis. We continue to make provisions in our annual budget for the amount of \$500,000.00 to complement the budget for National Security at the Federal level. These funds will be allocated for the provision of supplies and equipment for the members of the security forces stationed on Nevis. I punctuate the point that the NIA has no constitutional remit for safety and security and yet we continue to demonstrate through successive NRP and CCM Administrations that we nevertheless shoulder the responsibility! Mr President we can think of the Gingerland Police Station, the Cotton Ground Police Station, the Barracks at Bath Plain, the Newcastle Police Station and the CCTV programme in Charlestown as examples of how much we continue to commit financially to the national security effort. My message today is clear that my government has supported, does support, and will continue to support the Police and the broader security forces in Nevis.

122. Mr President the iron fist of law enforcement must however be encased in the velvet glove of opportunity. We must continue to engage our youth through various programs offered at the Education Department to equip them with the necessary skills to engage in gainful employment. Our programs at the Social Services Department and our Youth Division must also continue to form part of that comprehensive effort to get our young people to channel their attention and energies into meaningful and productive

activities so as to resist the urge to engage in antisocial behavior which can ultimately evolve into criminal activities.

5.0 ADVANCING OUR COMPETITIVENESS TO ACHIEVE OUR SOCIO ECONOMIC GOALS

5.1 Education & Human Resource Development

5.1.1 Education

123. Mr. President, my Administration places the education of our children at the top of its list of priorities. Education is indeed the fundamental building block on which the advancement of any society is based. The St. Kitts Nevis Education Sector Plan 2017-2021 under the theme “Education for All: Embracing Change, Securing the Future” is the platform from which the Ministry of Education, Library Services and Information and Technology plans to propel forward during the new academic year. The theme holds great relevance to the outcome of our policies and programs for education as it allows for adaptability to an ever-evolving world while providing optimism for the future.

124. Once again, the 2018 examination results for CSEC, CAPE and our local Test of Standards reflect the fact that our students have performed admirably over the past year. I wish to congratulate Mr. Rol-J Williams for achieving best result at the CAPE level having passed 19 units with 8 Grade 1 and Ms. Thalia Dore of the Gingerland Secondary School for excellent performance at the CSEC level having passed 11 subjects and achieved 8 Grade 1 passes. The Gingerland Secondary School continues to perform exceptionally achieving a 96% pass rate for CSEC, the highest in the Federation. This is the third year in a row that the Gingerland Secondary School has earned that coveted spot. Let me also congratulate young Rol-J Williams and Ronicia Liburd for placing second and third overall in the State Scholar running’s this year. 2 of the top 5 nationally is remarkable indeed for our little Nevis.

125. We are indeed happy for the successes of all of our students and remain resolute in investing in the overall education of our youth so as to ensure that the great efforts we

have made in education, continue to bear fruit. The Child-Friendly School and Effective School models will continue to be encouraged in all our schools as we seek to reach, grow and develop all of our learners and bring about the desired positive behaviors that we want our children to display at all times.

126. The Department of Education continues to embark upon ongoing training programs for teachers at all levels. The teaching and learning processes have been strengthened in both primary and secondary schools through specialized targeted training workshops for our teachers. At the secondary level, teachers have been involved in programmes such as the Step Up for Literacy Intervention. Meanwhile, our teachers in all primary schools have received training in utilizing innovative strategies in reading instruction under the OECS/USAID Early Learners Program (ELP). We have made the necessary resources available to compliment that training.

127. This Early Learners Program is a reading development programme for young learners administered by the OECS Commission in six of its member states including St. Kitts & Nevis. It is funded by the United States Agency for International Development (USAID) and is designed to address essential aspects of policy and practice in order to improve the reading levels of all learners at the early primary levels of Kindergarten to Grade 3. It is founded on the premise that, if students are able to read at or above their primary grade level they will be better prepared to successfully negotiate education programmes at the higher primary and secondary levels. It is a four year program which runs for the period March 2015 to March 2019. To date all teachers of Kindergarten to Grade 3 have been trained to successfully administer this program in our schools. We are grateful for the contribution and partnership with OECS and USAID in sponsoring this level of training for our teachers.

128. Mr President in November 2018, our Pre-school teachers also participated in a Highscope curriculum training in Science and Technology and Social Studies. In August 2018, teachers also received training in First Aid. These training workshops were carefully designed to mould our teachers into well-rounded professionals, add value to our

education product and enhance the delivery of the teaching/learning process for our students. The NIA pledges continued investment in the professionalizing of our teachers.

129. In an effort to improve the knowledge and skills of our teachers so as to enable them to execute their duties efficiently, a workshop in “Sensitization and Orientation in Differentiated Instruction and Assessment Strategies,” was conducted in September 2018. Over eighty teachers and education officials benefitted from the workshop. Differentiated Instruction and Assessment is a framework for effective teaching that involves providing students with varying avenues of learning, often in the same classroom. Another such workshop is to be held shortly to provide similar training to more of our teachers. We will also take steps to modify the existing initial training programme so as to provide quality professional development for our existing untrained teachers before their matriculation to Teachers Training College. There would also be a mentoring component as part of the modifications.

130. The Ministry also intends to place greater focus on the delivery of education at the Special Education level. Individualized Education plans for each of the students will be further improved so that their specific learning needs are met. Special focus will be placed on exposing the students to a Special Education Curriculum, which is designed to develop functional literacy, numeracy and life and vocational skills for independent living.

131. Mr President, we continue to make substantial investment in our school infrastructure to provide an enhanced environment to aid the teaching/learning process. As hitherto set out, additional classrooms and toilet facilities were constructed at the Ivor Walters Primary School. The Charlestown Primary School is being provided with expanded office space for its principal and other administrative staff. A number of our public pre-schools received new cots and chairs at the start of this school year. The total expenditure for these renovation and expansion works amounted to approximately \$1.55 million.

132. In preparation for the delivery of technical vocational education in our schools, we have awarded TVET Scholarships to five (5) persons to pursue training and certification

in various short-term programmes at colleges in Jamaica and Trinidad. These scholarships include enrolment in degree programs in the areas of Cosmetology, Agricultural Science, Electrical and Computer Engineering and Industrial Technology with a concentration in Construction Technology. It is our intention that upon graduation these persons will return to the classroom to deliver teaching sessions in the areas of their training.

133. We have been making a concerted effort to encourage our citizens to avail themselves of the training opportunities being offered through sponsored courses in TVET and other areas as we seek to develop a cadre of persons specially equipped to deliver technical vocation training in our schools. I am pleased to report that a TVET Facebook page is under construction and will be launched shortly to provide information on scholarship opportunities for the TVET Project and Programmes. The intention is to build awareness among our school leavers of the scholarships and training opportunities that exist to obtain training as instructors to facilitate the delivery of the TVET program.

134. The physical works under the TVET program will commence during the new year. This will involve construction of a new technical wing at the Gingerland Secondary school along with the expansion of the Multi-purpose Centre at the Charlestown Secondary. Even while we await the construction of these facilities, we have already received the first shipment of equipment to deliver the program. These include a number of desktop computers, laptops, projectors and projector stands. This equipment will be allocated to both the Charlestown Secondary School and the Gingerland Secondary School.

135. Additional equipment to be procured in the new fiscal year will include electronic white boards, tools and equipment for training in hospitality, wood working, agriculture, apparel, automotive, welding, and other IT-related areas. This project which is funded by the Caribbean Development Bank is destined to enhance the technical and vocational training skills of our people and make us more competitive in the job market.

136. Mr President, the Ministry and Department of Education will continue to work with our private cooperate partners, civic groups, social organizations, regional and international entities in an effort to implement our education plan and strategies. These plans and strategies will be the mechanisms that would be used to continue the improvement in our education product. We thank all those who have contributed over the years to the development of and innovations in our education system. We continue to solicit your support as we strive to enhance the quality of education for all Nevisians.

5.1.2 Developing our Human Resource Capability

137. Mr President, we continue to invest heavily in the development of the Human Resource capabilities in both the Public and Private Sector to meet the growing needs of a diverse economy. I am happy to report that during the month of October 2018, the staff at the Department of Physical Planning in collaboration with the Caribbean Development Bank through its Caribbean Technological Consultancy Services Network (CTCS), hosted a week long training seminar which was attended by 24 of our local contractors and 10 architects on “Improved Practices for the Construction Industry”. Construction is one of the main pillars of this economy and therefore we do have a role to play in ensuring that we raise the standard of performance among the players in this very important sector.

138. Good labour relations between the employers and employees are key elements in enhancing the overall productivity of our island. During this fiscal year the officers at the Department of Labour implemented a number of initiatives to enhance productivity in the work place. These include an increase in the number of site visits and inspections at the workplace; streamlining procedures to reduce the length of time taken to process complaints or disputes and improving the time taken to process work permits and annual residences.

139. In response to the continuous complaint from the Private Sector with regard to the lack of preparedness of our people for the world of work, the Department of Labour hosted its first Job Fair and Career Guidance Seminar in collaboration with the St. Kitts & Nevis Social Security Board. This seminar which is now expected to be an annual event

provided a forum for training and guidance to the participants in choosing suitable career paths. At the end of the Seminar the Department was successful in placing fifty-five(55) participants in attachment programs for a period of six(6) weeks and I am happy to report that at least nine (9) of these participants have gained fulltime employment at the end of the attachment program.

140. We continue Mr President to actively pursue scholarship opportunities for our resident citizens through training opportunities offered by friendly governments. I wish to use this opportunity to encourage our people to avail themselves of these opportunities as they arise. Our ongoing program of providing financial assistance to students to meet the cost of tuition fees continues with the focus on key priority areas which are essential for the continued development of our economy. Our priority areas include training for the teaching of Mathematics, Sciences, the Arts and Technical Vocation Education in our schools; Health Care in the areas of Nursing, Environmental Sciences and other areas of medical technology; Technical Engineering specialising in areas such as land valuation, land surveying and other technically skilled areas.

141. The delivery of these training opportunities and the establishment of employee benefits underscores the Nevis Island Administration's commitment to a more efficient and productive workforce thus raising the standard of service offered to the Nevisian public.

5.2 Improvements in our Health Care System

142. Mr President, the Ministry of Health and Gender Affairs will continue to advance initiatives which are demonstrative of our quest for the development of a healthy population and gender equality. We remain resolute in our mandate and will seek to employ several strategies with a primary focus on facilitating greater access to healthcare services, health systems development and gender mainstreaming. The promotion of gender equality is also a priority and we will attempt to increase awareness and impact through our legislation, policies and programs to achieve this goal.

143. The Ministry of Health recognizes the need for behavioural change in our quest for the adoption of healthy lifestyle practices. During the upcoming fiscal year we will continue to advocate for the consumption of healthy food and beverages as well as the need for moderate physical activity as part of a daily routine. Our sedentary lifestyles have resulted in a high rate of non-communicable diseases particularly diabetes, hypertension and certain types of cancers. We intend to utilize a multi-pronged innovative approach to address the need for adopting healthy lifestyles. To achieve this, we recently established a Communications Division within the Health Promotion Unit with the aim of developing public service announcements and other awareness programs that will encourage positive behavioural changes.

144. Access to health services for vulnerable populations including the elderly and disabled will also be given priority during the new fiscal period. As such, we will offer phlebotomy services directly to the homes of these vulnerable populations, who are unable to travel to our health facilities, as part of our community health outreach program. This will allow for diagnostic services to become more available to this section of the population.

145. Expenditure in the Health sector represents a significant portion of the budget of this Administration. It is important that measures to ensure the generation and collection of revenues are in place so that our health services can be adequately maintained and upgraded as required. During this current year we implemented new collection strategies which resulted in revenue collections for Hospital Fees increasing to \$767,859.00 for the period January to October 2018 when compared to the amount of \$691,736.00 collected for the corresponding period in 2017. For the upcoming fiscal year the Ministry of Health intends to further strengthen its collection procedures at the Alexandra Hospital to ensure the timely collection of all revenues payable to that institution for services rendered. I wish to use this opportunity to encourage citizens and resident who have outstanding fees owing to this institution to please make the necessary arrangements for settlement so that we can have the necessary resources to re-invest in the further development of our healthcare sector.

146. Initiatives for greater access to healthcare, including those caused by financial barriers, remains a priority for my Administration. Work has already started with the recent launching of the green and white papers on Universal Health Insurance. This initiative which is geared towards providing universal access to healthcare and developing a sustainable health financing mechanism gained momentum during this fiscal period. During the upcoming year, further consultations will be held with the various stakeholders so as to further sensitize them of the benefit package of the overall plan that should be available to citizens and residents by the year 2020. The Ministry of Health looks forward to the implementation of this initiative which will reduce the catastrophic costs for treating illness.

147. Mr President, investment in our health infrastructure is essential for the continued provision of quality health services. As hitherto indicated, work is presently ongoing on the Alexandra Hospital Rehabilitation Project. This will revolutionize health care in our island. This project is scheduled for completion by the year 2020. Investments will also be made in our public health facilities. My Administration will seek to construct a Poly Clinic in the Gingerland area and refurbish the existing health facilities in other districts on island.

148. While we have focused tremendous effort on the adequate provision of services at our health facilities, of critical importance is the state of the natural environment. We will redouble our efforts on initiatives that will reduce the vector population and ultimately reduce the impact of diseases such as dengue. In this regard, the Nevis Solid Waste Management Authority will commence a program at the Landfill for the baling of used tires so as to eliminate breeding sites for mosquitoes.

149. Developing our human resource capabilities is also a key component in the delivery of enhanced health care for all. We have commenced the process for recruiting nurses and other technical staff to provide the manpower for our health care sector. Our focus will not only be on general nursing but also nurses trained in specialized areas such as psychiatry and intensive care. Our newly established Counselling Unit within the

Ministry of Health, staffed with experienced counsellors, will provide services upon referral from the Ministry of Health, Social Services, Education, and other Ministries.

150. Lastly, evidence based decision making is necessary to inform programme planning and policy development. While we estimate that over 70% of the adult population is overweight or obese, there is no accurate data to support this claim. Therefore, during the upcoming fiscal period the Ministry of Health will launch 2019 Chronic Disease Risk Factor Survey (STEPS) to provide more timely and accurate data while allowing us to gain insights into the drivers of obesity.

5.3 Social Development Agenda

151. Mr President, during this fiscal year the Social Services Department has placed great emphasis on the care of the elderly and devising programs for our at-risk youths. We have made great strides under the guidance of the Family and Probation Division in strengthening the YTS-Yes To Success program. The program is targeted towards at-risk youths and offers skills training, life skills sessions and work internships to steer young persons, predominantly males, from juvenile delinquency and petty crime to more meaningful life choices.

152. Once participants complete the program, the Department measures the annual rate at which they have been able to keep jobs, avoid social deviance and trouble with the law and continue skills training or some form of educational program. The YTS success rate is so far very commendable with low reoffending rates and more than 65% of participants being able to retain full and part time employment. Thus far a total of 67 persons have registered for the program; 49 completed the program; 80% male and 20% females 16 of the 49 had been in conflict with the law and are now keeping out of trouble; 33 of the 49 were deemed at risk and have been assisted to a better path.

153. My government is moving rapidly with the construction of an operational centre at the Pinney's Industrial site as a home for this program. At this centre our at-risk youths would be taught skills in the areas of tiling, glass engraving, videography, hospitality and landscaping services. This program which is in its fourth cycle, will finally have an infrastructural set up from which to operate. This is a joint venture between my Administration, the OECS and USAID who have both contributed equipment and technical assistance to ensure the success of the program. It is our hope that these youths will be able to use the skills acquired through the YTS program to develop micro-enterprises as a means of earning a livelihood.

154. During the upcoming fiscal period, the Department of Social Services will seek partnerships with the Department of Education and other existing community based organisations and assist them in developing and managing diversion and prevention programs for at risk youth that will meet the standards of the OECS Juvenile Justice Reform Project. A structured Suspension Program will be introduced at the community level managed by the Family Services Unit. This program will enable children sent home from school for violent and disruptive behaviours to benefit from proper assessments, counselling and other interventions, while keeping up with their school work under the YTS program. This program will provide support in dealing with deviant behaviour and enable the Probation Officers to do early intervention. Therefore children on suspension from school will now have a program to report to daily, rather than being at home unsupervised. The suspension program is an approved action point in the new Education Sector Plan for which Social Services Department will take the lead.

155. The Ministry of Social Development has over the years-built a solid, comprehensive and sustainable program for our seniors. We will continue to provide recreational avenues to keep our seniors actively involved in social activities; provide assistance through wrap around services such as subsidized electricity, hot meals and bus pass program. We continue to highlight seniors' valuable achievements and contribution to Nevis through personal and televised award ceremonies and we have

deployed over 17 field workers throughout the island to visit and assess the day to day needs of seniors living alone.

156. In the New Year Mr President these efforts will broaden to include persons who are dedicating their lives to caring for our seniors through a ***“Care for the Care-Givers” program***. The program will create a supportive environment for family members who have the responsibility for seniors’ care and provide occasional respite from the magnitude of this responsibility. This program will provide training seminars and interactions on a quarterly basis and link these caregivers to relevant assistance for which they might qualify to help them better care for the elderly in a family and community setting.

157. We will seek to strengthen intergenerational bonding with seniors and youths through new programs in schools and at a community level which will enable seniors and youth to integrate and engage in meaningful activities. We will bridge the generational divide by having seniors mentor youth in their communities. Seniors from our established recreational groups will visit schools monthly to participate in activities that will transfer cultural practices, foster respect in young persons for the aging population and give our seniors a meaningful role in youth development.

158. The Social Services RISE (Restore Inspire Secure & Empower) program was up-scaled in 2018, to benefit over 100 family members. The program is guided by valuable elements including education, health and wellness, family dynamics, disaster preparedness and income generation. It seeks to promote an empowerment approach to poverty reduction. Under this program our people are given assistance for a period of two years but taught self-sufficiency through budget training, enrolment in vocational and CXC classes, taking a preventive approach to the preservation of their families’ health and are actively assisted in finding jobs to minimize the length of time they receive assistance. In 2019 the department will partner with stakeholders to further strengthen and institutionalize the RISE program.

159. In the New Year the RISE program will launch its **DADS** initiative, aimed towards increasing male participation in the program; increasing positive interaction with children and fathers in homes where fathers are not present and increasing non-custodial maintenance payments to single mothers of RISE families.

160. The Social Services Household Registry Office was established in 2015 with the main aim of registering households to determine the most vulnerable and needy so that existing government programs and services can be targeted towards these priority individuals. A total of 1300 households have been registered to date. As of September 2018, 35% of these households have received varying forms of government benefits; ranging from hot meals for senior citizens, subsidized utilities program for seniors, recreational program for seniors, Life Skills program for teen mothers, uniform and lunch assistance for children, assistance with adult education CXC classes are the benefits of the RISE program.

5.4 Engaging our Youth

161. Mr President, the Department of Youth has amplified its efforts at ensuring that our youths are holistically developed. We continue to introduce programs to keep our youths gainfully engaged and guide them in a positive direction. During this fiscal year a number of programs were introduced in the areas of entrepreneurship, employment, volunteerism and education on the Sustainable Development Goals (SDGs). The Youth and Skills Entrepreneurship Workshop, which was introduced as the fourth component of the Keep Empowering Youths with Skills (K.E.Y.S.) Program, engaged thirteen youths in the manufacturing of soaps and hair products.

162. Our annual Summer Job Attachment Program was successful this year as we were able to provide internship for sixty-two (62) school leavers so that they could gain meaningful insight into the world of work and guide them on their career path.

163. Additionally, the Department coordinated the consultations on the Youth Policy and Operations Strategy initiated by the Caribbean Development Bank. The policy will guide the Bank's support to youth development and form the basis for more strategic youth engagement. The Department also continued its drive in volunteerism by initiating the construction of the COMM Serve website, a medium that will be used to request and recruit volunteers and to track volunteer hours. This programme will continue to awaken young people's interest in volunteerism, which is hoped to foster a sense of community belonging and to enrich the lives of not only the volunteers but of the people they serve. Global Youth Service Day was also celebrated to further cement the importance of community service. The department was able to spark further attention to the Sustainable Development Goals (SDGs) by hosting a SDG-themed youth march and rally, Easter Camp and an Inter-High School Debating Competition.

164. During this upcoming fiscal period the Department will place emphasis on education in relation to human rights issues, youths with disabilities, volunteerism through after-school programmes and youth excellence. As it relates to education on human rights, the Department will seek to ensure that our young people receive a sound education. It is the hope that this educational thrust forms the epicentre of all initiatives of the Department. To better serve youths with disabilities, the Department intends to lend further support by allocating five (5) suitable openings for internships on the Summer Job Attachment Programme and to establish a Basic Life Skills Camp that will seek to address the social, psychological and physical needs of the differently-abled.

165. Moreover, the Department intends to magnify its efforts in offering and providing more schools with after-school mentorship programmes. This two-fold programme will provide homework assistance as well as basic life skills teachings. This after-school initiative will also be done in tandem with existing youth groups and organizations. Youth excellence remains at the core of youth development. As such, the department will launch **Impact 12** where every month, a young person will be featured and awarded for their stellar achievements in various areas of youth development.

6.0 HOUSING DEVELOPMENT

166. Mr President, guided by its mission statement, which is to provide service of the highest quality in the development, alienation and sale of lands and to construct affordable houses which are structurally sound and economical, the Nevis Housing and Land Development Corporation (NHLDC) is continuing on its housing revolution program on the island of Nevis.

167. The housing corporation continues to take steps to regularize some of the deficiencies left by the then NRP led Administration including reducing the inherited high delinquency rate for mortgages and lease payments to that entity. The inexplicable removal by the NRP of the Escrow Account funding which was to serve as security for the land sales at Pinney's has seriously affected the cash flow of the Corporation and hampered its efforts to provide Certificate of Titles to land owners in the Pinney's/Nugent area.

168. During this past fiscal period, the Corporation undertook construction work on seventeen (17) houses in Maddens Cedar View Housing Development, Low Ground Estate, Colquhoun Estate, New River Estate, Bath Village and Nisbett Estate, at a total cost of \$4.1 million. Of this number, most have been fully completed with the remainder scheduled for completion early in the new fiscal year. I am happy to report that over the period 2013 – 2018, the Corporation has constructed a total of 140 homes at total cost of \$30.34 million. In addition, eighteen (18) plots of land ranging from 6,000 square feet to 10,890 square feet were sold at a total cost of \$1.10 million during this past fiscal year.

169. The immediate goal of the Corporation for the upcoming fiscal period is to promote, build and distribute at least seventy two (72) 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 5,000 to 8,000 square feet of land within the Corporation's existing and new housing developments. The majority of houses will be built as part of Phase 2 of the Cedar View Housing Development, and a new development will be located in Hamilton

Estate to cater for the residents of Charlestown and its environs in addition to the “University Heights” development at Spring Hill Estate.

170. This 72 units housing program for the new fiscal year will be funded through a revolving loan financing arrangement of Fifteen Million (EC\$15.0) Dollars provided by the St. Christopher & Nevis Social Security Board. The construction of these homes will be distributed as follows: Low Ground Estate/Cherry Garden Phase Two 6 houses; Hamilton Estate 18 houses; Spring Hill Estate /University Heights 16 houses; Maddens Estate/Cedar View Phase Two 32 houses; in addition to 6 houses to be built on private property.

171. The University Heights Development which will be located on three (3) acres of land at Spring Hill is a bold and innovative initiative to incentivize Nevisians studying abroad to return to Nevis after graduating and invest in our housing program. These returning Nevisian graduates of the various Universities and Colleges will be offered up to 8,000 square feet of land at a concessionary price of EC\$1 per square foot provided that they were resident on Nevis for at least 5 years after graduation. The new housing development in Hamilton Estate, St. Paul’s Parish, will be located on three (3) acres of land, with the main objective of meeting the demands for housing for the good people of St. Pauls’.

172. Mr President we understand the demand for housing is growing and that people prefer housing in their existing communities. We however ask for the patience of the Public as the Corporation does not have land in many parts of Nevis leading to increased costs for land acquisition to undertake housing. We will continue to increase our land stocks to better provide housing in all areas of Nevis.

7.0 FISCAL PROJECTIONS 2019

7.1 Fiscal Measures

173. Mr. President, the medium term objectives of my Administration have always centred on the fostering of sustainable and inclusive, long-term economic growth while enhancing the social well-being of our people. We will continue to implement forward thinking fiscal policies that would aid in the advancement of our agenda for growth and development. During this fiscal year, my Administration took the decision to reduce Government spending and incentivize the private sector to be the engine of growth for the continuation of growth and expansion in the economy. This policy will also continue into the New Year.

174. My Government wishes to present a budget for this fiscal year 2019 that is free of any new taxes as an incentive to stimulate business activity among the private sector as a means for economic expansion.

175. We will however aggressively enforce the collection of existing taxes that is due to government. We will continue to streamline our policy for tax concessions and limit exemptions from the various taxes only to areas as prescribed in the various legislation or when necessary to be used as a short-term sacrifice in exchange for the long-term benefit of increases in business activities, ultimately leading to an increase in employment opportunities for our people.

176. We will continue to strengthen our tax collection policies as a means of reducing the accumulation of arrears of revenue at the various revenue collection units.

177. During this fiscal year we approved amnesty measures for Work Permit Fees and Property Tax to provide the opportunity for persons in arrears to become current. It is our hope that everyone availed themselves of the opportunity and will make every effort to stay current with the payments of their various fees and taxes. I use this opportunity to issue a clear warning to those who insist on breaking the law despite my Government's leniency and advocacy on behalf of non-nationals. If you refused to regularize your status

then the Immigration authorities will enforce the immigration laws to the fullest extent possible.

178. We will continue to implement our existing policy whereby all persons or entities seeking to contract goods or services to government must be current with their payment of all fees and taxes to the Administration and have valid business licenses. It is only fair that as business entities seek to benefit from the expanded economic activities they must also pay their share of fees and taxes to allow the Government the resources to further invest for the continued development of the economy.

179. We will continue to stimulate growth in the hotel sector through the ongoing practice of granting concessions on food and beverages and for the construction sector as well through the various exemptions granted under the first time homeowner's construction program. We will continue to encourage the inflow of foreign capital and technical skills through our returning national and movement of person's policy. In this regard Mr President I am proud to announce that returning college graduates will be afforded some level of duty concessions on the purchase of a vehicle for their personal use. It is our hope that all such persons will not only come seeking direct employment but will put their knowledge and expertise to bear in creating business entities thus expanding the private sector and ultimately creating employment for our people. We will continue to take steps to develop an agricultural and manufacturing sector thus limiting our import bill and curtailing the outflow of foreign currency.

180. My Administration is cognizant of the fiscal space gained over the past two years and will actively seek to continue to improve our financial position. This gain in fiscal space would be used to ensure economic buoyancy and debt sustainability. The Administration will continue to actively focus on programs and policies that encourage continued growth in the number and quality of private sector investments by strengthening institutions such as NIPA and SEDU. We will continue to allocate significant portions of our budget towards the development of our human capital by funding and expanding existing programs such as TVET.

181. Mr. President, to counteract the potential effects of downside risks to our long term growth prospects, my Administration intends to engage in the practice of fiscal risk management. We feel that incorporating a comprehensive fiscal risk management approach into our decision making process is very important in regards to the practice of good governance, accountability and efficiency in the use of public resources. This method of management would allow us to identify the most pertinent of fiscal risks, analyse our level of exposure and provide the necessary mitigation strategies. In short Mr. President, this will help us to identify, prevent or curtail any negative shocks that could adversely affect the achievement of both medium-term and long-term socio-economic goals.

182. This risk approach will be adopted and utilized not only in Central Government but in the operations of our Statutory Corporations as well. For the Central Government, this approach will be adopted to cover all activities including revenue forecasting, the establishing of expenditure ceilings, debt portfolio management, assigning of Government contingent obligations and in the development of Public Sector Investments strategies. As for the Statutory Corporations, this will be utilized in covering all activities including daily operational and financial planning.

183. This initiative will enhance the credibility of our budgets and signal to the international community that we are exercising macroeconomic prudence in regards to our fiscal operations. My Administration will always endeavour to ensure that our economy continues to recover and thrive.

7.2 Projected Revenues and Expenditure

184. Mr. President, the total expenditure budget for the fiscal year 2019 is set at \$269.95 million. This represents an increase of 18.75 percent over the 2018 Budget Estimates. We have allocated the amount of \$180.75 million to recurrent spending representing an 11.5 percent increase in recurrent spending when compared to fiscal year 2018. This increase is mainly as a result of the need to make a provision in

our recurrent budget for Principle Repayment on Treasury Bills held on behalf of the then British American Insurance Company. The full amount of these T-bills amounting to \$11.24 million is due and payable by December 31, 2019.

185. In addition, special provision was made for the enhancement of our health care system through the recruitment of nurses from overseas to fill various vacant positions at the Alexandra Hospital. Coupled with this is the fact that a number of our citizens are returning home having completed their course of studies in the field of Medicine thus increasing the pool of medical doctors on shift at our primary health care institution. We therefore had to provide funds for their employment. Recurrent spending for this fiscal year therefore comprises 67.0 percent of the total budgeted expenditure.

186. My Administration is projecting to collect the amount of \$137.78 million in Recurrent Revenue which is on par with our projected revenue collections for the 2018 fiscal period. In addition, we expect to continue to be allocated the amount of \$30.0 million as our portion of revenues from Passport Processing Fees under the CBI Program for St. Kitts and Nevis. Our combined total Recurrent Revenue is therefore projected at \$167.78 million for the upcoming 2019 fiscal period and when compared to the projected Recurrent Expenditure of \$180.75 million provides a deficit on the recurrent budget of \$12.97 million.

187. I must again reiterate that this deficit is largely as a result of us having to make payment on the Treasury Bills owing to the Judicial Manager of the British American Insurance Company and we have made provisions in our budget to settle this obligation. It must be noted that if we were not required to make this lump sum pay-out of the debt obligation to the British American Insurance Company, all in a single fiscal period, the deficit on the recurrent budget would have been only \$1.73 million. The ordinary course of debt servicing would have been the repayment of this debt over a period of time. However, the winding up of the judicial arrangement slated for December 31, 2019 necessitated the shortened payment period for retiring these T-Bills.

188. These T-bills have been included in our stock of Central Government Debt over the past years. Even though we have classified their repayment as recurrent spending, I wish to state that it is the intention of my Administration to seek external financing in order to retire these bills. The ultimate result will merely be replacing one type of debt instrument with another with the debt servicing arrangements continuing as normal thus easing the burden of having to use daily revenue collections to retire this debt. Therefore the daily flow of revenues to meet the day to day expenditure of government will remain intact.

189. Mr. President, the amount of \$89.20 million has been allocated for funding for our capital expenditure program. This represents a 37.85 percent increase when compared to the capital expenditure allocation for the fiscal year 2018. This increase is largely due to our decision to allocate funding to complete construction works on the Hospital Expansion Project. In addition, the completion of works on the Brown Hill Road Project along with provisions for rehabilitation works on the island main road from Newcastle to Cotton Ground all contributed to this increase in the capital spending projections for 2019.

190. Funding for our capital budget will be comprised of loan funding from the Caribbean Development Bank, disbursements from the Sugar Industry Diversification Fund (SIDF) and its successors the Hurricane Relief Fund and the Sustainable Growth Fund and other grant funding. In this regard Mr President, I am pleased to announce that discussions on a sharing mechanism between St Kitts and Nevis under this Unity Government for the CBI inflows into the Hurricane Relief Fund and Sustainable Growth Fund are at an advanced stage and I hope to be able to report to the people of Nevis soon as to the percentage to be received by the NIA on their behalf. Such sharing arrangements underpin the closer cooperation between both governments and we thank the Honourable Prime Minister for facilitating this important process to ensure that not just some but ALL the people of St Kitts Nevis benefit from the CBI programme.

191. In addition, my Administration will seek loan funding from other financial entities at concessionary rates not exceeding 3.5 percent per annum to complete the funding for these capital works. We are also embarked on an innovative debt swapping initiative where we intend to substitute high cost debt with lower cost debt.

192. It is unconscionable Mr President for the taxpayers of Nevis to continue to pay interest rates of as high as 9-10% on some of its debt obligations. The debt swapping initiative will not reduce the size of the debt but will reduce the cost of such debt and generate much needed fiscal space for the day to day operations of the Administration.

193. Mr. President, a summary of resources projected to finance our 2019 expenditure program is outlined as follows:

- Current Revenue - \$ 137.78 million
- Projected Revenues from CBI Passport Processing Fees - \$30.0 million
- CDB loans and other Concessionary Loans - \$41.47 million
- SIDF/HRF/SGF Grant Funding and other Grant Funding - \$ 12.15 million

194. 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. I wish to make it clear that annual budgets are merely projections for revenue and expenditure. The extent to which we roll out expenditure will naturally depend on our ability to access funding especially for executing the items as outlined in our capital expenditure program. I wish to assure the public that we will not be reckless in our spending and we will seek to access funding at low cost in accordance with our debt management strategy. Where funding cannot be accessed at these concessional rates we will curtail our expenditure program and carry forward to the-fiscal period 2020, any projects which were not executed due to lack of approved financing.

195. Despite the above listed proposal for the funding of our expenditure, it is likely that there will still be a shortfall in funding to cover our total expenditure for the upcoming fiscal year. My Government intends to utilize a number of measures to deal with this. The use of public/private sector partnerships arrangements will be adopted as a method of funding some of the projects. Under this arrangement the contracting firm will finance, construct and hand over the project upon completion. The Administration will then enter into an

instalment payment program to repay the construction cost. The advantage of this type of financing arrangement is that it eases the burden on the Administration's cash flow while allowing for the use and enjoyment of the item that was constructed, by our citizens.

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

- ❖ The Office of the Premier has been allocated funding in the amount of \$ 9.65 million representing 3.56 percent of the total budget. Included in this amount are funds allocated for funding the Office of the Integrity in Public Life Commission along with the completion of works at the Newcastle Police Station.
- ❖ The Ministry of Finance has been allocated funding in the amount of \$ 92.89 million representing 34.41 percent of the total budget. Included in this amount are funds allocated for our Debt Servicing obligations along with funding to execute completion works on the Treasury Building Reconstruction Project and construction of the Water Taxi Pier.
- ❖ The Ministry of Communications and Works has been allocated funding in the amount of \$ 51.44 million representing 19.06 percent of the total budget. Included in this amount are funds allocated for our infrastructure development program including road works for Brown Hill, Bath Village and Craddock Road along with the resurfacing of the island main road from Newcastle to Cotton Ground and the drilling of three additional new water wells.
- ❖ The Ministry of Health and Gender Affairs has been allocated funding in the amount of \$37.27 million representing 13.81 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 has been allocated funding in the amount of \$34.98 million representing 12.96 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, acquisition of lands for the construction of a Tertiary Education Facility and for the development of our Information and Communication Technology needs including the computerization of our schools.

- ❖ The Ministry of Social Development, Youths and Sports has been allocated funding in the amount of \$21.89 million representing 8.11 percent of the total budget. Included in this amount are funds allocated for the delivery of our social development agenda and improvements to our sporting facilities.
- ❖ The Ministry of Agriculture, Lands, Housing, Co-operatives & Disaster Management has been allocated funding in the amount of \$10.57 million representing 4.0 percent of the total budget. Included in this amount are funds allocated for enhancing our Agricultural Sector as we seek to achieve food sustainability and security.

8.0 CONCLUSION

197. Mr. President, today I have sought to lay out in a thorough and exhaustive manner my Government's agenda for development over the medium to long term. It is a well-established fact that good governance and a stable economic environment are essential for job creation and growth. We have sought to re-establish these principles during our brief period as a newly constituted CCM led Administration.

198. We have clearly articulated our policies for economic expansion and fiscal consolidation, our policies for creation of employment, policies on crime prevention, on debt consolidation, Infrastructure development and our programs to empower the young and not so young of this country. These programs and policies over the ensuing years

will transform the economy in a positive way. We have sought to diversify through the development of additional products for the Financial Services Sector, taken steps to enhance our marketing effort at NIPA while continuing to nurture and promote the traditional sectors of Construction, Tourism and the Retail Trades.

199. There is no doubt that the issue of globalization and the opening of the 'one world market' for trade has transformed the way we will do business in the future. This has signalled the urgency for a fundamental change in our development paradigm, to that of a new economy which is driven primarily by knowledge, innovation and entrepreneurship. In this new era, government must now seek to be an enabler by promoting and developing an institutional framework and incentives that promote economic growth and business opportunities. The goal of my Government will now be to create policies that will facilitate the transformation of our economy through new and innovative methods.

200. Moreover, my Administration has made a commitment to shift our domestic institutional environment and development paradigm towards creating a New Entrepreneurial Economy, through policy reformulation and the provision of support for local institutions. Our policies over the medium term will be geared at unleashing the key drivers of technical and vocational education and training, research and development, innovation, ICT preparedness, quality health care, a new development-oriented focus on our youths, among others. This will be critical to our island's ability to reap economic growth and sustainable employment for our people.

201. Mr. President, just about four years ago we took the decision to align ourselves with the Peoples Labour Party and the Peoples Action Movement and ultimately became members of the Federal Cabinet. This was a strategic move to ensure that you the people of Nevis received a fair share and equal access to federal resources. We will continue to use our alignment at the Federal level to agitate for matters relating to the sharing of resources with Nevis and that they be enshrined into legislation. In this way we will be achieving our long-term goal of developing an amicable working relationship between the Federal Government and the Nevis Island Administration.

202. Finally Mr. President as we approach the one year anniversary of my Government in office, I wish to express thanks to the citizens and residents of Nevis for the faith and confidence they have placed in my Government to manage the affairs of this our beloved Nevis. At the appropriate time our citizens and residents will have an opportunity to evaluate our performance and make an informed decision on the type of leadership that my CCM led Administration has provided over the past months and the type of leadership you will want for our country going forward. I have no doubt that my CCM led Administration will gain high commendation for our sterling performance in leading and managing the affairs of this country and for advancing the interest of the people of Nevis in particular.

203. To our people I express my profound gratitude for the faith and confidence you have placed in my Government. May the upcoming Christmas season be joyous and it is my hope that you will face the New Year filled with confidence and hope for a brighter and more prosperous future for you and your families and indeed for all of our wonderful island of Nevis.

Mr. President I so move.

9.0 ACKNOWLEDGMENTS

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 2015	Actual 2016	Actual (restated) 2017	Actual Oct 2018
Total Revenue & Grants	133.85	168.40	188.10	145.41
Current Revenue	133.85	132.90	129.06	112.55
Tax Revenue	100.66	99.25	96.70	83.32
Taxes on Income & Profit	16.90	18.58	17.68	14.35
Of which: Corporate Income Tax	4.11	6.72	7.64	5.02
Social Services Levy	12.70	11.47	9.63	8.85
Taxes on Domestic Goods & Services	40.29	34.17	32.32	30.05
Of which: Stamp Duties	16.25	11.33	8.15	8.05
VAT	17.70	16.42	17.05	15.23
Taxes on Int'l Trade & Transactions	40.74	43.71	43.48	35.45
Of which: Import Duties	11.58	11.42	11.74	8.83
Customs Service Charge	7.38	7.96	8.14	7.05
VAT	15.50	16.22	15.56	12.97
Non-Tax Revenue	33.19	33.65	32.37	29.23
Of which: Financial Services	13.84	14.12	13.26	11.14
Supply Office	8.17	7.45	6.94	5.89
Water Services	5.65	5.23	4.75	4.76
Total Expenditure	149.43	171.56	204.09	153.90
Current Expenditure	123.51	135.26	140.56	113.56
Personal Emoluments	65.29	75.55	78.55	59.57
Goods & Services	30.27	28.66	31.24	26.40
Interest Payments	15.46	15.27	16.68	14.41
Domestic	14.48	14.45	15.71	12.47
External	0.99	0.82	0.97	1.94
Transfers & Subsidies	12.49	15.78	14.09	13.18
Current Account Balance	10.35	-2.35	-11.50	-1.01
Total Grants	25	35.50	59.04	32.86
Capital Expenditure	25.93	36.30	63.52	40.34
Overall Balance	9.42	-3.15	-15.98	-8.48
Primary Balance	24.87	12.12	0.70	5.93
Principal Repayments	6.98	8.41	7.75	9.45
Domestic	2.96	3.81	2.54	3.87
External	4.02	4.61	5.21	5.58

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

	2014	2015	2016	2017	Oct 2018
Total VAT Collection (in Millions of EC\$ Dollars)	39.18	33.20	32.64	32.61	28.20
VAT as a % of Current Revenue	<i>30.50%</i>	<i>24.80%</i>	<i>24.56%</i>	<i>25.29%</i>	<i>25.06%</i>
VAT on International Trade	19.13	15.50	16.22	15.56	12.97
As a % of total VAT	<i>48.83%</i>	<i>46.69%</i>	<i>49.69%</i>	<i>47.72%</i>	<i>45.99%</i>
VAT on Domestic Goods & Services	20.05	17.70	16.42	17.05	15.23
As a % of total VAT	<i>51.17%</i>	<i>53.31%</i>	<i>50.31%</i>	<i>52.28%</i>	<i>54.01%</i>

**ANNEX III: COMPARATIVE SUMMARY OF AVERAGE EMPLOYMENT
BY SECTORS (2012 – 2018)**

Industry	2012	2013	2014	2015	2016	2017	June 2018
Agriculture, Hunting & Forestry	72	88	67	109	113	114	120
Fishing	3	2	3	2	2	3	2
Mining & Quarrying	3	3	1	16	10	2	2
Manufacturing	94	93	133	73	82	89	79
Electricity, Gas & Water Supply	89	92	105	88	91	94	93
Construction	478	536	835	664	608	588	512
Wholesale & Retail Trade	566	610	521	585	635	643	657
Hotels & Restaurants	982	1,066	919	1,210	1,346	1,329	1,356
Transport, Storage & Communications	386	432	354	396	393	377	393
Financial Intermediation	196	207	198	197	210	206	205
Real Estate, Renting & Business Activities	195	238	200	233	240	258	270
Public Administration & Defense	1,513	1,585	1,694	1,684	1,323	1,808	1,644
Education	104	110	121	102	117	127	120
Health & Social Work	32	26	36	26	28	33	34
Other Community, Social & Personal Services	102	107	105	116	134	131	111
Private Household with Employed Persons	151	168	175	150	149	147	150
Extra-Territorial Organization & Bodies	-	-	-	-	-	-	-
Total	4,966	5,363	5,467	5,651	5,481	5,948	5,749

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

	2014	2015	2016	2017	Oct 2018
NIA External Creditors					
CDB	39.45	38.85	36.72	33.64	33.46
KFAED	8.84	9.63	8.37	7.24	5.99
EIB	0.50	-	-	-	-
IMF	0.00	-	-	-	-
MICB	4.78	4.47	4.17	4.01	3.70
Total Outstanding External Debt	53.58	52.96	49.26	44.89	43.15
NIA Domestic Creditor					
SKNA National Bank	101.96	110.81	122.31	134.32	144.34
Bank Of Nevis	57.91	56.37	54.60	60.35	67.65
SSB	28.36	27.22	25.42	24.83	26.12
Treasury Bills Issue (OTC) 91 days	70.65	83.52	93.78	98.43	101.43
Treasury Bills Issue 365 days	12.86	10.67	7.65	3.40	8.34
FCIB	1.99	1.94	1.80	5.57	5.05
Surrey Paving	0.42	0.42	-	-	-
FINCO	0.60	0.45	0.28	0.11	-
TDC	0.82	0.59	0.34	0.12	-
SIDF				2.50	2.50
Total Outstanding Domestic Debt	275.58	291.98	306.18	334.62	355.43
Total NIA Debt	329.16	344.94	355.43	379.51	398.58
Government Guaranteed Debt	34.53	31.66	28.45	36.75	43.40
Total Public Sector Debt	363.69	376.60	383.89	416.26	441.98

ANNEX V: SUMMARY OF CURRENT AND CAPITAL EXPENDITURE 2019 (in EC\$ Dollars)

	Description	Current Expenditure	% of Current Expenditure	Capital Expenditure	% of Capital Expenditure	Total Expenditure
01	Deputy Governor General	541,000	0.30	-	-	541,000
02	Legislature	887,600	0.49	-	-	887,600
03	Audit	510,400	0.28	-	-	510,400
04	Legal Services	1,208,300	0.67	-	-	1,208,300
05	Premiers Ministry	5,228,800	2.89	4,425,000	4.96	9,653,800
06	Ministry of Finance	84,693,000	46.86	8,200,000	9.19	92,893,000
07	Ministry of Communications	13,784,800	7.63	37,655,000	42.21	51,439,800
08	Ministry of Agriculture	7,438,600	4.12	3,133,000	3.51	10,571,600
09	Ministry of Health	21,668,900	11.99	15,600,000	17.50	37,268,900
10	Ministry Tourism	4,463,100	2.47	1,900,000	2.13	6,363,100
11	Ministry of Education	26,109,100	14.44	8,870,000	9.94	34,979,100
12	Human Resources	1,741,100	0.96	-	-	1,741,100
13	Ministry of Social Development	12,474,500	6.90	9,420,000	10.56	21,894,500
	Total	180,749,200	100	89,203,000	100	269,952,200



NIA