



**NEVIS ISLAND  
ADMINISTRATION**

# **BUDGET ADDRESS 2020**

**PRESENTED BY:  
THE HONOURABLE  
MARK A.G. BRANTLEY**

**PREMIER AND  
MINISTER OF FINANCE**

**TUESDAY 3<sup>RD</sup> DECEMBER, 2019**

**BUILDING RESILIENCE,  
IMPROVING INFRASTRUCTURE FOR LONG TERM DEVELOPMENT,  
A HARMONIZED APPROACH TO ECONOMIC GROWTH**



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Mr President, I beg leave to move the second reading of the bill shortly entitled the Appropriation Ordinance, (2020) 2019.

## **1.0 INTRODUCTION**

1. Mr. President, it is a privilege for me this morning to rise and present this budget under the theme

### **"Building Resilience, Improving Infrastructure for Long-Term Development, a Harmonized approach to Economic Growth"**

2. Today I will present a plan which seeks to provide a framework for development that harmonizes my Administration's policies with the plans of our private sector partners in a way that will stabilize the economic environment and foster growth.

3. It is no doubt that the fiscal year 2019 has been a difficult one for this Administration. During the last budget period, the fiscal year 2019 was heralded as a period to focus on the economy, to build resilience especially coming off the heels of Hurricanes Irma and Maria. We had also sought to make strides to improve our infrastructure in a way that would support future economic growth.

4. However, Mr. President extenuating and exogenous shocks beyond our control have operated to frustrate the planned growth for 2019. The deceleration of growth in the global economy has impacted us significantly but we have managed to maintain some stability in our economy despite the unexpected traumas experienced by us during the past year.

5. The sudden and unexpected closure of Brown Hill Communications causing a loss of 131 jobs and the 4 months long closure of the Four Seasons Resort in order to carry out major renovation works were two (2) such events outside the Administration's control which impacted the island negatively. We must commend the management of Brown Hill Communications for the contributions they have made to the economy of Nevis over the years. Again it was as a result of the downturn in the global economy and changes in the mode of operation of their main client Bell Canada which forced them to close operations on Nevis. We were nevertheless heartened that through proactive leadership of the CCM led Administration living up to our ethos – "People

Matter Most”- we were able to engage in urgent discussions with the management of that organisation and to persuade them to expand the benefit payments to workers beyond their obligations as enshrined in the labor laws.

6. Mr. President, our intervention ensured that the affected workers would have a cushion in income, in some cases up to eleven (11) months’ salary when coupled with the Severance Payment, so as to meet their daily financial commitments even as they seek to find gainful employment elsewhere in the economy. In addition my Government sought to cushion the impact on workers even more by waiving any and all taxes payable on amounts they received as termination packages ensuring that they put maximum money in their pockets. We went further and assured the non-national workers that we shall renew work permits and/or necessary stays to ensure that they can continue to live, work and contribute to building our island.

7. In addition, we were able to persuade Brown Hill Communications that all the hardware and telecommunication systems in place at the time of closure would be handed over to the Administration making it easier for us to attract a replacement operator. Thus far Mr President we have had two different interested operators visit the site and we remain hopeful that we will have a new operator there soon.

8. Mr. President, I am aware that there have been some delays in processing the severance payments due to workers after an initial commitment by the authorities on St Kitts that they would be paid by the end of October, 2019. Through the Ministry and Department of Labour in Nevis, we have continued to liaise with the Ministry of Labour in St. Kitts where such payments are processed to seek to expedite the process. Thus far I am advised that a first batch of 47 workers were paid in October 2019 and a second batch of 51 workers were paid in November 2019 leaving the final batch of 24 workers to be paid as 9 workers are still employed. I give my commitment to the former workers at Brown Hill Communications that my Administration will continue to advocate on their behalf for the full payment of their severance packages to which they are lawfully entitled and call publicly on the authorities in St Kitts to expedite such payments to the remaining workers.

9. Similarly, the closure of the Four Seasons Resort for a period of 4 months from June to September 2019 posed another major challenge for the Administration in the fiscal year 2019. This luxury property which has been in operation for the past 25 years, facing greater competition for

guest occupancy from more recently constructed hotel properties felt that the time was right in 2019 to undergo major renovations to enhance the guest experience in time for the 2020 tourist season.

10. Mr. President the closure affected over 300 workers at the Resort. My Administration was made aware of the closure in December 2018 and decided to inform this Honourable House and the Nevisian people of it since the budget debates of 2018. The Four Seasons advised that to secure the continued services of their staff and to ensure that they continued to be employed at Four Seasons that they would pay 25% of the usual wage during the period that the hotel was closed. This would be paid regardless of whether they obtained temporary work elsewhere in the meantime. They would also during the closure continue to receive their full Medical and insurance coverage and any other benefits to which they were entitled. We were also aware that the Homeowners Association at the Four Seasons made available a pool of US\$150,000 to be shared among the affected workers.

11. My Administration was nevertheless concerned that a reduction in income for these workers would have a negative impact on them over the 4 month period. As a consequence the Administration waived all taxes payable on the 25% wages and the payment by the Homeowners Association and persuaded the Social Security Board to waive social security payments as well. This meant that workers took home the full amount they were paid. Additionally, my Administration wrote to every single bank and financial institution in Nevis seeking their partnership to forego payments by affected workers during the period of closure. I am pleased to report Mr. President that most of our banks responded favorably and some waived all payments during this period while others offered their clients interest-only payments. I use this opportunity to thank the banks and financial institutions that responded favorably to my Administration's request.

12. Lastly and significantly Mr President, the Administration took a decision to make a one off payment to each affected worker of EC\$1,000 to assist them with back to school expenses at the reopening of schools in Nevis in September, 2019. This investment of over EC\$325,000 was a significant gesture given the financial difficulties being experienced by the Administration and underscores the CCM led Administration's commitment to the workers at Four Seasons and to the people of our beloved Nevis. Our people indeed matter most.

13. These two closures seriously tested my Administration as we had to make major adjustments in our daily operations to minimize the negative effects on our economy. There were many nattering nabobs of extreme negativity who prophesied that our economy would have collapsed during this period of difficulty. The efforts of my Cabinet to weather the storm during this period were not only commendable but exemplary and I wish to publicly to thank my Cabinet colleagues for their support. I thank also the Permanent Secretary in the Ministry of Finance and his technical team for their stellar advice and guidance during this period.

14. Despite the fall off in revenue collection, my Administration was able to successfully continue to provide the services of government, meet our usual commitments, pay salaries and other day to day expenses on time and still find the resources to invest in major infrastructure projects. The school renovation project which took place over the summer vacation, the road works on the Brown Hill Road, Craddock Road and the Island Main Road, the hospital and treasury building construction along with other minor projects never fell off track despite the pressure that was placed on us in the face of reduced revenue flows.

15. Mr. President, we are fully aware that we cannot develop our economy only with domestic sourced capital. The inflow of foreign direct capital through foreign investment is a necessity. My Administration held great expectations for a number of foreign direct investment projects which should have materialized in 2019. The Aman Hotel Project, the Wyndham Project and other developments in the Real Estate and Hospitality sector and the long awaited Geothermal Project should have been on track to deliver on their promises in 2019. We have paved the way through our fiscal incentive programmes to facilitate these investments. However, unfavourable changes in the global economic landscape have made it increasingly difficult for the movement of capital into developing countries like ours.

16. Global powerhouses like China, the USA and other developed countries have all restructured their incentive packages and tax regimes in an effort to reduce and restrict the movement of financial resources out of their borders into developing countries like ours. International aid is no longer a cornerstone of their fiscal policy.

17. As a small island, our economic development has traditionally depended on such aid. Therefore these changing tides have taught us that we need to build resilience if we are to cope with the negative aftershocks of an ever changing global economy. We are confident that the fiscal

year 2020 will be a prosperous one and we will again experience growth in our economy. The new fiscal year will be declared as the Year of the Economy as we believe that the ground work laid over the past 6-7 years creates a solid foundation for long term growth and development.

18. Mr. President, as we head into the midterm of this new Government which I have been privileged to lead since December 2017, I reflect that we have indeed accomplished much over the past two years. We must continue to craft a new vision for the Island of Nevis if we are to cope with a changing global economy. We must continue to implement measures to enhance economic stabilization in the short term, whilst simultaneously reinforcing the foundation for economic expansion in the medium to long term. This objective remains on track as we continue to see increases in our recurrent revenues by 3 - 5% annually over the past years. Evidence of this objective is observed from the strong growth patterns in our revenue collections over the years specifically tax revenue in the form of Import Duties, Transfer Taxes and the Value Added Tax (VAT).

19. We will continue to invest in education and skills training at the national level to build a well-trained and technically competent workforce, to improve health care, energy sustainability and other attributes that will enhance the productive capacity of our people. We will also continue to maintain our safety net programmes as well as implement new social programmes to assist the most vulnerable in the various communities.

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

## **2.0 INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS**

21. Mr. President, two years ago global economic prospects were very promising with projected growth levels on par with the period prior to the global financial crisis. This has suddenly



changed as the ensuing periods have been characterized by uncertainty, marginal and slowing, non-homogeneous economic growth and geopolitical constraints. None of which proffer well for small islands such as Nevis, especially as we have to aggressively seek to improve our competitiveness to attract foreign direct investment and enhance our trade capabilities in an attempt to combat and mitigate the effects of climate change.

22. The International Monetary Fund (IMF) has clearly stated in its World Economic Outlook (WEO) October 2019 that the global economy is in a synchronized slowdown. The World Bank echoed the same sentiments and they are concerned that the softening pace of global investment and trade will further deepen the downside risks to future improvements in economic growth. Global economic growth for 2019 is now forecast to be only 3 percent, which represents a 0.8 percent decline over growth levels achieved in the year 2017. The IMF also projects global growth in 2020 to be only 3.4 percent which also represents a downgrade from earlier forecasts.

23. While the report indicates that advanced economies will experience significantly low economic growth rates of 1.7 percent in 2019 and 2020, emerging markets and developing economies are forecast to reach growth rates of 3.9 and 4.6 percent in 2019 and 2020 respectively. The report also indicates that growth in the Eastern Caribbean Currency Union (ECCU) was a positive 4 percent in 2018, with expectations for 2019 and 2020 to be a positive 3.6 and 3.4 percent respectively. However, these numbers are subject to considerable downside risks and the probability of these expectations being downgraded is likely considering the current trends.

24. As stated in the October 2019 WEO report, the within country issues of some systemic economies, such as the United States- our largest economic partner, China, the United Kingdom and Japan have had a negative impact on global growth for 2019. The ongoing trade war between China and the United States and the implementation of trade tariffs from both sides could result in a reduction of global GDP of 0.8 percent. The inability of the United Kingdom and the European Union to formalize a Brexit agreement has left a cloud of uncertainty for many sectors of their own economies. This state of global affairs has resulted in negative spillovers to both emerging markets and developing economies who are now experiencing a decline in the inflow of foreign capital, a decline in exports, a rise in import bills and rising debt levels.

25. Mr. President, the Eastern Caribbean Central Bank (ECCB) in its Annual Economic and Financial Review December 2018 Volume 1 reported that member countries should be cautious

and prudent with regards to their medium term expectations because while economic prospects for the region were largely favourable, there exists a number of downside risks that have the potential to derail future gains. These risks were similar to those underscored in the World Economic Report 2019. The report also states that GDP growth for the region was 3.82 percent in 2018 and it anticipates growth rates of 3.31 and 3.16 in 2019 and 2020 respectively. These outcomes are similar to those predicted by the IMF for the region.

26. The ECCB's report states that for the fiscal year ended December 31st 2018, real GDP for St. Kitts and Nevis grew by 3 percent. This expansion was attributed to growth in the Tourism, Construction and Manufacturing sectors along with positive spillovers into other sectors such as Wholesale and Retail. The outlook for 2019 also relies heavily on growth in these major sectors of the economy. It further anticipates that growth for the Federation will continue to expand into the medium term with GDP growth expectations of 3.64 percent in 2019, then a fall off to 2.93 and 2.91 percent in 2020 and 2021 respectively. These forecasts are in tandem with the disposition of the IMF's medium term global economic growth expectations.

27. Mr. President, in light of the high degree of economic uncertainty and downside risks surrounding the near future, my Government will continue to closely monitor the conditions here on our little island. When deemed necessary and bearing in mind our fiscal constraints, we will provide fiscal stimulus to ensure economic buoyancy. It is our goal to always employ fiscal policies that provide our small open economy with some degree of resilience. The purpose of this is to provide a buffer against the many downside risks, including but not limited to natural disasters and economic downturns, to which we are so easily susceptible. One of our priorities has always been and will continue to be, to take actions that will boost economic growth, strengthen resilience and ensure a high level of inclusiveness so that all of our citizens can experience an improved quality of life as our economy grows and prospers.

### **3.0 DOMESTIC ECONOMIC PERFORMANCE**

#### **3.1 Fiscal Performance 2018/2019**

28. Mr. President, our fiscal outturn for the year 2019 to date is in some ways indicative of the observed dampening in global economic growth and the result of the endogenous economic shocks that the island experienced. However, we are now seeing signs of improvement and with a better than average tourist season expected into Summer 2020, these results have reassured us that we are indeed moving in the right direction, albeit at a more moderate pace than we had initially envisioned at the start of this fiscal year.

29. The total recurrent revenue generated as at 31 October 2019, amounted to \$114.74 million, which represents an increase of \$2.20 million or 1.96 percent over the results of the same period in 2018 where the revenue generated was \$112.54 million. This recurrent revenue coupled with the \$25.0 million received by the Administration as our share of the proceeds from the CBI Program and combined with grant funding resulted in an overall total revenue of \$141.74 million.

30. Mr. President, I am pleased to report that the tax revenue collected as at 31 October 2019 amounted to \$87.79 million, which represents a growth of 6.07 percent when compared to the same period in 2018 where the amount of \$82.77 million was collected. Tax revenue therefore accounted for 76.51 percent of our revenues to date. The most significant contributor to the tax revenue collected for this period was the Value Added Tax (VAT), which accounted for 24.57 percent of recurrent revenue. Additional notable contributions included Financial Services – 8.88%, Stamp Duty – 8.80%, Import Duties – 8.04%, Social Services Levy – 7.77% and Customs Service Charge – 6.95 percent.

31. Mr. President, total expenditure for the period January to October 2019 amounted to \$159.82 million, which represents a marginal increase of 3.55 percent when compared to the outlay of \$154.34 million for the same period in 2018. Recurrent expenditure for the review period amounted to \$115.76 million – a marginal increase of 1.54 percent when compared to the outlay for the same period in 2018 of \$114.0 million. The main components of the period's recurrent expenditure are personal emoluments which accounted for 53.62 percent and the purchase of goods and services which accounted for 23.71 percent. Debt servicing consisting of both principal and interest repayments amounted to \$21.72 million.

32. Mr. President, my Administration over the past years has invested heavily in our public sector investment programs which encompassed the development of the physical, social, technological and economic infrastructure on the island. This was done with the aim to generate

sustainable, inclusive economic activity, build resilience and enhance our regional and global competitiveness. For the period under review the outlay for public investments amounted to \$44.05 million, which is an increase of 9.21 percent over the amount spent for the period ending 31 October 2018 of \$40.34 million. We continue to work with, and alongside, our international partners and friendly governments as we seek to ensure that we achieve our development goals which are guided by the United Nations Sustainable Development Goals Agenda 2030.

33. Our fiscal outcome for the period January to October 2019 showed an improvement in the current account balance deficit. The deficit currently stands at \$1.02 million, which is an improvement over its level of \$9.09 million for the fiscal year ended December 2018. Although we are still running a current account deficit our financial situation is steadily showing signs of improvement. While our current account deficit has shrunk by some 88.75 percent over its level as at December 2018, the primary account balance surplus has contracted. The primary balance has moved from a surplus \$10.54 million as at 31 December 2018 to a deficit of \$4.83 million as at 31 October 2019.

34. One of the contributing factors to this result is the economic shock that the island began to experience due to the temporary closure of our second largest employer on the island, as well as the resultant slowdown in business activities during the months prior to the actual closure. As a result we had to increase our short term borrowing through domestic loans and overdraft to maintain some level of economic buoyancy. This policy stance would have negatively affected the primary balance. However, this was an exceptional event and as our business cycle returns to normalcy and the economy continues to expand, it is expected that this deficit will improve over time.

35. Mr. President, we must take every step to restore buoyancy to our economy as we enter the new fiscal year. The data shows that our revenue continues to grow at a moderate pace from period to period and with no new taxes being implemented there is every indication that the economy is indeed expanding. We will continue to ensure that we employ the right fiscal stance to support our economic development. Our fiscal policies will continue to be balanced in our drive to building resilience, stimulate sustainable growth and ensure an entrenched culture of inclusion. It is our belief that this will generate not only short term benefits but will lead to both long-term economic gains and significant social development.

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

36. Mr. President, the Value Added Tax (VAT) continues to be the single biggest revenue generator for the Administration. In light of this, we continue to streamline our VAT exemption policy and to grant exemptions from VAT only in respect of those matters as prescribed in the legislation. This tax which is a broad based tax touches every sector of the economy, be it sale of goods or services, and it is therefore a good indicator of the state of our economic performance year after year.

37. During the period January to October 2019 the Administration collected VAT at the Inland Revenue Department on domestic services in the amount of \$14.6 million, a 3.9% decrease when compared to the similar period in 2018 which saw a total of \$15.2 million generated from VAT on domestic goods and services. This decrease was due largely to the four (4) months closure of the Four Seasons Resort and its effects on other related sectors of the domestic economy.

38. VAT collected at the Customs Department for the similar period in 2019 was \$13.5 million representing a 4.7% increase when compared to the similar period in 2018 which generated VAT of \$12.9 million. This was due in part to the uptick in construction and its related services resulting from the major capital investment in the renovation of the Four Seasons property. The total VAT generated for the period January to October 2019 therefore amounted to \$28.1 million. Based on this trend, it is clear that the VAT expected to be collected for fiscal year 2019 will be on par with that collected during the previous fiscal year.

### **3.3 Status of Public Debt**

39. Mr. President, it is an established fact that we cannot develop our beloved country without incurring some level of debt. We have always sought to ensure that any new borrowing is in line with our debt strategy of utilizing only low cost debt instruments with an average rate of interest of 3.5% and our debt sustainable practice of ensuring that the monthly debt servicing cost does not put any undue burden on the finances of the Administration.

40. It is no secret that the debt stock will increase with time as my Government is determined to develop our beloved country and have embarked on a number of projects to spur economic growth and development. Every parish in Nevis has seen some level of development during our time in office. A number of these projects have been funded by loans and have ultimately resulted in an increase in our debt stock while in other cases we were able to minimize the debt servicing effects by requesting our lenders to convert some of these loan funding into grant funding.

41. Mr. President, Total Public Sector Debt including the debt of our Statutory Bodies stood at \$456.45 million at the end of October 2019, an increase of 3.81% when compared to the amount of \$439.06 million at the end of December 2018. It must be noted that the debt of the Central Government, that is excluding the indebtedness of our Statutory Bodies stood at \$408.64 million in October 2019 an increase of 3.16% when compared to the debt stock of \$396.13 million at the end of December 2018. This increase in the indebtedness is primarily as a result of new domestic borrowings from the St. Christopher and Nevis Social Security Board at 3.5% per annum to finance Phase 1 of the Island Main Road Project in addition to increases in our overdraft facilities which have been used as bridging funds to finance the operations of the Administration during the period of revenue fall off from the closure of the Four Seasons Resort.

42. Mr. President, we always strive to ensure that we meet our debt servicing obligations in a timely manner and in accordance with the debt contracts with our lenders. I am happy to report that we have been able to reduce our debt stock from our external lenders which stood at \$42.92 million in December 2018 to \$ \$39.61 million as at October 2019. This is part of our debt strategy of retiring more of our higher cost debt and replacing where necessary with lower cost instruments thus reducing the debt burden on the Administration.

43. We will continue to source funds from our domestic creditors at concessional interest rates as the cost of these new debts will have a relatively lower impact on the cost of the annual debt servicing in comparison to the higher cost instruments of previous years. This strategy has naturally resulted in an increase in the domestic debt but has eased the burden on the Administration as we are able to better manage the monthly debt servicing payments partly because of the low cost associated with the new borrowing and our debt portfolio generally.

44. Mr. President, there is now a downward trend in the interest rate on borrowings in the market place generally. It is our intention to continue to reduce the cost of our borrowing in keeping

with current trends in the market as a means of lowering our annual debt servicing cost. To this end, my Administration has taken the decision to reduce the interest rate on all our Treasury Bills to 4.0 % percent per annum with effect from the April 7, 2020 which coincides with the renewal date of the 91 days over the counter Treasury bills, a reduction of 0.5% percent down from the current rate of 4.5 % per annum. It must be noted that this new proposed interest rate of 4% on Treasury Bills is much higher than those offered on alternative instruments such as Fixed Deposits offered by commercial banks which presently attract interest rates of only 2% per annum.

45. Mr. President, the debt incurred has brought about some positive changes and development in our economy. The results are evident and at every turn the Nevisian public are the direct beneficiaries of these projects and in short order, we will all reap the fruits of the projects undertaken by this Administration. This Administration is cognizant of the fact that debt management is important. We will therefore continue to pursue our developmental strategy to foster positive economic outcomes while keeping our debt at a sustainable level.

## **4.0 BUILDING A RESILIENT ECONOMY**

### **4.1 Job Creation through Entrepreneurship**

46. Mr. President, the recent data as released by the St. Christopher and Nevis Social Security Board showed that for the period January to June 2019 average monthly employment stood at 6037. This is in comparison to the average monthly employment of 5948 for the entire period 2018. One of the methods of job creation utilized by this Government is through the promotion and development of a vibrant small business sector.

47. Growth in this sector continues to be promising. The evidence of this can be seen in the number of new business license approved from year to year. The period January to October 2019 saw a total of 245 new business license applications approved by the Ministry of Finance. This is in comparison to the 223 licenses approved for the entire year 2018 and 250 approved for the entire

years 2017. The majority of these applicants were granted approval for business operations in the service sector and to a lesser extent the food and beverage sector.

48. If we are to operate on the premise that each new business license issued in 2019 created at least one job then it is fair to conclude that more than 200 new jobs were created in the economy in 2019 through the small business sector. This is very much in line with the employment numbers quoted above which show average monthly employment as registered with the Social Security Office increasing during this fiscal year by 1.5 percent when compared to the average monthly employment for the fiscal year 2018. This growth in the small business sector is an overall indication of confidence in the economy.

49. Mr. President, we will continue to make a concerted effort to get our young people to become entrepreneurs. Our school curriculum will have to be adjusted overtime to achieve this objective but more importantly we will take steps to introduce these skills to our school leavers through an array of training programs. Our school leavers must be taught to use their creative skills to create business opportunities for their own employment and employ others in the process rather than looking solely to the government or the private sector for employment.

50. To this end the Small Enterprise Development Unit (SEDU) recently conducted a training workshop focusing on batik. This was attended by 25 persons and it is our hope that very shortly we will see some of the participants coming forward willing to establish business entities whether it be in the manufacture and sale of the batik materials or actually making the clothing for sale to locals and visitors to our island. We thank our own Mavis Parris for facilitating this workshop.

51. While we continue to implement policies and programs to foster the growth and development of business entities in the micro, small and medium size business sector, we are fully aware that the lack of access to financing is the main challenge faced by potential small business persons. These persons at times do not possess the necessary minimum input as required by the banking sector in order to gain access to commercial funding. My Government in response to this challenge has approached the Government of the Republic of China on Taiwan for low cost funding for on-lending to persons who have solid business ideas and wish to convert these ideas into business opportunities.



52. Mr. President, I am happy to report that we have received approval for the first tranche of funding in the amount of \$2.5 million with an interest rate of 3% which would soon be available for on-lending to potential small business persons. Under this program persons with viable business ideas will be able to apply for funding from the SEDU Office up to a maximum of \$100,000.00 at a rate not exceeding 4% per annum. The target group will be our females and males under age thirty-five. We feel these groups are currently underserved by the commercial banks. These funds will supplement our existing Entrepreneurial Development Fund which is currently administered by SEDU. Over the past 6 years, SEDU has issued a total of 59 loans to persons wishing to start small business operations. I am happy to report that all these business entities are still active at this time.

53. This success rate is due largely to the business monitoring program currently undertaken at SEDU which serves to provide ongoing monitoring and support to all new applicants for a period of at least two years after the issue of the loan funding. Our SEDU Office will be enhanced in the new fiscal year with the employment of additional Business Development Officers. This will expand the ability of that office to provide further business counselling. It is important that these borrowers understand the risks, their responsibilities and obligations as business persons prior to the disbursement of the loan funding and we are committed not only to lending, but to educating them as well.

54. Mr. President, while we laud the efforts of our small business sector and continue to provide support through our various programs we recognize that we must redouble our efforts to attract foreign direct investment in our economy as a means of creating employment for our people. The priority areas for my Government will be investment into the Tourism Sector, Financial Services, Information Technology/Data Processing Centres, Renewable Energy, Health, Education and the growth and development of a viable Manufacturing Sector.

55. We will continue to use our marketing arm at the Nevis Investment Promotion Agency to pivot ourselves into the international market. We will continue to drive awareness of our readiness for business in markets such as the USA, Europe, Hong Kong, China, Taiwan and India. We firmly believe that these regions still have untapped potentials that can redound to our benefit.

56. We are fully aware that there are serious challenges to our Financial Services Sector especially products such as our International Business Corporation (IBC's) and Limited Liability

Company (LLC's) but we believe that a revised Nevis International Trust Ordinance can have an appeal to potential persons in USA, Europe and Asia. To this end, I have granted approval for the Marketing Advisory Committee to organize a road show to the listed destinations to promote our Financial Services Products and also other general investments in the areas identified above.

## **4.2 Development of Information Technology Capabilities**

57. Mr. President, we have always prided ourselves in having an excellent Information Technology infrastructure network to support the services of government. This is clearly seen in the strides we have made in rolling out our fibre optic programs as a means of providing connectivity between the various departments of government. This extensive fibre optic program has become a major tool in our fight against criminal activities as it has facilitated our CCTV program which has largely served as a means of deterring criminal activities. It has also allowed us to revolutionize our telephone system in government by replacing the traditional handsets with Voice over IP handsets resulting in tremendous cost savings to government.

58. We have expended tremendous resources in computerizing at least 80 percent of government services and it is our intention over the next 5 years to complete the computerization of the remaining services as we seek to increase our efficiency in the delivery of the services of government. This effort is driven largely by the staff at our Information Technology Department and we must acknowledge their efforts in this regard. Moreover, we continue to infuse information technology into every aspect of our education system as we seek to lay the ground work for a technologically advanced economy in years to come. Even as we do so we must create a cadre of technically competent persons to manage modern Information Technology driven systems. Hence our policy of introducing the teaching of information technology starting as early as the primary level.

59. During the upcoming fiscal period our efforts will focus on improving our network resilience and capacity to be able to support the new online services of government. We will take steps to augment the support capabilities for the staff through targeted training and exposure.

60. Mr. President, we must improve our threat management and intrusion detection and prevention response capabilities as a means of avoiding unauthorized access to our systems. In

addition we will review our disaster recovery capabilities and increase our storage capacity so as to mitigate against down time in the event of a system failure or damage to the network in the event of a disaster of any sort. In this regard, we will continue to explore cloud services as a disaster mitigation option while developing a cloud usage policy for the Administration. It is now a reality that cloud services/technologies are becoming the de-facto standard for software and computer services.

### **4.3 Tourism and the Environment**

61. Mr. President, the Ministry of Tourism continues to lead the way in terms of the sustainable development of our tourism product. The Ministry's mission is to ensure that locals and investors alike derive economic benefits from the tourism industry while at the same time ensuring that our tangible and intangible heritage assets are protected and preserved for future generations. Against this backdrop, the protection of our fragile environment is also critical.

62. Our initiatives in tourism education and awareness at primary, secondary and post-secondary levels will continue in 2020. We will continue to encourage our students to actively participate in regional competitions such as the Florida Caribbean Cruise Association (FCCA) poster and essay contests and the CTO Tourism Youth Congress as part of this awareness campaign. I wish to commend Ms. Brianna Chapman of CSS who is this year's local Junior Minister of Tourism, and who also represented Nevis quite well in Antigua at the regional Tourism Youth Congress.

63. We must commend our stakeholders who have always responded so enthusiastically to our requests for opportunities for our students to gain practical exposure in the tourism industry through initiatives such as the Hospitality Immersion exercise, professional and career development sessions in addition to our regular internship programs. Exposition Nevis, a month long series of tourism awareness activities which usually takes place during April and May, will also provide an opportunity for us to increase awareness of our diverse tourism product offerings among our visitors and residents

64. The OECS virtual classroom located at Marion Heights is now outfitted and will be commissioned in early 2020. This facility will connect Nevis with the other OECS countries

offering a wide variety of tourism and hospitality disciplines. The Ministry will also continue to train front line tourism practitioners such as taxi operators, tour guides and hotel and restaurant workers to ensure that they have the work ethic and professional conduct that is consistent with a destination that labels itself as high end.

65. Mr. President, the outlook for the 2019/2020 festive season is quite optimistic. The remodeled Four Seasons Resort is witnessing several solidly booked periods during the festive season and well into Spring 2020. Other properties have indicated predictions of strong booking for the upcoming season as well. The NIA stands ready to support our valued stakeholders in the tourism industry to ensure the success of this industry which is the backbone of the Nevisian economy.

66. We are happy to report that in 2019 we have made some progress with the Pinneys Beach Recreational Park Project. We are truly grateful to the President of the Republic of China (Taiwan), Her Excellency Tsai Ingwen for her visit to Nevis on July 14, 2019 to witness and participate in the ground breaking ceremony and for her country's continued support for this project. A formal agreement has been signed between the Nevis Island Administration and Republic of China (Taiwan), in which the Government of China (Taiwan) has committed the financial resources for the park. My Administration has committed to an input of just under EC\$1 million to the project.

67. Upon completion, the park will boast a visitor centre with a revolutionary turf covered roof design, a children's playground area, half basketball court, elevated walkways, a picnic area, an open air Amphitheatre and a large central area which will accommodate the hosting of large events such as the Culturama Food Fair. Preparatory works for the construction of the park have already commenced. These include surveying and site engineering works, securing of the perimeter, preparation for the environmental impact assessment, preparation of detailed architectural drawings and procurement of construction materials. We expect that actual construction work will start in full early in the New Year.

68. The main contractor for this project is the Taiwanese construction firm Kuang Jun and we have already advised them of the need to utilize local labor, materials and equipment during the construction of the project. This firm also constructed the Eco Park in St Kitts and we are therefore confident that the finished product will be a work of art that will truly commemorate the 36 years of collaboration and friendship between St Kitts and Nevis and the Republic of China (Taiwan).

My Administration wishes to recognize the efforts of Mr. Vincent Lai, the Taiwanese consultant assigned to the project. He is a Landscaping Engineer by profession and has played a major role in creating the design for the park and will oversee the entire project to completion.

69. Mr. President, Nevis is proud to host the Tenth Biennial Caribbean Tourism Organisation HR Conference scheduled for May 20 – 22, 2020 under the theme ‘Navigating the next phase with Caribbean Tourism – Talent and Technology, 2020 and Beyond’. This will be the first CTO conference to be hosted in Nevis and we anticipate that this event will bring much needed publicity and awareness of destination Nevis while providing increased activity for our hotel properties.

70. We recognize the importance of airlift to the destination. As we celebrate the return of Cape Air, we are also actively negotiating terms and conditions to facilitate the continued service into Nevis by WINAIR. This airline has been a critical transport partner to Nevis, linking it to major carriers destined to Europe and North America. We are also cognizant of the significant volume of our visitors who arrive in Nevis by sea, in particular those arriving via the recently commissioned water taxi pier. The Ministry of Tourism will continue to work with the Nevis Air and Sea Port Authority to put procedures and facilities in place to ensure that the arrival experience of our visitors is truly welcoming.

71. Mr. President, our external marketing efforts as mandated through the Nevis Tourism Authority continued to be geared towards building awareness of Nevis in the market place. During this year the Nevis Tourism Authority in collaboration with its public relations representatives in USA and UK and also with assistance from some of our other tourism partners was able to attract 25 journalists in addition to 45 travel agents and tour operators from the USA and UK. Through this effort our destination featured in various online and print articles in a number of publications such as Travel & Leisure Magazine, the Toronto Sun, the Washington Post, the Daily Mail UK, Luxury Travel Advisor. The Guardian and [Forbes.com](https://www.forbes.com).

72. In addition, Sales Representatives from our local NTA office participated in a number of trade shows, presentations and sales calls with over 1,300 travel agents in cities such as Dallas, Houston, San Antonio, Washington DC, Orlando, Tampa, Boston, New York, San Francisco, San Diego, Los Angeles, Detroit and Minneapolis. Similar efforts were made in the UK market where our team conducted promotional events with Travel Agents, Tour operators and journalists in various cities such as London, Leeds, Edinburgh.

73. Mr. President, we continue to witness year on year improvements in our cruise and yachts calls. This season is projected to see a total of 64 cruise calls with carrying capacity of 14,485 passengers. This is a drastic increase over the last cruise season which saw only 59 cruise calls with a total of 4,270 passengers actually arriving on island. Of note is that we expect the return of some vessels with large carrying capacity. It is expected that the Windsurf will return this season making four (4) calls with a total of 374 passengers along with the Azamara with a capacity of 781 passengers. Additionally, we are expecting inaugural calls from Crystal Serenity with a capacity of 1254 passengers along with two calls from the Ritz Carlton with a total of 298 passengers. Other cruise ships call will include Seabourn, Club Med, Sea Dream and Star Flyers.

74. Mr. President, through our joint marketing efforts with our counterparts in St. Kitts, we continue to benefit tremendously from their mass tourist arrivals as a number of the passengers into St. Kitts are making their way over to Nevis on organised tours. During the last cruise season a total of 6,001 passengers from the cruise ships into St. Kitts journeyed to Nevis on organised island tours. This is in addition to those persons who took the regular ferry themselves and landed at the Charlestown Port or those persons who took catamaran cruises and docked on Pinneys Beach. The NTA will continue to work with cruise agents, yachting agents including our counterparts at Christophe Harbour and our tour operators to grow the cruise and yachting sector.

75. During the upcoming fiscal year the NTA will focus its efforts on developing stronger links with St. Maarten as we seek to explore opportunities for visitor arrivals from Central and South America and Europe using St. Maarten as a gateway to Nevis. We will continue to leverage the opportunities presented by all social media platforms. With the impact of social media globally, greater emphasis will be placed on the use of influencers and consumer generated content to draw visitors to Nevis. We will also continue to strengthen relationships with NTA Tourism partners to ensure that marketing responsibilities are borne equitably.

76. Mr. President, to complement this thrust in tourism, attention must also be placed on preserving the environment. The Department of Physical Planning and Environment continues to support the work of the Ministry of Tourism in building resilience and ensuring the long term sustainability of our eco- tourism product. In order for us to adapt in the face of climate change we must take steps to manage development and so as to ensure compliance with all relevant

regulations and guidelines as well as internationally accepted principles. This is critically important as we have limited land space and a vulnerable environment.

77. To this end, my Government is pleased to participate in the UNDP funded program “Conserving Biodiversity and Reducing Habitat Degradation in Protected Areas and their Areas of Influence” Project (‘the St. Kitts and Nevis Biodiversity Project’) which seeks to designate sections of our island as National Parks while establishing enforcement mechanism to regulate activities in these areas. As part of this project an Interpretation Centre was constructed in the Hardtimes area in Gingerland at a cost of \$522,332.00. This Interpretation Centre will serve as the base of operations for our two Park Rangers who were trained under this project to manage and monitor the activities at our Nevis National Park protected areas. These areas consist of Nevis Peak and Camp River Ghaut. We wish to express profound thanks to the UNDP for their kind assistance in funding this climate resilience project.

78. Mr. President, my Government continues to raise awareness of the need to restrict the importation and use of single use plastics. We laud the efforts of our hotels, restaurants and other business entities who are already taking a step in this direction by using biodegradable products as a viable substitute for plastic and styrofoam. My Government intends to be a lead player in this effort and during our Mango Festival in July 2019 we made a concerted effort to eliminate all plastic utensils from this signature events. In addition, we will mandate our Supply Office to immediately identify suitable suppliers of these plastic replacement items and to have them in stock for sale here on the island of Nevis. We wish to implore our business entities to voluntarily join in this effort of substituting biodegradables for single use plastics and Styrofoam.

79. We are committed to banning single use plastics and Styrofoam in fiscal year 2020 and propose to work closely with the Federal Government to ensure that this ban comes into effect in the New Year. We must do all in our power to reduce the considerable environmental damage that these materials cause to our fragile island ecosystem, especially our waterways and oceans. We also intend to robustly enforce anti-littering and anti-dumping laws and continually seek, through the Nevis Solid Waste Management Authority, to educate our public on the need to keep our environment clean and dispose of waste only as prescribed by law. We will

80. In the New Year we will appoint Litter Wardens for each Parish to help enforce the litter laws. We must all strive for a cleaner Nevis and we again ask for the public's partnership as we ensure that Nevis remains pristine and lives up to its marketing tagline 'Nevis Naturally'.

#### **4.4 Agricultural Sector**

81. Mr. President, the Ministry of Agriculture is tasked with ensuring the Food and Nutrition Security of our people and effectively managing and protecting the island's agricultural resources through the implementation of appropriate disaster mitigation strategies. Over the last 4 years the Ministry has focused on food security. However we must now shift our attention to food sustainability to meet the specific growing needs of our population.

82. The Food and Agriculture Organisation of the United Nations (FAO) has designated the year 2020 as a time to focus on plant health issues. We cannot fail to discharge the responsibilities mandated by the FAO. The Ministry will therefore redouble its effort at planting fruit or tree crops such as soursop, guava, golden apples and citrus as part of our reforestation exercise.

83. The challenges of climate change are real and with the help of allied agencies the Ministry is championing the adoption of smart agriculture techniques. The last 4 years on record have been the hottest temperatures in human history and there are consequences for small and vulnerable economies such as ours. These include longer dry spells, rain deluges, more violent hurricanes and associated pests and diseases. We must fully adopt smart agricultural techniques such as protected agriculture or shade house technology as a response to the effects of climate change. This has proven to be an excellent solution for many of the problems experienced in traditional agriculture as it relates to the cultivation of short terms crops.

84. During this upcoming fiscal year the Ministry will seek to improve its production across the sector by persuading our farmers to incorporate proper business practices and information technology into their operations. The output from crop production for the period January to October 2019 showed a total of 58,577 pounds, a marked reduction when compared to last year when 89,877 pounds were produced. This is due largely to the harsh weather conditions caused by the extensive drought period. The main crops cultivated during this period were cabbages, tomatoes, melons, peppers and pumpkins.



85. Mr. President, while the harsh weather conditions had a negative effect on food crop production, the processing of animal by-products from the abattoir increased dramatically. The period January to October 2019 saw a total of 76,937 kilograms of meat products processed at the abattoir when compared to the amount of 56,843 kilograms processed for the same period in 2018. Despite the improvements in production the data shows that we are yet to be self-sufficient in any of the meat products and we continue to rely on imports to fill the demand gap.

86. Agro Processing as a sector continues to be significant cottage industry. We must do more to incentivize our small scale agro-processors to join forces and expand their activities and make agro processing a highly profitable commercial venture. These value added products represent a significant development in the agricultural sector offering diverse consumption patterns and extended life of our local fruits and vegetables.

87. The Nevis Agro Processing Centre has been in operation for more than 15 years thanks largely to the assistance from IICA and other allied agencies. Our people have mastered the technique of processing however we must do more in terms of our efficiency of production, standardization of ingredients and the packaging and labelling of these items if these products are to venture into markets outside of Nevis.

88. Mr. President, we continue to be grateful for the assistance received from Ross University School of Veterinary Medicine in enhancing the quality of the breeds of cattle at the Maddens Stock Farm. The introduction of new breeds to the herd is already having a positive impact and we are already seeing an improvement in the quality of animals. The department will soon be in a position to pass on to our farmers improved genetics procedures that will enhance the quality of beef products available on island. It is expected that within the medium term the island can again be self-sufficient in beef production. As we further roll out this programme in conjunction with Ross University School of Veterinary Medicine the department will examine the feasibility of introducing Dairy Production with a view to provide fresh cow's milk for local consumption. We are also proud that through the intervention of the Minister of Agriculture, Ross University will during 2020 offer for the first time a scholarship to a Nevisian student to study veterinary sciences. We thank Ross University for its generosity.

89. The rebranded Marine Resources Department in collaboration with their counterparts at the Federal level will continue its efforts to improve the service delivered to our fishers as it relates

to training in safety and sustainability matters. The appointment of a Marine Enforcement Officer under the new legislation will empower the department as they seek to combat and deter a number of existing illegal marine practices by our fishers especially in the areas of overfishing and the destruction of our endangered marine species. Fishing is a critical food supplier to our people and the department must be in a position to regulate and ensure the safety of marine harvested products. To this end, work is ongoing to finalise the construction of suitable office space for the department complete with Laboratory and Training facilities.

90. As the Ministry continues to pursue its mandate to support primary producers as well as related processors, to provide safe and healthy food supplies; we encourage these primary producers to use existing and new technologies to grow their various business enterprises. We will continue to ensure that all our residents are safe and comfortable and are in a position not only to be fed but to have healthy options. We believe that we have the resources to be self-sufficient in certain niche areas. However, the challenge for the upcoming year 2020 is to harness our human resources along with our available mechanization, information technologies and skills in the right combination to provide for food sustainability for our people.

91. Mr. President, this Administration acting through the Ministry of Agriculture continues to be grateful for the support we have received from allied agencies such as IICA, CARDI, FAO, UWI and Republic of China (Taiwan). We will continue to deepen these relationships in the interest of promoting a collaborative and coordinated approach to our agricultural development. With the available training opportunities to our staff, farmers and all stakeholders, technical skills must be transferred and translated to ensure Food & Nutrition security.

92. I must mention before passing on Mr President my Administration's ambition in the next fiscal year to plant 10,000 trees both food bearing and ornamental as we seek to make Nevis more environmentally friendly and combat climate change. We will seek to roll out this programme through the Department of Agriculture and involve all stakeholders including our children and or schools.

#### **4.5 Financial Services Sector**

93. Mr. President, the Financial Services Sector continues to be under threat from the EU and OECD as it relates to the issues of taxing rights for our IBCs and LLCs. It was on the eve of 2019 that we had to reconvene our parliament to make changes to the enabling legislation to remove provisions which in the opinion of these regulatory agencies were harmful tax practices. This level of uncertainty has already manifested itself in a marked decline of 30 percent in the number of new incorporations for the period January to September 2019 which stood at 1043 when compared to the 1605 entities registered during the similar period in 2018. This has also resulted in a decline in revenue collection of 12.3 percent. The revenue generated for the period September 2019 stood at \$9.3 million when compared to the amount of \$10.6 million collected for the similar period in 2018. The total number of active entities currently on the respective product registers at the end of September 2019 stood at 14,970.

94. We are grateful for the assistance received from the consultancy firm Ernst & Young which has been contracted by the Federal Government to guide on these matters. We believe that tax solutions now provided will meet the requirements of these regulatory bodies thus bringing some level of certainty to our Financial Services Sector in the New Year.

95. Mr. President, notwithstanding the challenges, we must turn our attention to aggressively marketing our product offerings such as our Multi-Form Foundations, Trusts and International Banking as a means of sustaining this sector. In 2014 our CCM led Administration introduced the Nevis International Banking Ordinance, 2014 and the Nevis International Banking Regulations for the establishment of an International Banking Sector as a means of diversifying our product offering. We have committed and will continue to commit the necessary resources to ensure that this sector is well regulated. While we have licensed two institutions to date, we are also in receipt of enquiries from other entities. I wish to make it abundantly clear that this Administration will only seek to license reputable institutions that can add value to this sector and safeguard the reputation of our jurisdiction.

96. As a demonstration of our commitment to hold this sector in high regard, the department has solicited the assistance of the Caribbean Regional Technical Centre (CARTAC) to conduct a high-level review of the regulatory and supervisory frameworks for international banks in Nevis including a review of our present legislation and procedures. That review is now completed and it is our intention early in the New Year to amend the existing legislation to incorporate some of the recommendations made by CARTAC. These proposed amendments will enhance our legislation to make it more robust in our quest to satisfy the international regulatory community and ensure that we remain best in class. It is also our intention to establish an International Banking Unit within the Financial Services Regulation and Supervision Department comprising of at least 3 Regulators to ensure that the activities of these entities are carefully monitored.

97. Mr. President, we wish to encourage a sector which is driven by the Registered Agent with government's role being only a facilitator and regulator. In this regard we continue to seek to educate and sensitize Service Providers of various international regulatory developments through our Annual AML/CFT Conference. This year's conference was held under the theme "Conquering the Compliance Divide: Effective vs Defective – Bridging the Gap in Today's Regulatory Environment" and was facilitated by Mr. Robert Mazur, President of KYC Solutions, Inc. and the New York Times bestselling author of *The Infiltrator*, who shared his real-life experience as an underworld money launderer. A total of 207 attendees participated in the conference and received training in the Financial Action Task Force's Methodology, terrorist financing and the financing of proliferation of Terrorism, financial investigations and confiscations, money laundering trends, techniques and typologies and the importance of beneficial ownership in the AML/CFT framework. During 2020, the Department will continue to provide guidance and feedback to regulated entities to ensure that they comply with their AML/CFT obligations.

98. Mr. President, the Department has commenced work to implement a state-of-the-art online registration portal to allow Service Providers/Registered Agents to register new entities online in Nevis. Users would be able to login on to a secured portal to conduct a number of activities including searches, ordering of certificates and the renewal of registrations. Every effort has been made to ensure that the portal meets data security controls requirements and is compliant with all relevant international standards governing security management, access and monitoring. The

government has expended a tremendous amount of resources to implement this modern Corporate Registry System in keeping with the requirements of a modern industry. Therefore it is expected that early in the New Year there will be a review of the fees charged for the services offered by the department. The new fee structure will serve as a means of cost sharing for this project and while simultaneously more closely reflect the costs associated with providing this improved level of service.

99. The Department will continue to collaborate with other competent authorities as we seek to prepare for the Caribbean Financial Action Task Force's (CFATF) 4th Round Mutual Evaluation Exercise on the Federation of St. Kitts and Nevis scheduled to take place during the period 23rd March to 3rd April, 2020. The Federation will be evaluated on the basis of the Financial Action Task Force (FATF) Recommendations and the Interpretive Notes. These are the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation as well as the Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems. In preparation for the evaluation, the Federation of St. Kitts and Nevis has already conducted a National Risk Assessment to identify and assess areas which are vulnerable to money laundering and terrorist financing and developed an Action Plan to rectify deficiencies, if any.

100. Mr. President, the Department is now mandated to monitor categories of Designated Non-Financial Businesses and Professions (DNFBPs) other than registered agents/service providers for AML/CFT purposes. These include real estate agents, dealers in precious metals and stones, lawyers, notaries, other independent legal professionals, accountants and casinos. Work is ongoing with their counterparts in St. Kitts to develop supervisory and regulatory regimes to facilitate this initiative. These initiatives are necessary to ensure that the jurisdiction's profile could be elevated to a well-regulated International Financial Centre and to ensure that favorable ratings are obtained for the upcoming mutual evaluation.

101. As we seek to diversify this critical pillar of the Nevis economy we renew our commitment to exploring and advancing the development of a framework for digital currency and the economic opportunities afforded by that new and exciting sector. Nevis can become a world leader in this regard and I pledge our exploration of this for fiscal year 2020.

## 4.6 Infrastructure Development

102. Mr. President, my Government continues to make substantial investment in our infrastructure as a means of reducing our annual rental expenditure and also as an incentive to stimulating economic growth. Work on the new Treasury Building Complex and the New Castle Police Station are now completed at a combined cost of \$14.25 million. It is anticipated that early in the New Year arrangements will be made for the official opening of these two structures and thereafter the intended departments will be relocated to these premises resulting in savings in rent in excess of \$300,000.00 per year.

103. Work is progressing a pace on the Alexandra Hospital Rehabilitation Project and it is anticipated that work on this structure will be substantially completed by the third quarter of 2020. It must be noted that a hospital structure unlike a regular office building requires specialized finishing in keeping with the requirements for a modern health facility. Therefore it is the intention of my Government to engage the services of an entity with the requisite knowledge, skills and experience to undertake and supervise the final finishing work during the last quarter of 2020 as we seek to provide a completed facility in keeping with our policy of providing an increased level of health care for our people. Expenditure on this project to date amounts to \$9.9 million.

104. During the 2019 school summer vacation my Administration undertook extensive rehabilitation of our school plant to create an atmosphere conducive to learning. The total cost of these works amounted to \$2.7 million and include the construction of additional classrooms and science labs, upgrading of the electrical supply to accommodate modern teaching equipment along with replacing roofs on a number of school buildings which had fallen into disrepair. Other works undertaken during this fiscal year include the rehabilitation of the Culturama Complex for the hosting of Culturama 45 along with the construction of the cultural facility at Market Shop Gingerland intended to be the home of Gingerama.

105. Mr. President, during the upcoming fiscal year 2020, my Government intends to undertake preliminary works for the rehabilitation of the Public Library Building in Gingerland, draft a design for the construction of a new office building for the Ministry and Department of Agriculture along with the Department of Marine Resources, expand the agro-processing facility, renovate the Charlestown Health Centre and other health facilities. A number of these buildings have fallen into a state of disrepair and in need of major renovation works.

106. The long awaited planned Technical Vocational Educational Training (TVET) Enhancement program will commence in full during the first quarter of 2020 with expansion work at the Charlestown Multi-purpose Centre and the technical wing at the Gingerland Secondary School. In order to facilitate this program while still pursuing the school's curriculum it will be necessary to construct a number of temporary classrooms to relocate the students of both technical wings during the construction phase of the project. We have made adequate provisions in this budget under the relevant ministries to meet these costs.

107. Rehabilitation work on the upgrading of the island main road from the Cotton Ground junction to Cliff Dwellers has been completed at a cost of \$6.8 million. The rehabilitation of the main carriageway into Brown Hill will also be completed by the end of this fiscal year. Additionally, Craddock Road Phase 1, Bath Village Road Phase 1 and other minor road networks as provided for in our last budget presentation, are now also completed as we close out our road rehabilitation program for this fiscal year.

108. Mr. President, there is no doubt that the provision of resilient and sustainable infrastructure is vital to underpin our social and economic development. All sectors including tourism, agriculture, financial services, health, education and construction depend on robust and reliable infrastructure for long term economic growth. In light of this my Government will continue to implement a robust infrastructural development program in 2020.

109. Work on Phase 2 of the island main road rehabilitation project will continue in 2020 with the goal of rehabilitating the main carriage way from Cliff Dwellers to Camps as we seek to build a more resilient road infrastructure network for all road users. We have also made provision in our budget to fund the completion of works at Shaws Road, Craddock Road Phase 2, Bath Road Phase 2 along with other secondary village roads island wide. Our total provision for road network infrastructure development in 2020 is budgeted at \$13.0 million.

110. I pause to point out Mr President that this Government's policy continues to be that all major infrastructural projects should be undertaken by our own people with our own machinery and our own technical expertise. Gone are the days when we told our people they were not good enough to undertake major projects. As a consequence, we have seen an explosion in local

entrepreneurship and investment in trucks and other heavy equipment. Our people therefore have been the primary beneficiaries of Government expenditure on major infrastructural projects. We are truly building Nevis by us for us.

111. Mr. President, it is a generally accepted fact that climate change has resulted in warmer temperatures, sea level rise, reduced annual and seasonal rainfall, and the occurrence of extreme weather events in the future. We have seen an increase in the severity of hurricanes, cyclones and typhoons in recent years all as a direct result of the negative effect of climate change. On this current trend we are likely to witness the extended periods of drought and the potential for more extreme rainfall and storm systems. These would all negative impact on our water supply and the overall sustainability of our water resources.

112. Mr. President, water is life and so we must respond by continuing to build resilience in our water infrastructure. We have already made significant investments in the physical infrastructure under the recent concluded CDB Water Supply Improvement Project. During the upcoming fiscal year we will complete the construction of two new reservoirs at Hamilton and Pond Hill to boost our water storage capacity. We committed to the drilling of three (3) additional wells in the New River Area and we will work assiduously to ensure that this program resumes early in the New Year. In this regard we have been forced to terminate our contract with BEAD which has failed to deliver on the promised drilling. We shall however press on and are currently reviewing bids from other drillers to effect this project.

113. Work is also ongoing with regard to the installation of a Water Filtration System at the Hamilton Reservoir site. The equipment is due to arrive shortly and the contracted US based company AdEdge is scheduled to be on Nevis in January 2020 to install and commission the system and provide training to our plant operators. It was necessary to purchase this equipment at a cost of \$1.5 million in order to treat with the increased level of manganese in the well at Hamilton and to make the water safe for consumption. Once completed we should therefore see an increase in the water supply in the Charlestown area within the first quarter of 2020. We wish to record our sincere thanks to the Caricom Development Fund (CDF) for their partial funding of this Water Filtration system.

114. Currently the Nevis Water Department is installing a new chlorination system and a SCADA System which would enable officers to remotely monitor water levels and manage



operations at the Pumping Stations. The implementation of the SCADA system is the foundation for further improvements in the management of our water system using available technology. It is the intention of the Ministry to explore the possibility of acquiring electronic meters which would facilitate the reading of water meters remotely while at the same time enabling the collection of important data for water resource management.

115. Moreover Mr. President, a Concept Note has already been developed with the assistance of the Caribbean Development Bank in collaboration with the Federal Government entitled “Building Resiliency in the Water Supply in St Kitts and Nevis” to develop a project to access funding from the Green Climate Fund to increase our water supply through the installation of water desalination plants. This is in addition to a desalination project funded by the government of the United Arab Emirates which we anticipate will be built in fiscal year 2020. These programs working in unison are all geared towards building resilience and improving the infrastructure of our water supply to support the Administration’s goal of an integrated and harmonized approach to long term economic growth and development.

#### **4.7 Energy Development**

116. Mr. President, during the New Year my Government will continue to explore opportunities to reduce our energy consumption through the installation of energy efficient LED lighting systems island wide. We are delighted to be a part of a national effort funded by the Caribbean Development Bank which will see the installation of at least 5000 energy efficient LED light bulbs in street lighting as a means of reducing government energy consumption. To date our electricity company NEVLEC has installed in excess of 2500 of these light bulbs targeting mainly our street lighting and lighting of play fields in the first phase. It is anticipated that an additional 2500 light bulbs will be installed over the next three months as the project extends into the New Year. The reduction in electricity consumption by the government for street lighting will positively reduce the burden of the fuel service charge on all of our citizenry.

117. We will also continue our efforts to diversify our energy supply by pursuing renewable energy options that are economically and environmentally prudent. Energy plays a vital role in a country’s economic growth underpinning all areas of development and consequently

access to energy is a key requirement for sustainable development. Our efforts at reducing our energy consumption will continue into the New Year.

118. In promoting energy security my Government has continued to encourage investment in wind energy, solar energy and the much anticipated geothermal energy to put us on a path to cleaner and greener energy and ultimately fulfil our pursuit of energy security.

119. The environmental benefits of transitioning to renewable energy cannot be overstated. The future health of our environment depends greatly on us being able to access cleaner sources of energy. Future generations are depending on us to act responsibly so as to ensure the preservation and longevity of a clean environment and a diverse eco-system.

120. Mr. President, the development of our geothermal energy product has preoccupied various governments over the last 15 years. We are satisfied that the difficulty lies outside our control and depends on the developer's ability to raise the necessary financing for the production phase of the project. We remain confident that this project will be realized in fiscal year 2020 and have conveyed our clear expectation to the developer.

#### **4.8 Crime Fighting & Security**

121. Mr. President, in the last few months we have experienced a period of unprecedented calm as it relates to reported criminal activity here on the island. While we may be heartened by this, we take no comfort in knowing that criminal activities of any kind are occurring within our various communities. We are fully aware that criminal activity if left unchecked can immediately destroy all the gains we would have worked tirelessly to achieve over the past years. Hence, we must continue to expand and improve upon our social programs as a means of steering our youths onto the correct path and as a tool to curb anti-social behavior.

122. We will continue to promote a program of deterrence and will rely heavily on our CCTV program as a means of deterring such activities. We have invested substantially in the construction of a CCTV command centre as the base of operations for this program. It is our intention early in the new fiscal year to fully activate operations at this centre and to expand coverage of our existing program. To bolster this existing program, my Government expects to receive an investment of US\$1.8 million in equipment through an arrangement between the Federal Government and the Government of China (Taiwan). The first batch of equipment is expected to arrive on Nevis in January 2020 with the final batch arriving in March. This equipment, which will be supplied by the Taiwanese Manufacturer VIVOTEK will be a welcome boost to our CCTV program. The equipment will be deployed island wide as part of our national security program for deterring criminal activities.

123. Mr. President, we will continue to commit resources to the accommodation and outfitting of the Police Officers and army personnel stationed in Nevis. These resources will serve to supplement the budget allocation at the Federal Level and will serve to ensure that they are provided with the necessary tools to carry out their daily duties here on island. In our budget for the upcoming fiscal year, we have allocated the amount of \$1.7 million to support the work of the security forces.

124. Mr President let me take a moment to commend the efforts of our private security firms who, too often are not recognized fully for the outstanding service they continue to provide in the fight against criminal activity. We have supported and will continue to provide fiscal concessions to private security firms as part of our wider effort to curb criminal activities.

125. Our program of duty free concessions on personal security items such as cameras, lighting and alarm systems, will be extended into the new fiscal year. We wish to take this opportunity to encourage our people to take the matter of security seriously and invest in their own personal security devices for their homes.

126. Mr. President, it is our view that no single initiative will purge our community of criminal activities. It requires a combination of all of our efforts as part of our national security /crime fighting and social program to enable us to continue to provide for the safety and security of our people. To this end we welcome the current initiative organized at the federal level whereby some of our troubled youths here on Nevis are granted the opportunity through a mentoring

program to redirect their efforts into productive activities. We are happy to see the entrepreneurship skills which are evolving among these young people as they venture into farming activities such as poultry, the rearing of rabbits and the manufacture of charcoal as a means of earning a livelihood. It is our hope that as the program evolves more of our youths will take advantage of these opportunities to traverse a more productive path and bring some level of normalcy to their lives. We all Mr President will reap the benefits of the peace dividend.

## **5.0 IMPROVING INFRASTRUCTURE FOR LONG-TERM DEVELOPMENT**

### **5.1 Education & Human Resource Development**

127. Mr. President, as we turn our attention to Education, the principal goal of our education system should not be seen as merely to increase the amount of knowledge but to create possibilities for our children to use their creative skills to invent and discover. We must seek to empower a generation that will be adventurous and innovative – bringing new thinking and bold solution to life’s challenges. It is against this backdrop that the Ministry of Education has embraced the theme “Education for all: Embracing Change, Securing the Future”.

128. During the last year our local Test of Standards results for our primary schools were extremely encouraging. The top students at the Nevis Academy, Violet O. J. Nicholls Primary, Joycelyn Liburd Primary, St Thomas’ Primary, Charlestown Primary and Elizabeth Pemberton Primary all averaged grades above 85%. The Caribbean Secondary Education Certificate (CSEC) and Caribbean Advanced Proficiency Examination (CAPE) results this year were also in line with the consistently good performance that our students produce year after year. The government-operated secondary schools earned a combined pass rate of 84% while the Nevis Sixth Form raised its pass rate from 84% in 2018 to 89% in 2019. This is a great encouragement to all.

129. Mr. President, I wish to use this opportunity to again congratulate our students who continue to perform admirably well in the CAPE, CSEC and our local Test of Standards examinations. We must recognise the performance of young Rucha Sharma of the Nevis Academy School, who attained a 94.1% average. He was awarded the best student in our local Test of

Standard examination. At the CAPE level, I wish to congratulate Ms Tarana Kacker for achieving best results across St Kitts and Nevis having passed 10 units with 10 grade 1 passes. I am advised that she placed first in the Nation while young Kervincia Webbe placed 3rd in the Federation at the CAPE level. We congratulate both Ms Kacker and Ms Webbe. We must also recognise the excellent performance of Ms. Shanya Taylor of the Charlestown Secondary School who attained CSEC 12 subject passes with 7 grade 1 passes.

130. Special mention must be made of the sterling performance of the Gingerland Secondary School. This school continues to perform exceptionally well achieving an 89% pass rate for CSEC, second in the Federation and the best performer among the secondary schools in Nevis. This is the fourth year in a row that the Gingerland Secondary School has earned that coveted spot of top school on Nevis. Let me also congratulate the top students Ms. Ajuma Liburd, Zwena Jones and Anel Ferguson all of whom attained 11 subject passes with grade 1 in at least 6 subjects and were all tied for the top performer at that school.

131. Mr. President, with these results on record my Government remains resolute to further improve our education system and will endeavor to ensure that the Ministry of Education fulfils its mandate to fully implement the 2017-2021-Education Sector Plan. A key component of this plan is the professional development of our teachers as we prepare them as educators to serve our students even more effectively. The Early Learners Programme (ELP) continues to provide opportunities for our teachers of Kindergarten to Grade 3 to develop a balanced approach to the teaching of reading. Through this program our teachers were also able to attain a Certificate in Reading.

132. Other professional development programs include the training of teachers and caregivers at the early childhood level in the areas of First Aid and CPR and Best Practices in Early Childhood Centers. Our education officials and teachers also participated in the ECD Policy Writing Process; TVET instructors at the secondary schools were exposed to additional training through the CDB - TVET Enhancement Project which aims to improve the quality and delivery of the technical and vocational courses offered to our students; the Prospective Teachers Course and Induction Courses have both been enhanced to reflect the new thrusts of differentiation and student centered learning.

133. During the past summer period, all staff across the sector were trained in the first step to mastering the Art of Differentiation through a workshop series entitled “Know Your Students”. Teachers and coaches were taught how to create class and learning profiles and how to use this information to guide lesson planning. A significant milestone attained was the creation of a Professional Development Team which seeks to further enhance the professional development opportunities and to inform planning. The Ministry of Education will continue to partner with UNESCO, UNICEF, OECS, USAID and CDB as we continue to make positive strides in the professionalization of the teaching force.

134. Mr. President, during the upcoming year, officials from the Ministry of Education will join their counterparts at the Federal level to launch the Education Enhanced Curriculum for St. Kitts and Nevis. We are fully aware that our current education system has some deficiencies. The goal of the curriculum enhancement is therefore to improve access, enhance quality and provide students with the knowledge and skills that will support their success in higher and continuing education and the world of work. For the first time, a curriculum and assessment framework that speaks to the vision of an educated citizen of our Federation has been developed. This is considered the “constitution” for the curriculum and has been developed after extensive consultation throughout the Federation and through the review of National and Regional policy and planning documents.

135. The enhanced curriculum will feature seven essential education competencies for an educated person in our Federation, eight principles of learning that support these competencies, nine principles of assessment to determine learning progress, extensive goals related to inclusivity while promoting integration across subject areas. The resulting curriculum from Early Childhood through to Post-Secondary Technical Vocational Education and Training will emerge from this Curriculum and Assessment Framework and will be based on International Standards. The five core subject areas in primary and lower secondary are Language Arts, Mathematics, Social Studies, Science along with Health and Wellness.

136. The Ministry will continue its alliance with entities such as the Department of Sports, the Nevis Cultural Development Foundation, the Ministry of Health and all private and public partners as it is through such partnerships that we can foster the holistic development of our

students. We call on our corporate sponsors to recognize the importance of education in our economy and to continue to make meaningful financial contributions to the enhancement of education. We must acknowledge the efforts of Courts as they continue year after year to sponsor our OECS Courts Reading competition, the Dr. Lornette Mills Charitable Foundation along with Warner's One Stop for their continued sponsorship of the annual Primary School Spelling Bee Competition and Gulf Insurance for sponsoring the annual Inter-primary Championship. We wish to urge other corporate partners to make similar contributions for the benefit of our children.

### **Human Resource Development**

137. Mr. President, the success of our Education System has a direct effect on our ability to develop our Human Resource Capital. During the Budget Address of 2015 your CCM led Administration introduced the 'One Certified 2020 Initiative' as mantra for developing our human resource capability. This program was an initiative designed to ensure that by the year 2020 there was at least one member of every household in Nevis attaining tertiary level qualification or Technical Vocational Training Certification.

138. I am happy to report that this program is well on track as we continue to see an increasing number of our citizens taking up the challenge to pursue tertiary level studies. My Government is playing an active role in this process by continuing to inform our people about the various scholarship training opportunities that are offered annually by various governments through our diplomatic relations.

139. Since the launch of this initiative in 2015/2016 my Government has granted direct assistance to a total of 84 new students in the amount of \$2.49 million to pursue tertiary level studies in a variety of fields. Priority areas for training include the filling of positions in the teaching profession, nursing and other diagnostic services in the Ministry of Health, computer science and technology, studies in the field of Agriculture and in various other critical areas. We will continue to make provisions in our budget annually to support this initiative. The pursuit and attainment of higher education must be promoted as the highest aspiration of every Nevisian as we seek to achieve excellence in all our endeavors and to improve the quality of life of our communities generally.

140. Mr. President, we are part of the CARICOM and OECS regions which provide for the free movement of labor. If our citizens are to be able to compete with other CARICOM citizens for employment here on island then we must be either academically qualified or technically competent. In addition, if our citizens are to take advantage of the free movement and gain meaningful employment in other regional territories then our people must be incentivized to advance themselves, through tertiary education, towards a level playing field with our regional counterparts.

141. We cannot adequately develop this country and continue to pursue foreign direct investment without first developing a well-qualified and technically competent workforce. This can only be achieved by incentivizing our citizens to seek every opportunity for their educational advancement. The soon to be launched Technical Vocational Education Training Certification will serve as another avenue toward achieving our “One Certified 2020 Initiative.”

142. Mr. President, even as we continue our quest for certification and tertiary level education for our people we must also take steps to develop good employer/employee relationships as a means of promoting productivity in the workplace. Our Department of Labour will continue its ongoing programs aimed at educating all employers and employees on the application of the labour laws of the Federation of St. Kitts and Nevis so as to ensure that there is fairness and harmony in the workplace. In addition, the department has been facilitating the placement of workers in various employment opportunities. To date this year the department has been successful in identifying gainful employment for 23 individuals. Moreover, it was able to facilitate four (4) persons from Nevis to travel to Canada to gain employment for the annual Canada Agricultural Program. This is an area ripe for significant growth and we encourage citizens interested to apply next year for this programme.

## **5.2 Health Care**

143. Mr. President, addressing the health care needs of our population in a rapidly changing health care environment is one of the main challenges for the Ministry of Health and Gender Affairs. The solution involves developing strategies targeting the root causes of the issues and implementing plans and policies that are practical, effective and sustainable. Health is wealth,



and therefore we must bring health issues into central focus as a strategic goal for social and economic development. In fiscal year 2020 the Ministry will continue to be responsive to the health care needs of our residents and citizens.

144. Our annual health statistics indicate that our greatest burden of disease is attributed to Chronic Non Communicable Diseases or NCD's. The prevalence of these lifestyle-related diseases, such as diabetes, hypertension, and some cancers continues to have a devastating effect on the health and productivity of our people. These diseases are responsible for the leading causes of death, illness and disability and contribute to the rising cost of health care both at the household and the institutional level.

145. Mr. President, the Ministry of Health in collaboration with the Government of China on Taiwan has established the first ever cooperative public health Capacity Building Project for the Prevention and Control of Chronic Kidney Disease (CKD). While establishing this basic prevention and control system for CKD, the team saw the need to expand the project to other non-communicable diseases and therefore a new two year project will commence in April 2020.

146. The recently concluded STEPS survey will not only provide information on the risk factors of those diseases but it will also provide an opportunity for the Ministry to plan strategies for reducing those major risks. As we continue our initiatives in promoting good health we must encourage our citizens to improve their health using simple principles such as limiting their alcohol intake, reducing smoking, controlling their weight, eating a healthy diet and becoming physically active.

147. We urge our citizens to take advantage of the free screening that is available for colon and prostate cancer, cholesterol, HIV, blood pressure, blood sugar and PAP smears that are offered at our health and community outreach facilities. We will continue to take the lead on dietary changes through our school meals programme, junior chef academy, and the development of the Salt and Sugar Reduction campaign. While NCDs continue to dominate our health profile, unintentional injuries are becoming a public health concern. The approach of the Department of Public Health will be to develop an Unintentional Injuries surveillance system to help in identifying the incidence and prevalence of these injuries, which is the first step in the process of developing control interventions.

148. Mr. President, in this dynamic industry, workforce planning, training and development are critical. We recognize the need for more medical specialists, nurses and other critical health care professionals. It is critical that we have a minimum of two medical specialists on staff to ensure the seamless provision of service at our health institutions. While we recruit personnel to fill the void we must also provide the opportunities to build the capacity of our local personnel. Therefore in the new year, we will continue to encourage, provide and seek opportunities for our health care professionals to complete advanced education and training in specified areas of need whether through government funding or through strategic partnership with foreign governments or international organizations.

149. During the New Year significant investments will be made in the physical infrastructure for the delivery of high quality health care. These will include the completion of a larger and more modern kitchen at the Alexandra Hospital to provide patients meals and nutritional counselling. The hospital diagnostic wing expansion project will enter its final year in terms of physical construction with work concentrated on finishing's and installations. While the Ministry continues to renovate existing Public Health facilities, plans for the construction of a new Charlestown Health Centre will be revised and finalized in the New Year. Work will also be done on remodeling the entrance way on the hospital compound to make it more accessible and to provide for the safety and security of patients and hospital staff. Further, at least two new ambulances will be added to the fleet to provide emergency and pre-hospital care.

150. Mr. President, we will continue to adopt a holistic approach to disaster management by mainstreaming and integrating emergency care and disaster response into our disaster preparedness program. The Disaster plans for the Flamboyant Nursing home and the health centres will be finalised by the end of this fiscal year. We will commence the implementation of the Ministry of Health's recently completed Multi-hazard disaster plan which will serve as a guide for the health sector in the management of Public Health emergencies and disasters. The continuation of the multi sectorial Emergency Care and Treatment (ECAT), Mass Causality Management (MCM) and Incident Command System (ICS) training programs will test our preparedness and response mechanisms.

151. We are also aware that a clean environment is essential for human health and well-being. The Nevis Solid Waste Management Authority will explore practical and viable waste

management options. Staff from the Environmental Health Department who were recently trained in the Zika AIRS Project (ZAP) and the Geographic Information for Vector Surveillance (GIVeS) will now be able to conduct entomological surveillance with the aim of preventing the spread of dengue and other vector borne diseases. The development of an Integrated Vector Control Program will see a multipronged approach on the promotion and use of a wide range of interventions for the planning and implementation of vector control activities. These two entities will join forces in their bid to protect the environment and the health and safety of the population.

152. Mr. President, my Government is committed in the New Year to addressing the remuneration package for our nurses in recognition of the importance of their services and to ensure that they are adequately compensated. This will also serve as an incentive to attract new entrants into the profession. We must at the same time address the cost of providing the improved level of health care for our people. Consequently, we will conduct a review of the current fee structure at the Alexandra Hospital, especially those charges for the provision of diagnostic services, to ensure that they are comparable with the cost of providing these services. In determining this new fee structure my Administration will ensure that there are sufficient built in mechanisms to ensure that the most vulnerable among us are not disadvantaged and continue to enjoy full access to all the services offered at the Alexandra Hospital.

153. The Gender Affairs Division will continue to advocate for equitable and inclusive work environments which will enable both women and men to have equal opportunities to contribute, benefit and reach their full potential. In the New Year the department will continue to facilitate the increased representation of women in non-traditional occupations, the continuation of the Millinery training programme, and the launch of the National Entrepreneurship Programme. The implementation of the Domestic and Sexual Violence Protocol will aim to prevent domestic and gender-based violence and protect and assist the victims. The department will endeavour to continue to facilitate consultation forums with the partnership of the Common Wealth, UNFPA and other international agencies.

154. Mr. President, the rising cost of health care continues to affect the availability of services and the ability of all citizens to access affordable health care services. We continue to explore the viability of implementing universal health insurance. Under this scheme every citizen would be provided with assistance for the health services they need. It would motivate our citizens

to constantly seek quality health services thereby increasing their quality of life. As a government we must ensure adequate spending on health as well as the effective allocation of those financial resources. It is our duty to promote the good health and functional capacity of our people, to promote healthy environments for life and work, to advocate for gender equality and to secure sufficient health services for the entire population. We also recognize that such aspirations must be tempered with pragmatism, so we will be prudent in managing not only our expectations but also the affordability of such programs.

### **5.3 Social Development Agenda**

155. Mr. President, we will continue to ensure that the less fortunate among us, our seniors, the elderly and all our challenged youths have a pride of place and an equal chance at opportunities in our society. Our social protection program is mandated to provide for these categories of our citizenry through a varied array of programs designed to bring maximum benefit to these persons.

156. As it relates to our seniors, we have carefully crafted programs to bring fulfilment and enrichment in their lives. The investments we have made through programs such as the Senior Pageant and the monthly recreational tours are simply our way of saying thank you to our seniors and for them to recognize that we do appreciate the contributions they have made to society. They are indeed the corner stones of our society and were the ones who crafted the kind of society that we have inherited today. We continue to pursue the goal of strengthening intergenerational bonding between our seniors and our youths through a series of school based activities. This program has been successfully launched in four primary schools across the island and involves our seniors visiting these schools on a regular basis to speak to our children as we seek to mentor and reinstate values in our young, something which seems sadly lacking in our society today.

157. Mr. President, I wish to remind the House that our seniors continue to access free hospital care, free electricity, free water as well as discounted public transportation costs on Nevis. I continue Mr President to be proud when regional colleagues point to Nevis as a model of how a country should treat its seniors. We should all be proud of our record in this regard.

158. Mr. President, our efforts at rehabilitating our at-risk youths through a variety of programs continue apace during this fiscal year. The Youth Empowerment Program saw a total of 25 youths completing skills training and job internships with assistance given to finding long-term and gainful employment. Work on the development of a skills training centre at Pinneys for our at-risk youth is now in the completion phase. This centre is expected to be fully functional during the fiscal year 2020 offering a diversified range of skills training opportunities and youth development activities. I wish to thank USAID for jointly funding this program and for their investment in the training equipment and also for the training given to the Probation staff to deal with out at-risk youths.

159. Mr. President, we are fully aware that a large portion of our population faces mental health challenges of varying degrees on a daily basis. While some may be more acute than others, it is important that we address these issues at an early stage through our mental health intervention program. To this end my Government is moving speedily to establish a national counseling centre to support the work currently carried out by the Mental Health Unit, which is the unit currently charged with dealing with actual mental health cases.

160. This centre which will have a full cadre of trained counsellors will provide an opportunity at a very early stage for persons who are depressed for whatever reasons or who are finding it difficult to deal with challenging situations to receive counselling at a very early stage before their state of mental health becomes acute. We are grateful for the assistance received from the USAID Family Counselling Program which has now been expanded to Nevis. Under this program USAID will recruit and train an additional four counsellors to supplement our program.

161. These new counsellors along with the staff at the Social Services Department have already received extensive training during the period September to October 2019 in the development of competencies to ensure the seamless implementation of the Family Matters Model. This model which has been customized for use in the Caribbean is based on the Prevention and Intervention Family Systems Model (PIFSM), created by the US Los Angeles Mayor's Office Gang Reduction and Youth Development Program. The Family Counselling program is a key component of the YES project aimed at crime reduction.

## 5.4 Engaging our Youths

162. Mr. President, our youths are not just our future they are our present. We must ensure that we will invest all the necessary resources in providing our youths with appropriate opportunities for facilitating their growth and development. During this fiscal year the Department of Youth hosted a number of successful Human Rights-oriented activities in keeping with the theme, “My Rights, Your Rights, Our Rights, Stand for Human Rights!”

163. The annual Easter Camp, dubbed Camp Rights, engaged one hundred and six children in a quest to introduce them to various aspects of the Human Rights in practical ways. The “Youths for Human Rights’ March and Rally” witnessed a record total of three hundred and ten participants publicly endorsing this thrust. Under the theme, “Your Right to Work Right,” the Department hosted the Annual Summer Job Attachment Programme. This programme forms part of the Keep Empowering Youth with Skills (KEYS) initiative and facilitated forty-eight school leavers with internships whereby eleven interns were retained in active employment at the completion of the program.

164. Additionally, the UNICEF-sponsored Children’s Summit was also a highlight of the Department’s activities. One hundred and sixty-two children and youth attended this event in celebration of 30 years of the Convention of the Rights of a Child with emphasis placed on Human Rights. Moreover, in an attempt to recognize youth excellence, the Department launched the Youth Impact 12 Program where each month our youths are highlighted for their sterling contributions across various themes of national interest. The Youth Impact 12 Program will continue into the New Year with emphasis placed on highlighting youth excellence through activities targeted at youths with disabilities, youth in volunteerism and after-school mentorship programs.

165. Mr. President, one of the intended undertakings of the Department is to regulate the operations of all youth-led groups and organizations and to celebrate youth practitioners. A number of capacity building workshops will be held for registered youth groups with the aim of granting exposure to the skills and knowledge necessary for the advancement of the groups and the development of our youths in general. Attention will also be given to revitalizing the Nevis Youth Council which will serve as a formal board of Nevisian youths that will provide representation of

youth voices in the community. This process will be guided by technical support from regional youth partners.

## **6.0 HOUSING DEVELOPMENT**

166. Mr. President, we continue to see a rapid demand for housing here on the island of Nevis. The construction sector is now exceedingly vibrant due largely to the current state of liquidity in the banking sector and the recent launching of various mortgage loan programs by a number of commercial banks.

167. While private contractors have been fully engaged in the construction of upper and middle income properties, the Nevis Housing and Land Development Corporation has also seen an increase in demand for affordable homes. Over the past six (6) years during the period 2013 to 2019 the Housing Corporation has constructed a total of 169 houses at a total cost of \$37.9 million.

168. For the fiscal year 2019, the Housing Corporation has projected to construct a total of 25 affordable homes at an estimated cost of \$7.5 million. Of this number a total of 12 have been fully completed costing \$3.9 million with an additional 6 homes currently under construction with an estimated cost to complete of \$1.5 million. It is anticipated that construction will commence on the remaining 7 homes before the end of this fiscal year at an estimated construction cost of \$2.0 million. These houses are located in areas such as Maddens Cedar View Housing Development (Phase 2), Low Ground Estate, Colquhoun, New River, Bath Village, Nisbett Estate, Spring Hill, Paradise Estate, Church Ground, West Bury and Webbe's Ground.

169. Mr. President, it must be noted that the quality of the designs for these affordable houses is very aesthetically pleasing as we continue to see increasing requests from persons to have these designs constructed on their private lands., For the year 2019, the Corporation has responded favorably to these requests and has completed the construction of five (5) of these affordable houses on private lands at a cost of \$1.4 million.

170. During the upcoming fiscal year the goal of the Corporation is to construct at least sixty two (62) affordable houses. These houses will be a mixture of four (4), three (3) and two (2) bedrooms built on approximately 5000 to 8000 square feet of land within the Corporation's existing new housing developments. These areas include Maddens Cedar View Phase 2, the new

housing development in Hamilton which would be situated on a 3 acre lot and the proposed new development referred to as University Heights at Spring Hill also comprising a 3 acre lot.

171. Mr. President, funding for these housing developments was already secured through a \$15.0 million loan facility from the St. Christopher & Nevis Social Security Board. It is anticipated that a total of 6 houses will be constructed at Low Ground Estate (Cherry Gardens Phase 2), Hamilton Housing Development will be allotted a total of 13 homes, University Heights will also be allotted 13 homes, Maddens Cedar View Phase 2 will see the construction of 24 homes and it is expected that there will be a request for at least 6 houses to be built on private property.

## **7.0 FISCAL PROJECTIONS 2020**

### **7.1 Fiscal Measures**

172. Mr. President, as we turn to our fiscal measures, 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 will promote the advancement of our agenda for growth and development. We will continue to take steps to reduce Government spending and incentivize the private sector to be the engine of growth for continued expansion in the economy through our various programs to attract foreign direct investment while encouraging the growth of the small business sector.

173. My Government therefore presents a budget for this fiscal year 2020 that is free of any new taxes as an incentive to stimulate economic expansion and encourage growth among the private sector.

174. Mr. President, we will continue to extend our existing fiscal incentive programs such as the first time home owners program which is designed to stimulate growth in the construction sector, our program for concessions for start-up business entities along with our program for concessions for entities operating in the tourism sector. The concession package extended to our returning nationals and also our program to facilitate the movement of skilled persons into our island will continue. It is our hope that the persons who would receive concession



benefits under these two programs will seize the opportunity to make meaningful contributions to the growth and development of our economy.

175.           However Mr. President, in order to boost the growth of our revenues, we must:

- Continuously review and amend some of our existing schedule of fees to ensure that they are at a level comparable to the cost of delivering the associated services.
- Strengthen our tax collection policies by implementing aggressive collection and enforcement measures as a means of reducing the accumulation of arrears of tax revenue payable to government.
- Continue to streamline our policy for tax concessions and limit exemptions from the various taxes only to areas as prescribed in relevant legislation or when necessary to be used as a short-term tool to drive the long-term benefits of increases in business activities, ultimately leading to an increase in employment opportunities for our people.
- Discontinue the random policy of granting duty free concessions on vehicles simply because someone is the holder of a business license. Concessions would only be favourably considered where the vehicle forms part of the business activity. The deciding test will be whether or not in the absence of the vehicle the core functions of the business will cease to exist.

176.           Mr. President, we will continue to make a concerted effort to persuade our people to be responsible citizens and to honour their tax obligations. To this ends we will continue to enforce 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 or would have made suitable arrangements for the payment of their taxes. Such entities who are in default of a suitable payment arrangement will not be able to renew their business license or transact other business activities with the Inland Revenue Department until these matters are seriously addressed. 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 Government the resources to further invest for the continued development of the economy.

177. During the next fiscal year my Administration will reassess our policies and practices as it relates to a number of our existing revenue generating programs. We will seek to immediately clarify our policy as it relates to the provision of Duty Free Fuel and Duty Free concessions on the importation of items for Foreign Registered Vessels. Over the years we have inadvertently practiced the policy of interpreting duty free on fuel and parts to mean an exemption from all duties and taxes rather than an exemption from Customs Duties only. This will now be corrected during the upcoming fiscal period. Thus, persons falling into this category of qualifying for duty free concessions on fuel and parts will now be exempted from Customs Duties only as was intended in the legislation and will be required to pay the 6% Customs Service Charge and VAT (where applicable) on such importations.

178. Mr. President, as mentioned earlier, we will re-examine the current fee structure at the Alexandra Hospital, especially those charges for the provision of diagnostic services, to ensure that they are comparable with the cost of providing these services. In determining any new fee structure my Administration will ensure that there are sufficient built in mechanisms to protect the most vulnerable among us.

179. The structure of our property tax is due for review during the new fiscal period. While there is no intention to increase the tax rate, every effort will be made to ensure that all properties fall into the tax net. Properties that are habitable would immediately fall into the tax net with the tax calculated on the value of the property at that point in time. We will also embark upon a program of identifying and making contact with owners of unoccupied properties who may have migrated overseas so as to ensure that the annual property tax notices are brought to their attention. Too often these tax notices are returned to the department as there are no occupants at these properties thus depriving the government of its due revenue from the Property Taxes.

180. Mr. President, my Government is determined not only to clean up the Nevis landscape, but also to collect outstanding revenues on the many abandoned properties that are dotted around the Island. Under the applicable laws, the Public Health Department will explore all statutory options for compelling the clean-up of properties that pose health hazards and risks and the Inland Revenue Department will make every effort to pursue defaulting taxpayers in respect of such properties.

181. My Government has also embarked on a program to modernize the computer system at our Financial Services Registry to bring our Registry in line with the requirements of a modern Registry. This system will serve to improve our existing work processes and will seek to computerize a number of the manual practices and provide our Registered Agents with remote online access to the Registry System. This will simplify the onboarding process for registering new entities, give Registered Agents access to updated information and allow them to maintain cash account balances to meet the cost of services provided by the Registry. Following the commissioning of this system my Administration will conduct a full review of all existing fees currently charged at the Registry and institute new cost recovery fees for the increased array of online services that this new system will offer to our Registered Agents.

182. Mr. President, we will also conduct a full review of our Alien Landholding License policy with a view to more stringently enforcing the requirements for the granting of a license. The current legislation provides that an Alien Landholding License be issued to non-nationals who are interested in purchasing property on Nevis for development, whether it be commercial development or residential on the condition that the development occurs within a period of 18 months. We are fully aware that there are a number of persons, who having been granted licenses, have refused to complete the development but seek instead to speculate on the land by holding it for a number of years undeveloped with the intention to resell the said property and benefit from the appreciation in value.

183. Mr. President, this is not in keeping with the conditions under which licenses are granted and therefore my Government will immediately seek to enforce the penalty as enshrined in the legislation in such instances where persons choose not to conform to the requirements for the granting of the Alien Landholding License. Mr President, I issue a warning to such defaulters that they comply with the conditions of their Alien Land Holding Licence or face the consequences. We have compiled a list of defaulters and plan to aggressively pursue this matter in the fiscal year 2020.

## 7.2 Projected Revenues and Expenditure

184. Mr. President, our projected revenue and expenditure for the upcoming fiscal year, I must stress that our expenditure budget is very much reduced in comparison to the budget for this fiscal year 2019. We continue to hold to the view that the private sector should be the engine of growth and should take the lead role in the development of the economy. Therefore we will continue to implement programs to stimulate private sector development as the role of government should be one of a facilitator for the growth of the private sector.

185. Our budget for the upcoming fiscal year 2020 is therefore set at \$239.7 million a reduction of 11% when compared to the budget of \$269.6 million for the fiscal year 2019. We have allocated the amount of \$170.3 million to recurrent spending representing a reduction of 5.6 % when compared to the allocation of \$180.4 million for recurrent spending for fiscal year 2019. Recurrent spending for the upcoming fiscal year therefore comprises 71.05 percent of the total budgeted expenditure.

186. Mr. President, my Administration is projecting collection of \$139.5 million in Recurrent Revenue which represents a projected increase of 1.2% when compared to the projected revenue of \$137.8 million for the fiscal year 2019. This less than proportionate growth in recurrent revenue when compared to the growth in recurrent spending is due largely to the uncertainty in the Financial Services Sector as we seek to grapple with the requirements of the EU and the OECD.

187. This uncertainty has caused a slowdown in new product registration as potential entities are awaiting the final decision from these regulatory agencies before making a determination on any new product incorporations in Nevis. In this regard we have projected revenue from this sector to be \$11.53 million a reduction of 17.9 percent when compared to the actual revenue generated in fiscal year 2018, prior to the raising of these issues by these agencies. We are very hopeful that these matters will be resolved very early in the New Year and that we can see some level of normalcy returning to the sector ultimately resulting in increasing revenue flows.

188. We expect our Recurrent Revenue to be augmented by the remittance of at least \$30.0 million from the Federal Government in respect of an allotment for Nevis out of the revenue from Passport Processing Fees under the CBI Program. Our combined total Recurrent Revenue is

therefore projected at \$169.5 million for the upcoming 2020 fiscal period and when compared to the projected Recurrent Expenditure of \$170.3 million provides a slight deficit on the recurrent budget of \$0.8 million.

189. Mr. President, the amount of \$69.4 million has been allocated for the funding of our capital expenditure program. This represents a 22.19% reduction when compared to the amount of \$89.2 million that was allocated for the fiscal year 2019. This is largely due to my Administration's policy to stream line work on major projects so as to spread these works evenly over the medium term coupled with the fact that a number of our major capital works that were ongoing during this fiscal year are now substantially completed. These include works on the Treasury Building Complex, the Newcastle Police Station, the Brown Hill Road Project along with phase1 of the Island Main Road Project.

190. Funding for our capital budget will be comprised of loan funding from the St. Christopher & Nevis Social Security Board, the Sustainable Growth Fund at the Federal Level, grant funding from the Government of China (Taiwan) along with other grant funding from our regional and international partners. In addition, my Administration will seek loan funding from other financial entities at concessionary rates not exceeding 4 percent per annum to complete the funding for these capital works.

191. Therefore Mr. President, a summary of resources projected to finance our 2020 expenditure program is outlined as follows:

- Current Revenue - \$ 139.5 million
- Projected minimum Revenues from CBI Passport Processing Fees - \$30.0 million
- Social Security Loan and other Concessionary Loans - \$22.9 million
- Government of China (Taiwan) Funding and other Grant Funding - \$8.9 million

192. Mr. President, while we have made these projections we intend to be very strict with the collection of revenues and will seek to reduce revenue losses by curbing our open ended concession policies. I wish to reiterate 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 only seek to undertake project if the funding is available or can be accessed 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 2021 any projects which were not executed due to lack of approved financing.

193. Mr. President, the major allocations in our expenditure are as follows:

- The Office of the Premier is allocated funding in the amount of \$8.2 million representing 3.42 percent of the total budget. Included in this amount are funds allocated to support the security services in our fight against criminal activities.
- The Ministry of Finance is allocated funding in the amount of \$79.5 million representing 33.2 percent of the total budget. Included in this amount are funds allocated to meet our Debt Servicing obligations.
- The Ministry of Communications and Works is allocated funding in the amount of \$40.1 million representing 16.73 percent of the total budget. Included in this amount are funds allocated for our infrastructure development program namely the upgrading of our road network, maintaining of government buildings and other structures along with provisions for upgrading our water services.
- The Ministry of Agriculture et al is allocated funding in the amount of \$11.4 million representing 4.8 percent of the total budget. Included in this amount are funds allocated for our food sustainability and security along with our reforestation program for the planting of at least 10,000 trees in our support for the environment.
- The Ministry of Health and Gender Affairs is allocated funding in the amount of \$37.3 million representing 15.6 percent of the total budget. Included in this amount are funds allocated for providing improvements in the quality and delivery of Health Care, an increase in the remuneration for our nurses along with the completion of construction work under the Alexandra Hospital Expansion Program.
- The Ministry of Education, Library Services and Information Technology is allocated funding in the amount of \$33.1 million representing 13.8 percent of the total budget. Included in this amount are funds allocated for the delivery of quality education to our people, executing work under the

CDB TVET Enhancement Program and the development of our Information and Communication Technology needs.

- The Ministry of Social Development, Culture, Youths and Sports is allocated funding in the amount of \$16.5 million representing 6.9 percent of the total budget. Included in this amount are funds allocated for the delivery of our social protection agenda and improvements to our sporting facilities.

## **8.0 CONCLUSION**

194. Mr. President, we are heading into the midterm of this new government which I am so privileged to lead, upon reflection we have indeed accomplished much over the past two years. Today we have taken the time to carefully and clearly give an account of our stewardship over the last twelve months while at the same time we have given a clear indication of our plans and projections for the New Year. We have carefully outlined our plans to grow the economy, our policy on crime, our program for the youths and the most vulnerable among us, our progress in health and education along with our public infrastructure development program.

195. Mr. President, this new budget year 2020 will definitely present a tremendous opportunity for us to continue on the path to build that new economy and to put our island on a trajectory for

fiscal sustainability and growth. We must continue to implement measures to enhance economic stabilization in the short term while investing in education and skills training at the national level so as to improve our human resource capabilities.

196. This new economy must now be based on Innovations in Agriculture, Fiscal Reform leading to debt sustainability and growth in the real sector, Energy sustainability and an Enhanced Human Resource Development Agenda encompassing a well-trained and technically competent workforce.

197. Mr. President, my Administration will continue to operate under the pillar of good governance and as such we will continue to manage and allocate the nations resources in an effectual and transparent manner. We hold ourselves accountable to you the good people of Nevis as is evident in the historic actualization of Integrity in Public Life legislation and the first ever filing of assets by any sitting Government in the nation's history. In so doing we have made it our sole purpose to ensure that both Nevis and its people not only thrive but prosper for many generations to come.

198. Mr. President, as a show of gratitude to our Public Servants, my Cabinet has approved a bonus payment of an extra month's salary for all Civil Servants, Non-Established Workers, employees of our Statutory Corporations and Pensioners in accordance with the decision made at the Federal level. I wish to use this opportunity to urge our private sector partners to adopt a similar practice and pay some level of bonus to their workers as a show of gratitude for their performance over the past year. I urge all our citizens to budget prudently, spend wisely and to use some of this extra payment to create some savings and investments as well. I am also pleased at the reduced VAT days being set for December 13 and 21 this year. I look forward Mr President to a robust sales period for our businesses during these days.

199. Mr. President, your government continues to be creative and resolute as we maneuver the affairs of our island with deftness. The policies and programs that we continue to formulate and implement coupled with our dedication and determination to succeed allowed us to overcome many of the challenges that confronted us during this fiscal year. We ask the people to keep the faith, to continue to support our government and to strengthen the hands of your government when called upon so to do. Together we can work to build a better and brighter Nevis for ourselves and the future generations.



200. Thanks again for the faith and confidence you have placed in my Government and may you have a happy Christmas and a New Year filled with hope and confidence as we seek to build resilience and adopt a harmonized approach to economic growth. Mr President Nevis is on the right track and I urge our people to Keep The Momentum.

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 to the following Regional and International Organizations for their financial, economic and technical assistance during the past year:

Caribbean Agricultural Research and Development Institute (CARDI)

Caribbean Development Bank (CDB)

Caribbean Institute for Meteorology and Hydrology (CIMH)

Caribbean Public Health Agency (CARPHA)

Caribbean Regional Technical Assistance Centre (CARTAC)

Caribbean 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 (MUA)

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 various government 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 the Administration over the past year.

<b>CATEGORIES</b>	<b>Actual 2016</b>	<b>Actual (restated) 2017</b>	<b>Actual 2018</b>	<b>Actual Oct 2019</b>
<b>Total Revenue &amp; Grants</b>	<b>168.40</b>	<b>188.10</b>	<b>191.70</b>	<b>141.74</b>
<b>Current Revenue</b>	<b>132.90</b>	<b>129.06</b>	<b>138.44</b>	<b>114.74</b>
<b>Tax Revenue</b>	<b>99.25</b>	<b>96.70</b>	<b>102.27</b>	<b>87.79</b>
<b>Taxes on Income &amp; Profit</b>	<b>20.03</b>	<b>19.68</b>	<b>19.70</b>	<b>17.24</b>
Of which: Corporate Income Tax	6.72	7.64	6.20	6.11
Social Services Levy	11.47	9.63	10.49	8.91
<b>Taxes on Domestic Goods &amp; Services</b>	<b>32.73</b>	<b>30.32</b>	<b>32.91</b>	<b>29.88</b>
Of which: Stamp Duties	11.33	8.15	10.56	10.10
VAT	16.42	17.05	16.93	14.64
<b>Taxes on Int'l Trade &amp; Transactions</b>	<b>43.71</b>	<b>43.48</b>	<b>45.80</b>	<b>37.22</b>
Of which: Import Duties	11.42	11.74	11.76	9.23
Customs Service Charge	7.96	8.14	8.99	7.97
VAT	16.22	15.56	16.11	13.55
<b>Non-Tax Revenue</b>	<b>33.65</b>	<b>32.37</b>	<b>36.17</b>	<b>26.95</b>
Of which: Financial Services	14.12	13.26	13.87	10.19
Supply Office	7.45	6.94	7.01	5.29
Water Services	5.23	4.75	5.68	5.04
<b>Total Expenditure</b>	<b>171.56</b>	<b>204.99</b>	<b>198.35</b>	<b>159.82</b>
<b>Current Expenditure</b>	<b>135.26</b>	<b>141.47</b>	<b>147.53</b>	<b>115.76</b>
<b>Personal Emoluments</b>	<b>75.55</b>	<b>78.55</b>	<b>78.50</b>	<b>62.08</b>
<b>Goods &amp; Services</b>	<b>28.66</b>	<b>31.39</b>	<b>35.10</b>	<b>27.45</b>
<b>Interest Payments</b>	<b>15.27</b>	<b>16.68</b>	<b>17.18</b>	<b>13.25</b>
Domestic	14.45	15.71	14.43	12.12
External	0.82	0.97	2.74	1.13
<b>Transfers &amp; Subsidies</b>	<b>15.78</b>	<b>14.85</b>	<b>16.75</b>	<b>12.99</b>
<b>Current Account Balance</b>	<b>-2.35</b>	<b>-12.40</b>	<b>-9.09</b>	<b>-1.02</b>
<b>Total Grants</b>	<b>35.50</b>	<b>59.80</b>	<b>53.26</b>	<b>27.00</b>
<b>Capital Expenditure</b>	<b>36.30</b>	<b>63.52</b>	<b>50.81</b>	<b>44.05</b>
<b>Overall Balance</b>	<b>-3.15</b>	<b>-16.12</b>	<b>-6.64</b>	<b>-18.08</b>
<b>Primary Balance</b>	<b>12.12</b>	<b>0.56</b>	<b>10.54</b>	<b>-4.83</b>
<b>Principal Repayments</b>	<b>8.41</b>	<b>7.75</b>	<b>12.57</b>	<b>8.47</b>
Domestic	3.81	2.54	4.64	5.31
External	4.61	5.21	7.93	3.16

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

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

	2014	2015	2016	2017	2018	Oct 2019
<b>Total VAT Collection</b>	<b>39.18</b>	<b>33.20</b>	<b>32.64</b>	<b>32.61</b>	<b>33.03</b>	<b>28.19</b>
VAT as a % of Current Revenue	30.50%	24.80%	24.56%	25.27%	23.86%	24.57%
VAT on International Trade	19.13	15.50	16.22	15.56	16.11	13.55
As a % of total VAT	48.83%	46.69%	49.69%	47.72%	48.76%	48.06%
VAT on Domestic Goods & Services	20.05	17.70	16.42	17.05	16.93	14.64
As a % of total VAT	51.17%	53.31%	50.31%	52.28%	51.24%	51.94%

**ANNEX III: COMPARATIVE SUMMARY OF AVERAGE MONTHLY EMPLOYMENT  
BY SECTORS (2014 – 2019)**

<b>Industry</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>June 2019</b>
Agriculture, Hunting & Forestry	67	109	113	114	123	113
Fishing	3	2	2	3	2	1
Mining & Quarrying	1	16	10	2	2	2
Manufacturing	133	73	82	89	88	91
Electricity, Gas & Water Supply	105	88	91	94	95	100
Construction	835	664	608	588	544	590
Wholesale & Retail Trade	521	585	635	643	675	694
Hotels & Restaurants	919	1,210	1,346	1,329	1,323	1,300
Transport, Storage & Communications	354	396	393	377	396	401
Financial Intermediation	198	197	210	206	206	206
Real Estate, Renting & Business Activities	200	233	240	258	276	306
Public Administration & Defense	1,694	1,684	1,323	1,808	1,809	1835
Education	121	102	117	127	122	122
Health & Social Work	36	26	28	33	35	39
Other Community, Social & Personal Services	105	116	134	131	109	100
Private Household with Employed Persons	175	150	149	147	147	138
Extra-Territorial Organization & Bodies	-	-	-	-	-	-
<b>Total</b>	<b>5,467</b>	<b>5,651</b>	<b>5,481</b>	<b>5,948</b>	<b>5949</b>	<b>6037</b>

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Oct 2019</b>
<b>NIA External Creditors</b>					
CDB	38.85	36.72	33.64	33.42	31.05
KFAED	9.63	8.37	7.24	5.96	5.17
MICB	4.47	4.17	4.01	3.55	3.39
<b>Total Outstanding External Debt</b>	<b>52.96</b>	<b>49.26</b>	<b>44.89</b>	<b>42.93</b>	<b>39.61</b>
<b>NIA Domestic Creditor</b>					
SKNA National Bank	110.81	122.31	134.32	144.32	142.14
Bank Of Nevis	56.37	54.60	60.35	66.87	76.97
SSB	27.22	25.42	24.83	25.66	32.46
Treasury Bills Issue (OTC) 91 days	83.52	93.78	98.43	100.37	101.65
Treasury Bills Issue 365 days	10.67	7.65	8.67	8.40	8.31
FCIB	1.94	1.80	5.57	5.08	5.01
Surrey Paving	0.42	-	-	-	-
FINCO	0.45	0.28	0.11	-	-
TDC	0.59	0.34	0.12	-	-
SIDF	-	-	2.50	2.50	2.50
<b>Total Outstanding Domestic Debt</b>	<b>291.98</b>	<b>306.18</b>	<b>334.89</b>	<b>353.20</b>	<b>369.04</b>
<b>Total NIA Debt</b>	<b>344.94</b>	<b>355.43</b>	<b>379.78</b>	<b>396.13</b>	<b>408.65</b>
<b>Government Guaranteed Debt</b>	<b>31.66</b>	<b>28.45</b>	<b>36.75</b>	<b>42.93</b>	<b>47.80</b>
<b>Total Public Sector Debt</b>	<b>376.60</b>	<b>383.89</b>	<b>416.53</b>	<b>439.06</b>	<b>456.45</b>

## ANNEX V: SUMMARY OF CURRENT AND CAPITAL EXPENDITURE 2020

(in EC Dollars)

	Description	Current Expenditure	% of Current Expenditure	Capital Expenditure	% of Capital Expenditure	Total Expenditure
01	Deputy Governor General	560,500	0.33	-	-	560,500
02	Legislature	850,200	0.50	-	-	850,200
03	Audit	496,300	0.29	-	-	496,300
04	Legal Services	1,210,800	0.71	-	-	1,210,800
05	Premiers Ministry	5,372,000	3.15	2,825,000	4.07	8,197,000
06	Ministry of Finance	74,433,500	43.70	5,050,000	7.28	79,483,500
07	Ministry of Communications	13,981,800	8.21	26,130,000	37.66	40,111,800
08	Ministry of Agriculture	7,061,500	4.15	4,305,000	6.20	11,366,500
09	Ministry of Health	21,992,100	12.91	15,350,000	22.12	37,342,100
10	Ministry Tourism	4,496,500	2.64	4,200,000	6.05	8,696,500
11	Ministry of Education	25,705,800	15.09	7,400,000	10.67	33,105,800
12	Ministry of Human Resources	1,809,000	1.06	-	-	1,809,000
13	Ministry of Social Development	12,363,000	7.26	4,120,000	5.94	16,483,000
	<b>Total</b>	<b>170,333,000</b>	<b>100</b>	<b>69,380,000</b>	<b>100</b>	<b>239,713,000</b>

