



BUDGET ADDRESS 2021

PRESENTED BY:

**THE HONOURABLE
MARK A.G. BRANTLEY**

PREMIER AND MINISTER OF FINANCE

TUESDAY 8TH DECEMBER, 2020

**"Rebuilding our Economy;
a People Centered Approach to Economic Recovery"**

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Mr. President, I beg leave to move the second reading of the bill shortly entitled the Appropriation Ordinance, (2021) 2020.

1.0 INTRODUCTION

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

"Rebuilding our Economy; a People centred approach to Economic Recovery"

1. Mr. President, there can be no doubt that this fiscal year 2020 will go down as a sad period in global history. It was truly a year in which global economic gains were all eroded within the blink of an eye due to the onset of the COVID-19 global pandemic.

2. This fiscal year 2020, which initially showed great signs of economic success, especially during the first quarter, was expected to be the best since the economic slowdown of 2007, is however ending shrouded in a cloud of uncertainty. Our Tourism, Construction and Retail sectors were all showing great signs of recovery, but these economic gains were swiftly eroded by the knock-on effects of the global pandemic.

3. Mr. President, who could have imagined a period where global trade and global transportation could have been brought to such a sudden halt? This pandemic must trigger the global community to re-think the way in which business and trade are generally conducted if we are to weather a similar storm of this nature in the future.

4. We must salute and pay our highest tributes to our frontline and essential workers who have unreservedly risked their own health and wellbeing and that of their families in the fight against COVID-19. We are humbled and deeply moved by their immense sacrifice, unrelenting commitment, and indomitable dedication to keep our people safe while we plot our course through to the other side of this pandemic. We hail their noble contribution and effort in combatting this invisible enemy.

5. Like so many of our neighbours, we have had our struggles with destructive natural disasters, debilitating national debt, the scourge of crime and violence and now the dreaded coronavirus. These challenges have not managed to diminish our successes and triumphs. As an island and a nation, we have always excelled in every facet of human endeavour and so too we will weather the scourge of this global pandemic.

6. Mr. President, the theme for our recently celebrated 37th Anniversary of Independence forced us to focus on building Resilience, Innovation and Security in keeping with the challenges posed during this fiscal year. Somewhat inevitably therefore, we have settled on a budget theme that focuses on the health and wellbeing of our people as the core elements essential to rebuilding our economy even while we combat the pandemic. In implementing the measures necessary to defeat the challenges that confront us, we are motivated by the unrelenting spirit of our people and strive to match their determination with unfailing resolve.

7. Mr. President, the post pandemic year 2021 demands our resourcefulness, our creativity, and a profound paradigm shift in our planning perspectives. We recognize therefore that we must give focused attention to such matters as the security of our food supply, delivery of efficient and effective health care, modernized delivery of education, economic diversification and the overall wellbeing of our beloved Nevis and the wider Federation.

8. We must continue to take steps to stabilize our economy in the short term, seek to reduce poverty, and sustain our enviable health and education systems while we press forward to build a truly integrated and inclusive society. This can only be achieved through the hard work and discipline of our people, implementation of prudent government policies and reliance on the solid support of our families and friends across the globe.

9. Even as we await the rebounding of our main economic pillar, the Tourism Sector, we must continue to incentivize the secondary pillars of Construction, Financial Services and Agriculture because these sectors can be operationally effective amidst the health protocols while providing a means of reducing our food import bill, enhancing healthy lifestyles and stimulating economic activity for our people.

10. Mr. President, for those among us who continue to suffer the pain of unemployment and despair caused by the Coronavirus pandemic, I want you to know that we share your pain. When you suffer, we all suffer. Ours is a shared struggle. My Administration will continue to employ strenuous efforts to assist in cushioning the cruel blow dealt to us all in this crisis. We anticipate with confidence that the reopening of our borders and the imminent availability of a Covid-19 vaccine will restore some semblance of economic activity in the country and in Nevis over the near term.

11. Mr. President, we must all continue to work together, the public and private sector, civil society, communities and individuals, if we are to be triumphant. Most assuredly, some difficult days still lie ahead for us as the global community battles the second wave of this pandemic. Recovery will be slow, but we must remain vigilant, informed and committed to exercising every care as we navigate the realities of this changing world. Above all let us continue to pray ceaselessly for each other and for our beloved Island and nation.

2.0 INTERNATIONAL AND REGIONAL ECONOMIC OUTLOOK

12. Mr. President, the World Economic Outlook as published by the International Monetary Fund (IMF) in June 2020 termed the current state of world affairs as **“A Crisis Like No Other, An Uncertain Recovery.”** In that report the IMF predicts that global growth is projected at 4.9 percent for the remainder of 2020. This is 1.9 percentage points below its April 2020 forecast. The report further states that the COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and that recovery is projected to be more gradual than previously forecast. In the new fiscal year 2021, global growth is now projected at 5.4 percent and would result in the GDP projected for that year being 6½ percentage points lower than in the pre-COVID-19 projections of January 2020. Just like in Nevis, the adverse impact on low-income households is particularly acute, imperilling the significant progress made in reducing extreme poverty in the world since the 1990s.

13. The report also noted that the international community must vastly step up its support for global initiatives, including financial assistance to countries with limited health care capacity and

channelling of funding for vaccine production so that adequate, affordable doses are quickly available to all countries. Moreover, building on the record drop in greenhouse gas emissions during the pandemic, the IMF urges that policymakers should both implement their climate change mitigation commitments and work together to scale up equitably designed carbon taxation or equivalent schemes. Additionally, the global community must also act now to avoid a repeat of this catastrophe by building global stockpiles of essential supplies and protective equipment, funding research, supporting public health systems and putting in place effective modalities for delivering relief to the neediest.

14. Mr. President, even though St. Kitts & Nevis may not have a major role to play in the above listed initiatives as laid out by the IMF, this is sound advice which must be adhered to by major economies as their inaction will certainly have considerable negative consequences for small island states such as ours.

15. Mr. President, at the regional level, our Eastern Caribbean Central Bank (ECCB) forecast that the region's economy would shrink 16.2 percent this year, and cautioned that our recovery depends on the continued resilience of health systems, containment of the COVID-19 virus, availability and access to vaccines, and fiscal and financial support. It was also confirmed at the meeting of the Monetary Council held in October 2020 that the COVID-19 pandemic has had an extremely damaging impact on all ECCB member countries as a result of disruptions in the Travel and Tourism sector and severe reductions in Foreign Direct Investment.

16. This economic contraction is projected to be uneven across the eight ECCB Member States, ranging from 5.5 percent to 30.0 percent, with countries that rely heavily on tourism but have limited fiscal space, likely to have slower recoveries. As of Aug. 31, 2020 licensed financial institutions in the ECCU reported moratoria on 26,194 loans with an outstanding balance of \$5.2 billion, or 39.3 percent of total loans.

17. The Monetary Council at its October 2020 meeting also approved the Programme of Action for Recovery, Resilience and Transformation of the ECCU Economies. The proposed programme focuses on actions that are fundamental for the recovery, resilience and transformation of the ECCU and is guided by the key principles of regional integration and

solidarity; sustainable and innovative financing; inclusivity; innovation and competitiveness. The Council also agreed that collective action among member governments, citizens and residents, regional institutions, and development partners, is crucial for the successful execution of this Programme among the economies of the member states of the Eastern Caribbean Currency Union.

18. Mr. President, our economy is very much intertwined with that of the outer world and therefore it is against this backdrop, and the predictions for the regional and international economies as outlined above, that we must now shape the recovery and rebuilding process for our own economy over the near term.

3.0 DOMESTIC ECONOMIC PERFORMANCE

3.1 Fiscal Performance 2020/2019

19. Mr. President, the fiscal performance of the Nevis Island Administration for the year 2020 to date has been directly affected by the impact of the COVID-19 pandemic and the resultant global recession. For the period March to June 2020, our economy was rendered dormant and almost all forms of commercial activity island-wide came to a standstill. The Tourism Sector in particular has been devastated and its decline, has diminished the revenue generating prospects for the Administration. Our recovery therefore hinges on the successful and sustainable resumption of our Tourism Sector, which is expected to have direct positive spill-over effects on all other sectors of our economy especially positively impacting the level of employment.

20. Mr. President, it is painfully clear that our fiscal position as at October 31, 2020 has weakened in comparison to where we were at the corresponding period in 2019. The total recurrent revenue generated as at 31 October 2020, amounted to \$94.26 million, which represents a decrease of \$20.46 million or 17.84% over the results of the same period in 2019, where the revenue generated at that time was \$114.72 million. This recurrent revenue coupled with \$48.34

million received by the Administration from proceeds of the CBI Program and other grant funding resulted in an overall total revenue of \$142.60 million.

21. Mr. President, the tax revenue collected as at 31 October 2020 amounted to \$71.40 million, which represents a decline of 18.65% when compared to the same period in 2019 where the amount collected was \$87.77 million. Tax revenue to date accounted for 75.75% of our recurrent revenue while the remaining 24.25% is classified as non-tax related revenue. The most significant contributor to the tax revenue collected for this period was the Value Added Tax (VAT), which accounted for 24.25% of recurrent revenue. Additional notable contributions included Financial Services: 9.24%, Social Services Levy: 7.93%, Import Duties: 7.67%, Customs Service Charge: 6.80% and Stamp Duty: 6.74%.

22. The total expenditure for the period January to October 2020 amounted to \$157.06 million, which represents a marginal increase of 3.54% when compared to the outlay of \$151.70 million for the same period in 2019. Recurrent expenditure for the review period amounted to \$118.91 million, a small decrease of 4.29% when compared to the outlay of \$124.25 million for the same period in 2019. The main components of the period's recurrent expenditure were Personal Emoluments which accounted for 53.25% and the purchase of goods and services which accounted for 20.04%. Debt Servicing consisting of both principal and interest repayments amounted to \$19.15 million or 16.12% of recurrent expenditure.

23. Mr. President, for the period under review the outlay for public investments amounted to \$38.15 million, which is an increase of 39.0% over the amount spent for the period ending 31 October 2019 of \$27.45 million. A large portion of this expenditure was allocated to the improvement in our health care facilities to deal with the pandemic along with the retrofitting our school infrastructure to meet the requirements for the reopening of our schools for the new school term.

24. Mr. President, our fiscal position for the period January to October 2020 has naturally deteriorated. The fiscal deficit currently stands at \$17.69 million, which represents a widening of the deficit over its level of \$11.76 million for the fiscal year ended December 2019. While our fiscal deficit has worsened by some 50.48% over its level as at December 2019, the primary

account surplus has expanded. The primary balance has moved from a deficit of \$12.48 million as at 31 December 2019 to a small surplus of \$4.69 million as at 31 October 2020. This outcome can be attributed to the significant increase in the CBI transfers that were received from the Federal Government during this period. The CBI transfers received as at October 2020 amounted to \$48.34 million which represents a 97.32% increase over the \$24.50 million received in the same period in 2019.

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

25. Mr. President, our collection of the Value Added Tax (VAT) has taken a severe hit since the onset of the pandemic. This is expectedly so as this tax is driven heavily by the level of services in the economy. The abrupt closure of our border and the resulting close of activities of our tourism sector have naturally caused a damaging effect to our VAT collections since a large portion of the VAT collected at the domestic level is driven by activities in the hotel and restaurant sector.

26. During the period January to October 2020 VAT collected at the Inland Revenue Department on domestic services amounted to \$11.69 million, a 20.15% decrease when compared to the amount of \$14.6 million collected for the corresponding period in 2019. VAT collected at the Customs Department for the similar period in 2020 was \$11.16 million representing a 17.64% decrease when compared to the \$13.5 million collected for the same period in 2019. Overall, the total VAT generated for the period January to October 2020 therefore amounted to \$22.85 million, a significant reduction of 18.94% when compared to the amount of \$28.1 million collected for the corresponding period in 2019.

27. Mr. President, this overall reduction of 18.94% in VAT revenue collection up to October 2020 is a clear indication of the damaging effect of the global pandemic on our local economy.

3.3 *Status of Public Debt*

28. Mr. President, I wish to report that despite the significant decline in revenue collections in 2020, your Government was ever prudent in its expenditure management and was able to limit the extent of any new borrowings. We are grateful to our bankers for allowing us the flexibility to work within our existing overdraft limit to meet the day to day expenditures of Government over the past months.

29. However in anticipation of a prolonged post COVID-19 effect on revenue, my Government has negotiated an arrangement with the Bank of Nevis to convert \$20.0 million of our existing overdraft balance into a long term loan so as to give us some spending scope within our existing overdraft limit. I must make it very clear that this \$20.0 million is not new debt but merely a conversion of the existing overdraft into a loan, a mere conversion from one form of existing debt to another but at a lower interest rate and therefore a lower cost to service.

30. Mr. President, I must also report that in response to the increasing need for housing for our people, your Government has negotiated a special financing arrangement with the FirstCaribbean International Bank in the amount of \$1.77 million to purchase 9.63 acres of lands at Morden Estate and Ramsbury. These lands will be subdivided and resold to residents of Nevis. It must be noted that this is a short-term financing arrangement and successful applicants will be required to seek their own financing as all monies received from the sale of the subdivided plots will go directly to paying down the balance on this loan. Therefore, we expect that this loan will be repaid in full as soon as all the lots are sold. My Administration will meet the interest payment on this facility from our consolidated resources and we have made adequate provision for this payment in our budget for the upcoming fiscal year.

31. However, we continue to drawdown on loan facilities which were already approved prior to the onset of the pandemic. These include the \$1.9 million disbursement on the Taiwanese loan for the Small Business Micro Lending Project, \$7.0 million drawdown on the Social Security loan previously approved for the funding of capital projects including the completion of works on the Hospital Rehabilitation Project and also moderate fluctuations in our overdraft balance to finance government operations for this fiscal year. Meanwhile the Nevis Electricity Company

(NEVLEC) continued to drawdown on pre-approved loan funding from the Caribbean Development Bank and the Nevis Housing and Land Development Corporation continued to access pre-approved funding from the St. Christopher & Nevis Social Security Board to fund its housing program on Nevis.

32. Therefore Mr. President, the total Central Government debt as at October 31, 2020 stood at \$427.79 million an increase of 3.63% when compared to the amount of \$412.91 million as at December 2019. This increase of approximately \$14.88 million is already outlined above and represent drawdown on various facilities which were already approved prior to the onset of the pandemic. Of this, the Domestic Debt which amount of \$390.83 million represents 91.36% of all debt, while the Foreign Debt amounts to \$36.96 million or 8.64%.

33. When we combine Central Government debt as at October 31, 2020 with debt of our Statutory Bodies and other NIA guaranteed debt, this gives a total Public Sector indebtedness of \$481.54 million, an increase of 4.35% when compared to the Public Sector stock of debt of \$461.46 as at December 2019. We will always endeavour to keep our indebtedness in check and seek out low cost or concessionary financing whenever there is a need to incur new debt. This forms part of our overall debt strategy aimed at keeping our annual debt servicing obligations within manageable limits.

34. Mr President this Government seeks to be fiscally conservative and therefore any increase in debt at any level is unwelcome. However, given the twin problems of upward pressure on unbudgeted expenditure caused by high expenditure in healthcare and education and the downward pressure on revenue caused by the closure of our tourism and allied industries, I believe that we can be proud that we kept the increase in total debt to less than 4.4%.

4.0 REBUILDING OUR ECONOMY

35. Mr. President, as we enter the new fiscal year, my Government pledges to work steadfastly and diligently to ensure that Nevis is set firmly on a path to recovery that is both sustainable and inclusive. We will continue to implement timely, targeted, and balanced fiscal policies to support our recovery in our quest to build resilience, stimulate sustainable growth and ensure an entrenched culture of inclusion. At the moment, the pandemic may have devastated our economy and depleted our resources, but it has also brought to light the true spirit of resilience and determination of the Nevisian people.

36. We will continue our efforts at renewable energy development, especially the exploration of geothermal energy as we believe that this cheaper cleaner source of energy can be the catalyst to propel our economy forward over the longer term. The Nevisian people have heard much about geothermal energy and its promise for well over a decade. My government is committed to delivering this cheaper cleaner energy with all its attendant benefits including the potential for export to St Kitts and neighbouring islands in the next fiscal year. Discussions with financiers are finally at an end stage and we are optimistic that this is now the time for the realization of the promise of geothermal energy.

4.1 *Efforts at Investment Promotion*

37. Mr. President, as we turn our attention to investment promotion, it is no secret that the investment climate has become very challenging. It is now obvious that while we can take steps to mitigate the effects of natural disasters, it has proven impossible to mitigate the effects of a health pandemic such as COVID-19. The onset of this pandemic has forced investors in real estate development to re-think their investment options. Real estate properties such as hotels and villas may no longer be seen as attractive investments at this time. Many hotel properties now lie dormant and devoid of the occupancy levels that will make them profitable. This may well cause a setback to our Citizenship by Investment program which is the driving force for foreign direct investment into our country.

38. It is therefore imperative that we continue to promote Nevis as a viable place to invest while seeking to diversify our options away from investment in Real Estate Development. We must now look toward investment in Agriculture, Information Technology, Light Manufacturing, Medical Research, Financial Services and explore new options such as a Filming Industry which offer potential for spurring economic development.

39. Mr. President, I wish to report that my Administration is still actively seeking an operator to utilize the Brown Hill Communications Call Centre Operations which was handed over to us intact and fully functional by the former operators of the centre. We were making serious progress earlier this year, but our efforts were derailed by the onset of the pandemic which prohibited the potential operators from making another visit to Nevis to finalize the operational arrangements. Nevertheless, we will continue our quest to find a suitable operator so as to get our people back to work,

40. Mr. President, in light of the need to be more pro-active in the investment market place my Administration is presently undertaking a project to revamp our main marketing arm, the Nevis Investment Promotion Agency (NIPA). This revamping exercise will see the launching of a new interactive and user-friendly website platform encompassing all the features which we hope will pique the interest of investors and have the effect of luring them to invest in Nevis. This new digital platform will form the basis for investment in Nevis as all potential investors both local and international, must first register on this platform, submit their project proposals and other pertinent documents which will then be reviewed and assessed by the competent staff at NIPA before submission to the Cabinet for consideration.

41. It is our intention that NIPA will become the one stop shop for all investment and be the interface between the investor and the various departments of Government namely the Companies Registry, the Department of Physical Planning, the Ministry of Finance and the Ministry of Agriculture. This revamping is all in an effort to enhance the investor experience as we seek to increase our ranking in **the ease of doing business index**. Through this platform investors will be able to track the progress of their various applications which would have been routed to the various approval agencies of Government.

42. Mr. President, one of the main features of this electronic investment platform will be our ability to list all the professional service providers, development concessions offered by Government and the various procedures to be observed when doing business or submitting documents to any of the approval agencies of Government. This we feel will expedite the approval processes and potential investors will be very clear about the documents to be submitted and the processes to be followed in order to obtain the relevant approvals. The listing of professional services such as Lawyers, Architects, Surveyors and Project Managers, to name a few, will also provide a medium through which our highly trained and qualified persons can market themselves internationally.

43. A second feature of this revamping process is the establishment of the Real Estate Database. My Government is quite aware that there are a number of properties on Nevis currently available for sale and of the need to assist our Realtors to market these properties internationally. This database, when fully implemented, will allow our Realtors the opportunity to list all properties currently available for sale.

44. Mr. President, as an additional feature of this platform, Realtors will be able to upload videos and photos of both the internal and external environment of these properties so that potential investors or other interested parties can do their own independent assessment from the comfort of their home, and even make purchasing decisions without having to travel to Nevis to view the actual property. It is our hope that this new initiative which is the first of its kind in the region and comparable only to countries such as Singapore, when completed and launched during the first quarter of 2021 will become the catalyst for increased foreign investment into Nevis.

45. We have always portrayed our country as one of law and order and respect for the rule of law. We are fully aware that there are countries that are currently facing social unrest and instability resulting in a lack of investor confidence. In response to this my Administration intends to expand our investment promotion drive into such countries as a means to soliciting investment into Nevis by people seeking a stable and rewarding environment.

46. Mr. President, my Cabinet has already mandated NIPA to specifically target these countries with an enhanced investment pitch as part of our new strategy of looking beyond the traditional investment markets of the USA and Europe focussing instead on Asia, the Middle East, Russia and other Eastern European countries. We feel that these are now the emerging areas with potential investors looking to expand their portfolios and opt for less stressful lifestyles.

47. We continue to work closely with the proposed developers of the Rest Haven Inn property, Belmont Development at Pinney's, Spring Aire Development, Busch Hill Development, Tamarind Cove, the One and Only Resort, the Apsaras Science and Technology Park and the Northern Pointe Wyndham Development. We are aware that the onset of the pandemic may have posed some difficulties for these developers but we are hopeful that these issues can be resolved early in the fiscal year 2021 and result in the start of construction activities on these proposed projects in the short to medium term.

48. Mr. President, while we look toward foreign direct investment my Administration does not underestimate the ability of our people to make significant investments that can have a substantial impact on the economic development of our Island. We are indeed heartened by the continued local investment in light manufacturing which supplies input for our Construction Industry. This is a sector which my Government will continue to nurture and seek to further develop over the medium term.

49. Mr. President, we are a resourceful people who can be creative in our thinking and we should use that as a means of generating business ideas in the non-traditional areas. It was in support of this thrust that my Administration approached the Taiwanese Government for funding in the amount of \$5.0 million and was able earlier this year to successfully launch the Small Enterprise Micro Lending Project which is administered by our local SEDU Office.

50. Mr. President, in this regard, I am happy to report that we have already received the first drawdown of funds in the amount of EC\$1.9 million. Based on the recent report from the SEDU Office at the end of October 2020, a total of 44 applications have been received for funding of which 23 applications have been processed and approved with total funding in the amount of

\$974,471.31. The remaining applicants are currently going through the review and business counselling process which is the normal procedure prior to granting approval.

51. The approved loans were disbursed across a variety of sectors such as Food & Beverage, Services, Retail Trade and Industry. It is very heartening to note that of the approved applicants, 56% of the successful applicants are female. This is very much in keeping with the objectives of the program to encourage more women and youth to earn their own business.

52. Mr. President, I wish to use this opportunity to continue to encourage our people to take advantage of this opportunity to develop viable and sustainable business ideas for funding. Our hardworking staff at SEDU will be quite happy to provide you with assistance to convert your business ideas into successful projects holding true to their motto of “**building our economy one business at a time**”.

4.2 *Tourism and the Environment*

53. Mr. President, the COVID-19 pandemic has had a monumental impact on the tourism industry, upsetting last year’s projections just as the tourism sector was poised to have one of the best performing years in 2020. Months of solid bookings had to be cancelled as the pandemic spread. Stakeholder earnings and government revenues were drastically depleted due to the border lockdown from March to October 2020. Visitor demand obviously diminished, as everyone took a cautious approach to travel, due to all of the various international requirements, restrictions and protocols that have been put in place for travel locally, regionally and internationally.

54. In preparation for the re-opening of the nation’s borders, the Ministry of Tourism, in collaboration with the Ministry of Health and the Nevis Tourism Authority (NTA) led an extensive training campaign engaging 1,300 persons during the sensitization training held during the period 27th July – 18th August. A further 294 persons took part in the hands-on “Train the Trainer” sessions held during the period 14th – 18th September, 2020.

55. These “Train the Trainer” modality sessions targeted specific representatives from each tourism establishment and exposed them to practical, hands on exercises which reinforced what was taught in the sensitization sessions. This was the prelude to the issuing of the St Kitts and Nevis Travel Approved Seal, which is a national certification endorsing tourism establishments that have met the relevant compulsory COVID-19 protocol requirements for health and safety.

56. Mr. President, the tourism outlook for 2021 is still shrouded in uncertainty but we anticipate that there is still travel demand, as COVID-19 weary visitors are seeking travel bubbles that are relatively COVID-19 free. Phased re-opening began with franchise establishments such as the Four Seasons Resort Nevis and is gradually extending to other properties. I wish to emphasize that we are being cautious to avoid some of the mistakes made by neighbouring countries, hence the phased approach. The tourism product development strategy for 2021 will therefore emphasize capacity building and training for our people.

57. Our tourism education and public awareness drive through our education programme involving students at all levels of our education spectrum and our valuable stakeholders will continue during the new fiscal year. We wish to commend the Joycelyn Liburd Primary School for winning the 2020 Nisbett Plantation Primary Schools Tourism Quiz and look forward to continued engagement with our students in 2021.

58. Mr. President, the Ministry will continue to engage in the Hospitality Assured Programme which is championed by the Caribbean Tourism Organization (CTO) as a vehicle for promoting organizational excellence in the tourism industry. We must congratulate the Oualie Beach Resort for re-certifying under this programme in January 2020. Certification under this program is valid for 2 years. We are delighted at the commitment of the team at Oualie Beach Resort to this programme and encourage other hospitality enterprises to become similarly involved and Hospitality Assured.

59. Our taxi operators and tour guides are critical stakeholders. In August 2020, the Ministry of Tourism conducted a training course for Prospective Taxi Operators and Tour Guides. Seventy-two participants completed the course as compared to 40 persons in the past years. It must be noted that among the 72 persons there were 15 females, and the average age of the

trainees was 35 years. These are encouraging demographics which underscore the Administration's thrust towards empowering Women and Youth, inducing them to become more productive and valued members of our Society.

60. Mr. President, I am delighted to report that concrete progress has been made with the Pinneys Park Project after more than five years of planning, seeking external funding assistance and negotiating the regulatory requirements such as the EIA and building approval. Physical works started to date include the construction of the public bathrooms, parking lots, lawn Amphitheatre and landscaping which are being undertaken simultaneously with the construction of the buildings. To facilitate the landscaping process, a nursery was established at Cades Bay to propagate thousands of plants that would be needed for the project.

61. Last week the Project launched the "Art in the Park" initiative through which Nevisian artists are invited to paint their works on the perimeter walls of the Site. Work has already begun and this promises to offer a very pleasing enhancement to the area. We commend the local artists for their contributions.

62. Mr. President, the Pinneys Park Project will also bring much needed employment to as many as 50 Nevisians during the course of construction. We are grateful to our friends from the Republic of China (Taiwan) for their generous contribution of US 2.7 million for the construction of the park, which is scheduled to be completed by December, 2021. When completed the Pinneys Park will be a landmark achievement of my Government for an on behalf of the people of Nevis and will forever cement the close bonds between our people and the Taiwanese people.

63. Mr. President, the NIA continues its commitment to the environment through its support of such initiatives as Plastic Free July which was also recognized throughout the Federation. One of the activities held was a "Re-purposing plastic" competition which challenged competitors from both Islands to make useful and creative products from waste plastics. Three Nevisians gained places in the various categories of the competition. These persons are Mr. Kelron Liburd, Mrs Jennifer Liburd and Ms Kelsia Liburd. We say heartiest congratulations to the Liburd Family for successfully representing Nevis in this competition. The Administration will continue to support the drive to eliminate single use plastics and styro-foam from our Island.

64. Mr. President, the Nevis Tourism Authority (NTA), our main tourism promotion vehicle, continues to implement an innovative marketing approach which focusses on digital marketing strategy and uniquely creative and effective marketing initiatives. One such initiative is the Tourism Ambassador Programme, which forges a unique partnership with an exclusive group of Travel Advisors, Influencers and Journalists. The program has received significant praise and has resulted in an increase in our social media following.

65. “*Nevis Stories*” is another new initiative which targets and engages our diaspora with the messaging centred on the theme urging them to return home frequently as visitors. The NTA has also chosen to use music and our musical talents as part of their marketing programme. During the months of August, September and October, 2020 the Tourism Authority partnered with the COVID-19 Team to launch jingles that encourage and assure our visitors of a Healthy Destination and induce them to visit us. We congratulate Miss Venelle Powell, Mr Hashim Lewis and Mr Andrew “Murray” Hendrickson on their contributions to this initiative.

66. As part of its digital marketing strategy the NTA is working on two impactful videos aimed at highlighting Nevis as the *Island of Experiences*. These experiences will include travellers being able to go fishing with a Nevisian, go to church with a Nevisian or go hiking with a Nevisian. In addition, the “*Find Yourself in Nevis*” initiative will encompass a health and wellness focus, with special attention to all the natural remedies while capturing the natural healing essence of our destination.

67. The introduction of the “*Nevisisland.com initiative*” provides significant data for NTA to be more strategic in our overall marketing initiatives. On average this year, NTA saw 5,556 visitors to their website per month. As the NTA website is our critical marketing tool, it must be user friendly and informative. Hence our ongoing efforts aimed at revitalising the NTA website to create a modern website that provides relevant and timely information for our potential visitors. It is our hope that this will also increase bookings for our tourism stakeholders.

68. Mr. President, during the new fiscal year 2021 the Nevis Tourism Authority will celebrate 20 years of operation. This provides the perfect backdrop for a brand refresh. We will continue to explore ways of rebranding Nevis as a premier tourist destination.

69. Mr. President, while we seek to promote infrastructure development, for both the public and private sectors as a means of rebuilding our economy we must seek to protect the environment especially our forests and wetlands. To this end my Government has commissioned the operations of a new unit at the Department of Physical Planning whose main objective is to regulate and guide activities in our natural environment namely, our rain forests, national parks, water sheds and wet lands.

70. To facilitate this, two Park Rangers have been hired and housed at the newly constructed Interpretation Centre located at Hardtimes, Gingerland. The centre acts as a focal point for information dissemination for the sustainable use of these sensitive ecosystems. It is our intention to make this centre fully functional and adequately staffed early in the new year.

71. Mr. President, during the fiscal year 2020 my Government through the Ministry of Agriculture embarked on an ambitious mission: the planting of at least 10,000 trees both food bearing and ornamentals designed to make Nevis more environmentally friendly and combat climate change. I am happy to report that despite the setbacks due to the pandemic we were able to plant roughly 6000 trees, a 60% success rate for that ambitious initiative.

4.3 Repositioning the Agricultural Sector

72. Mr. President, as we turn to the Agricultural Sector, the onset of the COVID-19 pandemic has caused us to face the glaring reality that we must take greater steps towards food security and sustainability. Like many of our Caribbean neighbours the closure of business activities overseas and the resulting limited operations at our ports highlighted the precarious state of our food supply. The reality is that we have become far too dependent on external providers for our food supply. To this end my Government immediately implemented strategies to incentivize agricultural production. Under our COVID-19 Stimulus package for farmers and fishers, we distributed fencing wire, seeds and seedlings, fertilizers, fish pot wire free of any charge to our farmers and potential framers and offered them concessional water rates spurring efforts to stimulate increased food production. My Government was forward thinking in this approach and offered such concessions not only to commercial farmers but to backyard farmers as well.

73. Likewise, we were able to provide some assistance to our livestock and poultry farmers through our feed distribution program which took place on July 15, 2020. I wish at this point to thank the management of the Eastern Caribbean Group of Companies (ECGC) in St. Vincent who responded promptly and positively to the request from the Ministry of Finance and provided 825 bags of feed to the value of \$26,259.00 for distribution to our animal farmers during the midst of the Covid-19 pandemic. The closure of our hotels meant reduced sales and income for these farmers while still having to maintain their animals. This injection of \$26,259.00 was indeed a welcome measure, reducing the maintenance cost for our livestock and poultry farmers.

74. Mr. President, having repositioned and renewed our focus on Agriculture here in Nevis, we are indeed heartened by the response of our people. As you move around the Island, it is quite noticeable that there are a number of new areas now under agricultural cultivation. It is also heartening that a number of our young persons are turning to this sector as a viable business option. It is safe to say that the challenges of the pandemic have forced our people to realize that being able to take a greater control over our food supply, offers a significant opportunity for economic activity that has been previously overlooked.

75. We must keep up this momentum and heightened interest in Agriculture. To this end the Ministry of Agriculture has re-established the Agriculture Advisory Committee which is charged with developing plans and programs to stimulate agricultural production here on Nevis. The Committee has already identified at least ten (10) food crops that can be cultivated on a sustainable level.

76. These include tomatoes, lettuce, sweet potatoes, squash, bananas and watermelons and we are already witnessing significant increases in production of these items since the onset of the pandemic and the renewed interest in agriculture among our people. During the period up to September 2020 a total of 48,563 pounds of food crops were processed at our marketing facility. This is in comparison to the amount of 58,576 pounds processed for the corresponding period in 2019. This reduction is again due to the limited operations during the Covid-19 lock down period.

77. Mr. President, this increased production means that there will be a greater pressure on the agricultural marketing arm of the Department to find new sales outlets for our farmers. Efforts must now move beyond the traditional sales in the domestic market to our hotels, restaurants and supermarkets. We must now seek opportunities overseas to export the produce of our farmers. I am happy to report that the Ministry of Agriculture is already in discussions with their counterparts in Montserrat to have fruits and vegetables from Nevis exported there. This is an excellent opportunity that we must grasp, and I urge our farmers to take note of this new effort and respond accordingly.

78. Mr. President, during the new fiscal year, the Ministry intends to complete work on two new initiatives in support of this increased agricultural production. Work will be completed on the construction of the facility at Prospect to house our walk-in refrigeration units. This increase in our storage capabilities will ensure that we are in a position to provide increased storage for our farmers while enhancing our ability to extend the life of our fresh fruits and vegetables. Likewise, the completion of work at our water storage facility at New River will provide an opportunity for more than 35 farmers in that location to eliminate their dependency on potable water produced by the Nevis Water Department.

79. Mr. President, we continue to import and consume large quantities of animal meat products such as beef, mutton, pork and chicken. During the period January to September 2020 a total of 126,350 pounds of meat was processed at our abattoir facility. This is in comparison to the total of 169,616 pounds processed for corresponding period in 2019. This reduction is due largely to the reduced operations at the abattoir during the 2nd quarter as a result of the Covid-19 lock down. From these meat products the department was able to further process 27,122 pounds of value-added meat products such as smoked ham and chicken, ribs, ground beef, season pork roast and burger patties.

80. Despite all the above efforts at meat processing and the further processing of meat by-products, we are still not self-sufficient in meat production. In analysing the data extracted from our Customs Department, it is very concerning that there is still significant importation of beef, pork, chicken and to a lesser extent mutton annually. For the period January to October 2020 we

imported 32,669 kilograms of beef and beef value-added products along with 35,327 kilograms of pork and pork value added products. This shows that there is still a huge potential for our existing farmers to expand production of livestock to satisfy our increasing demand. My Government will continue to incentivize the growth of this sector by making lands at Maddens available to farmers to raise their animals.

81. Mr. President, as we focus on the importation of chicken products into Nevis we continue to be alarmed at the quantum of imports. In 2018 a total of 498,889 kilograms of chicken related products were imported, reducing to 288,794 kilograms in 2019. During the period January to September 2020 a total of 249,676 kilograms of chicken products at a value of \$1.18 million were imported into Nevis. Having analysed this data, my Administration, through the Ministry of Agriculture, has taken the decision to venture full scale into the area of chicken/broiler production to fill this huge demand in our local market. We are currently working with the Ministry of Agriculture on St Kitts to develop a broiler industry so as to reduce the importation of chicken into the Federation. Provision has been made for the construction of a slaughterhouse at Prospect next to the Abattoir.

82. Based on our research we feel justified in this course of action as over the last 5 years more than \$75M worth of chicken was imported into and consumed in our Federation. The strategy would allow for a number of local farmers to undertake the growth of the chickens and then supply the birds to the Department's slaughter facility for safe and standardized processing of the meat. The Ministry of Agriculture will work with SEDU to secure funding for several persons who will be identified to undertake the growth of these birds as a new area of business. There was an excellent response from both retailers and consumers to the prospect of having healthy and fresh chicken available on the Island.

4.4 Redefining the Financial Services Sector

83. Mr. President the Financial Services sector continues to be under threat from organizations such as the European Union (EU) and OECD. It is now an undeniable fact that the Financial Services Sector as we previously knew it is changing. More and more efforts are being made to ensure that these business entities which were moving overseas to favourable and low

tax jurisdictions but still operating in other jurisdictions, are now falling into the tax net of the jurisdiction in which their business activities are taking place. This will no doubt hurt our revenue flow as we have benefitted over the years from having these companies incorporated in Nevis and paying the Incorporation Fees, Annual Returns and other fees for services provided by our Financial Services Registry.

84. The industry is presently in transition as it relates to tax residency status with existing companies given a grandfathering provision to cover their current operations and tax status up to June 2021. Beyond that period, they will fall into a tax loop either here in the Federation or in the jurisdiction in which they operate. To minimize the effect on our revenues and also to keep St. Kitts and Nevis in good standing with these regulatory agencies, the Federal Cabinet has approved amendments to the Income Tax Legislation to move in accordance with international standards as it relates to the taxing of entities operating in this sector.

85. Mr. President, I am happy to report that the first reading of the Income Tax (Amendment) Bill, 2020 took place in the National Assembly on Tuesday 17th November, 2020. We anxiously await the comments from the private sector as they relate to assessing the impact of the amendments on the industry and look forward to the passage of the legislation and the accompanying Regulations so as to bring some certainty to taxing policy for entities in this sector.

86. We are fully aware that these ongoing changes and requirements will redefine the sector. It is our hope that the passing of the amendments to the Corporate Income Tax Legislation will bring some certainty that encourages entities to maintain their registrations in Nevis. The uncertainty over the past two years has already manifested itself in a reduction in the annual revenues collected at our Financial Services Department. The revenue collected up to September 2020 stood at \$8.2 million as compared the amount of \$9.3 million collected for the same period 2019.

87. However, the Department has seen a slight increase in product registrations for 2020 as compared to the same period for 2019. The total number of entities registered up to September 2020 stood at 1,058 while for the same period in 2019, a total of 1,043 entities were registered.

The total number of active entities currently on the respective product registers at the end of September 2020 is **13,780**.

88. During this fiscal period the Department issued new licenses to four (4) insurance applicants, including captive insurance companies, reinsurance companies and general insurance companies, insurance brokers; one (1) registered agent applicant and one (1) money services business applicant. The regulated entities supervised by the Department are as follows: - insurance managers: 16; international banks: 3; registered agents/service providers: 47; international insurance brokers: 3; money services businesses: 5; and international insurance companies: 190.

89. Mr. President, we continue to work assiduously on the development and deployment of a state-of-the-art registry portal to allow for the electronic registration and filing of corporations, limited liability companies, trusts and foundations and related transactions. The successful implementation of this system will enhance the ‘Nevis’ product and improve the quality and effectiveness of the services that are being provided to our clients.

90. This **Corporate Registry Integrated Search System (“CRISS”)** will be internet-based, user-friendly and facilitate online access to approximately 75% of the services that are currently being offered by the Department’s Companies Registry. Every effort has been made to ensure that the CRISS portal meets data security control requirements and is compliant with all relevant international standards governing security management, access and monitoring.

91. The department is presently in the testing and soft launching stage of this new system and it is our intention to work with the developer to have this portal officially launched during the first quarter of 2021. This is an extremely proud moment for the Department as it is the first time since the inception of the Registry over thirty (30) years ago that Registered Agents would now be able to perform transactions online. This new system will modernize our registry and put us on par with other competitor jurisdictions.

92. We wish to commend the Regulator, the Registrar, Deputy Registrar and all other members of the project team for their leadership, hard work, dedication and patience in guiding the process to design this modern, user-friendly and efficient Registry System. We must also

thank the developer, BDO Canada, for their insight, support and ability to transform the Department's vision to reality.

93. Mr President I am to advise that our jurisdiction was scheduled to undergo the Caribbean Financial Action Task Force (CFATF) 4th Round Mutual Evaluation during the period March 23rd – April 3rd, 2020. However, the onsite visit by the CFATF Assessors was postponed due to the travel restrictions imposed by the pandemic. This evaluation is now rescheduled for the first quarter of the new fiscal year 2021. It is expected that our jurisdiction will be evaluated on the basis of the Financial Action Task Force (FATF) Recommendations and the Interpretive Notes which are the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation; the Methodology for Assessing Technical Compliance with the FATF Recommendations and the Effectiveness of AML/CFT Systems. The Regulator has assured me that Nevis is well prepared for this inspection.

94. Mr. President, on a related note, the Federation of St. Kitts and Nevis was removed from the EU's list of non-cooperative jurisdictions in February 2020. I am also happy to report that we were able to make the case for the successful removal of unsubstantiated and misleading information on Nevis from Volume II of the United States Department of State's 2020 International Narcotics Control Strategy Report which was published in March this year. Additionally, in October 2020, the OECD Forum on Harmful Tax Practices (FHTP) confirmed that the amendments that were recently made to the Nevis Business Corporation Ordinance and the Nevis Limited Liability Company Ordinance in 2018 met their requirements.

95. Mr. President, in the new fiscal year, my Government will propose amendments to the Nevis International Banking Ordinance, 2014 and pass legislation to supervise Trust and Corporate Service Providers/Registered Agents. These confirmations by international organizations along with our own proactive legislative approach demonstrate our commitment to comply with international standards and that we are in alignment with the Financial Services Department's mandate to build Nevis' profile as a responsible and reputable jurisdiction.

4.5 *Infrastructure Development*

96. Mr. President, as we turn to our infrastructure development, we continue to make substantial investment in our island's infrastructure mainly our road network, as we feel that an improved infrastructure can be the catalyst for future economic development. This all forms part of our people centred approach in our development strategy, as road improvements enhance communities, improve road safety and facilitate trade in goods and services while providing opportunities for employment and growth in the small business enterprise sector.

97. During this fiscal year, despite the setbacks from the global pandemic, we were able to successfully complete construction works on the Brown Hill Road and Craddock Road. The improved road network has transformed these two communities. In addition, remedial work was also completed on a number of secondary road networks in areas such as Ramsbury, Hamilton, Fig Tree, Prospect, Braziers and Clay Ghaut. The total amount expended on road network development and maintenance up to October 31, 2020 stood at \$7.7 million.

98. Mr. President, it is no secret that our annual road rehabilitation program, year after year, is a very large undertaking consuming tremendous amounts of resources in our Capital Budget allocation. While we continue to count the cost of these investments, we recognize that the provision of a comfortable road network is the basic responsibility of every Government. Therefore, our efforts must now be focused on providing these road improvements in the least costly manner.

99. To this end, my Government through the Public Works Department (PWD) has invested \$1.5 million in a Road Milling Machine to enhance the efficiency and effectiveness of our road work rehabilitation program. The acquisition of this machine will provide substantial cost savings to the Administration as we can now easily mill and replace existing road surfaces without the need for heavy excavation work and extended disruptions in traffic flow. This will save on equipment rental costs and eliminate the need to truck in loads of base materials which are normally the most costly elements in our road development program.

100. Following the acquisition of this machine, a select group of 9 persons ranging from operators, mechanics and technicians attended a one-week virtual training course, hosted by the

manufactures during the period October 6th through 9th 2020. These training sessions which were aimed at developing competency among our staff included theoretical classroom sessions along with guided practical applications on the use and functionality of the machine. Further training sessions are expected to be conducted in a face to face format by a technician from the company who is expected to visit Nevis over the next few months.

101. Mr. President, for the fiscal year 2021 we expect to continue our road improvement and enhancement plan albeit on a smaller scale. Our main focus will be the Butlers Road Rehabilitation Project and the Bath Village Rehabilitation Project Phase II. This is in addition to work on a number of secondary village roads at Morning Star/Brown Pasture, Taylor's Pasture, River Path, Farms Estate Road Phase I, Jessups Village and Ramsbury, along with improvement in our road drainage systems island wide. We have allocated the amount of \$13.0 million in our Capital Expenditure Budget for the new fiscal year to fund these proposed works. We feel that continuous work on our road network improvement program can be the catalyst to stimulate economic activities in the New Year as this program touches a number of other business sectors including our truckers, heavy equipment operators or retailers of building materials.

102. Mr. President, the heavy and prolonged rainfall experienced during the early part of November 2020 highlighted a number of deficiencies in our road drainage structure on the Island. Some of these deficiencies were caused by persons illegally blocking natural waterways thus diverting the water flows to other areas. In addition, our ongoing road rehabilitation project will naturally create drainage difficulties in respect of which we must take corrective actions overtime. Therefore, included in the \$13 million allocated above for road works is the amount of \$1.0 million specifically earmarked to correct some of these drainage issues island wide. In addition we are hopeful that we can identify and access external funding to complete rehabilitation work on Phase 2 of the Island Main Road Project, from Cliff Dwellers to the Mount Nevis entrance and from Shaws Road to Camps Junction in the St. James Parish area.

103. Mr. President, during the new fiscal year my government intends to commence a feasibility study into the expansion and upgrade of our port facilities, both our airport and our

major seaport facility at long point so as to add value and enhance our competitiveness in the region. We have allocated the amount of \$500,000.00 to fund the studies at both ports.

104. In addition Mr. President, we intend to commence a land use feasibility study for development in the south eastern section of the Island stretching from the Long Point Port to Indian Castle. We believe that this section of the Island which is presently untouched is poised for development and can become the new epicentre for development on a scale similar to that seen in the St. Kitts Peninsular Development. A major feature of this development process will include putting the necessary legislations in place to govern the nature, type and zoning of both public and private sector development in this area. The study will provide possible options for funding the infrastructure development. We have committed the amount of \$500,000.00 in our budget to facilitate this process.

105. Mr. President, to borrow the phrase from the Water Department, “Water is Life” and as such we must pay greater attention to the sustainability of our water supply. With this in mind, the Nevis Water Department commenced the installation and commissioning of the Water Treatment and Filtration Plant at the Hamilton Estate Reservoir site in October, 2020. The commissioning and training exercise for staff was conducted by technical officers from Adedge Technology Inc. in association with Lakeshore Engineering of Georgia USA, the company that supplied the system. I am proud to report Mr President that this commissioning is now completed and an additional 300,000 gallons of water per day is now available to Nevis.

106. We must commend the staff of the Nevis Water Department for their role in laying of the pipelines, the installation of conduits and all electrical connections in the Water Filtration Unit Pump house ahead of the arrival of the technician. We continue to thank the CARICOM Development Fund (CDF) for their financial support in funding this project and their patience during the COVID-19 pandemic for the delayed installation and commissioning of the system.

107. During the next fiscal year 2021, the Nevis Water Department will focus its efforts on training and staff development; updating and introducing new policies and implementing an operational plan to transition the existing department into a water utility entity. Other initiatives include implementing an E-pay system to facilitate online payments. Work will be done to

enhance the Department's website so as to provide a means to register customer complaints, reports leaks and other water wastage incidents. It will also provide a means to educate the public generally, while providing a platform to share information.

108. These efforts are all in response to the COVID-19 pandemic as the new platform will allow customers to make payments without having to physically travel to the Department thus observing the social and physical distancing protocols. This enhanced website would also enable the Department to produce accurate data on water production and distribution so as to enhance the decision-making processes.

109. Mr. President, in order to maintain the sustainability of our water supply, we must continue to explore new ways to augment our existing water supply through a continuous water drilling program. We will also seek to explore the use of energy efficient desalination systems as an added approach. The implementation of these programs and projects will depend on the availability of the necessary financial resources and are all aimed at building resilience which will positively impact our economy as we seek to rebuild and recover from the devastating economic blow of the COVID-19 pandemic.

4.6 Safety & Security

110. Mr. President, rebuilding our economy not only rests on the implementation of sound economic policies but also on the confidence in my government to provide for the safety and security of our people. Our zero tolerance for criminal activities and the implementation of measures to deter criminal activities, such as the deployment of our CCTV program, are now proving fruitful. The latest statistics as produced by the Nevis Division of the Royal St. Christopher & Nevis Police Force show a 37% reduction in major crimes on Nevis at the end of November 2020 when compared to the same period in 2019. There was also an increase in the crime detection rate for the same period as well.

111. We must commend the efforts of the Police High Command and in particular the officers of the Nevis Division of the Police Force for their tremendous efforts in this regard. We continue to commit resources to the upkeep of the security forces on Nevis. Each year we allocate the amount of \$500,000.000 in our budget to supplement the Federal Budgetary allocation for the

Nevis Division of the Police Force. This allocation in our annual budget is used to fund the maintenance of the physical infrastructure and provide equipment and vehicles to assist our officers in the fight against criminal activities here on Nevis.

112. Mr. President, in more recent times the Nevis Island Administration has assumed even greater responsibilities and has carried out major rehabilitation work at all the Police Stations and Police Barracks on Nevis. Earlier this month we witnessed the opening of the brand new state of the art Police Station in New Castle, majority funded by the NIA. Expenditure to date on this project is in the amount of \$5.5 million. During the new fiscal year 2021, we will continue to build out the remaining portion of the CCTV infrastructure program as a means of deterring criminal activity.

5.0 PEOPLE CENTERED APPROACH TO ECONOMIC RECOVERY

113. Mr. President, my Government will continue to adopt a people centred approach in the policies and programs to be instituted over the next fiscal year. During this current fiscal year and being fully cognizant of the devastating effects of the COVID-19 pandemic on the wellbeing of our people, we implemented a number of people centred programs to ease the burden on our people. Working with our local commercial banking sector we were able to assist our people in gaining moratoria on their debt servicing payments, especially for those persons in the hospitality sector who experienced a total loss or drastic reduction in their income.

114. Similarly, my Cabinet provided a further direct ease to our people by relaxing the payment enforcement measures at those departments that provide basic utilities namely electricity and water. Likewise, our special COVID-19 stimulus construction relief package provides tax relief for persons undertaking any form of construction activity with a material cost in excess of \$30,000.00. This relief program requires persons to pay only the Value Added Tax (VAT) on all items purchased locally or imported, while exempting the payment of import duties and related charges. This program was a further effort to assist our people during this difficult period.

115. Mr. President, in the midst of the pandemic we were greeted with the unfortunate news of the impending closure of the Nevis Branch of the CIBCFirst Caribbean Bank with effect from November 30, 2020. This closure naturally posed serious difficulties for existing customers to continue to service their various accounts. The resulting effect is that a number of these customers had to transfer their accounts to other commercial banks here on Nevis. This abrupt closure of business and the resulting expenses associated with transferring accounts to other banks were obviously unplanned expenses for our people. This provided the impetus for my Cabinet to quickly make the decision to provide some relief to these customers by granting a waiver of the Stamp Duty on the transfer of Mortgages during the period October 1st to December 31st, 2020. These new efforts in addition to our ongoing social programs are a continued demonstration of the people centred approach we have adopted in governing the affairs of our island.

116. Mr. President, in order to continue to fashion approaches and implement meaningful people centred programs, we must continue to have reliable data on the dynamics of our population which naturally changes from year to year. To this end the Ministry of Finance through our Statistics Department and in collaboration with their counterparts at the Federal Level has already launched activities for the 2020/2021 Population Census Exercise. This exercise is a process designed to provide much needed data in relation to the composition and dynamics of our population. This data when collected, analysed and published will be an essential tool in the planning process to guide the programs and policies of this Administration over the medium term.

117. I therefore wish to use this opportunity to encourage everyone to cooperate fully with the enumerators when they come to visit your household. I implore you to provide as much accurate data as possible. Incorrect data will not provide a true reflection of the state of affairs within our economy and will only give rise to bad planning and the implementation of ineffective programs and policies by your Government. I wish to assure you that all the data collected will be held with a strict level of confidentiality.

118. Mr. President, in further keeping with this people centred approach to development, we must seek to empower our communities and our constituents so that our people can be well poised to take advantage of opportunities to improve their standard of living. In the new fiscal year the goal of my government is to fully launch a series of constituency empowerment programs particularly targeting education and training, skills development and poverty alleviation. We have allocated the amount of \$500,000.00 in our budget to fund these programs. Our thrust will be to ensure that persons at all levels in the various constituencies benefit from the plans and programmes of this Government.

5.1 Education & Human Resource Development

119. Mr. President, the Ministry of Education continues to hold true to its goal of “Education for all – Embracing Change, Securing the Future”. The onset of the COVID-19 pandemic during the second term of the 2019/2020 school year forced the Ministry of Education to embrace change in an effort to continue the delivery of education to our children. Infusing technology into the delivery of education has now become the new normal thrust upon us by the pandemic, but it is also a defining moment that will now enhance the delivery of education for the future.

120. The Ministry is already moving forward positively with a blended approach to the delivery of education where students will have the benefit of virtual classes as well as face-to-face lessons. The introduction of the Microsoft Teams teaching/ learning platform has been one of the innovative ideas now being utilized for the delivery of teaching and learning instructions. The Ministry of Education has also partnered with our local internet provider, FLOW, to secure access to an additional online educational platform called, Flow Study, which provides self-paced work for students. The access to such websites allows students to review and reinforce previously taught concepts and complete assignments at their own pace. This is all with a view to ensuring that our students are never devoid of school-related work.

121. Mr. President, in order to facilitate the delivery of online education in this format, a substantial investment had to be made in our students so as to enable equitable access to the online platform of Microsoft Teams. To this end, the Ministry of Education conducted surveys of households in Nevis to determine the need for internet service and the extent of student’s access

to internet-capable devices in their homes. The surveys resulted in over fifty homes being connected or reconnected with internet services with three-month' free access. This was made possible through a partnership between the Government and our local internet providers. Through this partnership, over three hundred (300) brand-new tablets were loaned to students. This investment made it possible for students to participate in online and virtual classes while we all experienced the COVID-19 stay-in-place restrictions.

122. Mr. President, to complement this new revolution in the delivery of Education, my Cabinet further assisted and responded in a people centred way to provide relief to those parents who expressed an interest in purchasing their own online learning devices for their children. To this end, we waived all Customs duties, taxes and charges on the purchase and importation of all laptops, tablets and other online learning devices necessary to facilitate the student's online learning process. This waiver was initially granted up to September 2020 and was later extended to the end of this school term.

123. The Ministry of Education continues to work closely with the local COVID-19 Task Force in enforcing all pandemic protocols in schools. Substantial investment was made to renovate and retrofit all school plant island wide. In prioritizing the health and safety of our students at the pre-school level, it was determined that the Charlestown Pre-school needed more floor-space to effectively accommodate the number of students enrolled. To this end, the Ministry of Education identified and rented additional building space in the St. John's Parish area. That property, which is now referred to as the Charlestown Pre-school Phase 2, was immediately cleaned and retrofitted with all the necessary amenities to make it school-worthy.

124. In addition to the steps listed above, resources were also expended to employ additional school custodians to ensure the sanitization of frequently touched areas. Hand washing stations were erected on each school compound, disposable masks were distributed to schools to encourage mask wearing and additional furniture was provided for each classroom to facilitate physical distancing among students. Each school bus is now equipped with a full-time attendant who is charged with sanitizing the interior of bus before students embark and after students disembark. These attendants are responsible for keeping a register of all persons traveling on the

bus in the event of the need to do contact tracing. These measures are imperative if we are to effectively deal with the threat of the virus.

125. Mr. President, it is no secret that this modified approach in the delivery of education thrust upon us by the onset of the COVID-19 pandemic has resulted in major lifestyle changes for teachers, children and their parents. To the managers of the education system, we must applaud your efforts in ensuring that the strides made in our educational advancement have not been undermined. The long hours spent working out logistics, acquiring and deploying resources to successfully commence the new school year even in the face of the pandemic have been duly recognized and must be commended.

126. We must also empathise with our teachers, as this crisis introduced new challenges to an already demanding vocation. Resilience and innovation are indeed the watchwords of your craft as you seek to secure the success and holistic development of each student. We have every confidence in your capabilities to continue to rise to the challenge as you have proven your grit in difficulties in the past.

127. To you the parents and guardians, as the interruptions caused by the COVID-19 crisis threaten to erode the educational progress of our young people, I make the clarion call for you to rally around your children and around those who lack parental support. You must continue to partner with our teachers to ensure that students get the support necessary to perform well in this new normal system for the delivery of education. I implore you to engage, to listen to and love your children, as the youths of our nation they will play a key role as we move onwards in our quest for success. The fate of our nation even in these difficult times lies in the careful moulding of our children.

5.2 *Improvements in Health Care*

128. Mr. President, as we turn our attention to our health care system, it must be noted that our public health response to contain the spread of the Covid-19 virus and pandemic has been remarkable. Multidisciplinary cooperation and early engagement and guidance from PAHO and CARPHA enabled the Ministry of Health and Gender Affairs to successfully undertake and coordinate rigorous preparedness and response mechanisms to this pandemic. The pandemic

significantly increased the demand for medical personnel, equipment and supplies. Additionally, the social and economic consequences of the crisis have undoubtedly impacted the health and mental wellbeing of our people and risk deepening some inequalities even further.

129. At every stage we have ensured that the public was engaged and kept up to date with the provision of health information and disease prevention activities coordinated by our Health Promotion Unit. Early execution of border control measures also resulted in the remarkably low infection rates among our people. These actions were necessary to protect the health and safety of all Nevisians and were critical to mitigating the spread of the virus.

130. Mr. President, I wish to again recognize the noble contribution of our frontline and essential workers, especially our nurses and doctors in the fight against the COVID-19 virus. In recognition of their sterling contribution I am happy to report that in June 2020 Cabinet approved an increase in the pay scales for all nurses at both the community and institutional levels as a signal of our gratitude for their undying commitment and effort in combatting this invisible enemy. We cannot thank our nurses enough.

131. Mr. President, while this pandemic magnified some deficiencies in our healthcare system, the lessons learnt provided us with an opportunity to restructure and rebuild. We must now focus on capacity as it relates to our human resources, the availability of equipment, medical procedures and our stock of medical supplies. We had to acquire much needed medical equipment and supplies funded by our limited resources in addition to assistance received from the Federal Government and donations from PAHO and foreign ally governments. These items included ventilators, oxygen concentrators, defibrillators, a chemical analyser, Personal Protective Equipment, PCR Testing supplies and infrared camera systems. We also benefitted from the generous contributions of many local and international donors and institutions who supplied us with large quantities of hand sanitizers, masks and other valuable items. We wish to thank them all for their generosity during our time of crisis.

132. We are aware that there is a continued need to address workforce shortages in areas such as Nursing, Specialized Services and our Allied Staff. We are committed to nurturing a generation of professionals and empowering them to shape the future of our healthcare system.

To this end, we must develop a cadre of specialized health professionals such as Specialist Surgeons, Internist and Cardiologists to name a few. We continue to make a concerted effort to encourage our young graduating medical professionals to immediately seek out opportunities for specialisation so as to meet the growing needs of our Island and country.

133. As we examine the statistics from the pandemic worldwide, it is obvious that public health measures especially those aimed at improving health systems will prove to be very effective in fighting similar pandemics of this nature in the future. Therefore, during this upcoming fiscal year 2021 the Ministry will scale-up its health promotion and disease prevention activities not only geared at fighting Communicable Diseases such as COVID-19 but also Non Communicable Diseases (NCD's) such as diabetes, hypertension, cardiovascular diseases and cancers. We are indeed grateful to the Government of China (Taiwan) for its generosity in providing technical assistance to facilitate the implementation of a Non Communicable Disease Early Intervention Program. We anxiously await the roll out of this four-year Capacity Building Project for the Prevention and Control of Chronic Metabolic Diseases. This project will help us to realize target 3.4 of the UN's Sustainable Development Goals.

134. Mr, President, we will embark on the further integration of technology in the delivery of healthcare which is now an indispensable part of the services offered to prevent, diagnose and treat diseases and alleviate disability and operational deficiencies. The introduction of telemedicine in the 2020 Annual Eye Care Program was a creative way of maintaining continuity of care and doctor patient support even during this pandemic. We hope to expand this service to other clinical areas in the medium term.

135. The implementation of the Hospital Information System will encourage innovative use of our technology infrastructure to connect health care providers electronically, provide online information access and facilitate data exchange. We also intend to bolster our diagnostic capabilities with the purchase of additional critical equipment for the laboratory and radiology department and move towards improving coverage of essential medicines and medical supplies.

136. Mr. President, as it relates to our physical healthcare infrastructure, during the New Year 2021 we will be entering the critical stage of the Alexandra Hospital Expansion Project. The

external work on the facility is now substantially complete and attention will be turned to the internal layout of the structure. The internal layout must be properly designed to ensure our healthcare staff have a world class facility from which to deliver cutting-edge care and meet the changing needs and rising public demand.

137. In preparation for delivery of this improved level of service, my Administration has already invested the amount of \$176,650.00 in the purchase and commissioning of two (2) new Ambulances for the Alexandra Hospital. We are grateful to the members of the St. Christopher & Nevis Social Security Board who have been gracious in providing funding to meet the cost of one of these units.

138. Mr. President, at our community health level, we must commend the efforts of the Management and Staff of the Nevis Solid Waste Management Authority. We continue to be alarmed at the quantum of garbage generated daily and the increasing demand being placed on the officers of that entity to keep our surroundings clean. This demand has increased dramatically since the onset of the COVID-19 pandemic. In recognition of the increasing demand for services now placed on this entity my Government has taken the decision to allocate all monies collected at our Customs Department for Environmental Levy, on importation of vehicles, to fund the increasing cost of operation of this entity. My Cabinet has also granted approval for increases in the Solid Waste Disposal Levy along with an increase in the tipping fees payable for disposal of waste at the Solid Waste Disposal Site, as outlined in our fiscal measures, to provide additional funding for the operations of this entity.

139. The Ministry of Health will continue to strengthen its relationship with key organizations and governments while exploring new public/private sector partnerships geared towards sharing resources and expertise and improving the standard and quality of diagnostic health services provided for our people.

5.3. *Engaging our Youths*

140. Mr. President, the Department of Youth remained resilient in its quest to engage in activities that will positively impact the youths of Nevis. Despite being slowed by the COVID-19 pandemic, the Department was still able to highlight youth excellence, foster deeper relationships

with local youth-led groups and international organizations, offered technical support to job seekers and provided the opportunity for the Youth Development Officers to participate in virtual learning platforms aimed at connecting with our young people.

141. In recognition of International Youth Day and in celebration of youth excellence, the Department hosted the Youth Impact 12 Awards Ceremony which featured six (6) young persons recognized for their sterling contributions in areas of national importance. The 25 Most Remarkable Teens Program also featured eight (8) teens of Nevis being awarded for their positive impact on youth development.

142. Mr. President, for the upcoming fiscal year 2021, the Department intends to take steps to further regulate the operations of all youth-serving and youth-led groups and organizations and to celebrate and recognize outstanding youth practitioners. Some of the activities to be launched include the hosting of capacity building workshops through which members of registered youth groups will be exposed to the skills and knowledge necessary for the advancement of the group and the further development of its members.

143. Additionally, efforts will persist as it relates to the resuscitation of the Nevis Youth Council which is the formal board of Nevisian youth that provide representation of the youth voice in the community. This process will be guided with technical support from our regional partners. The Department will continue to focus on youth excellence through the Youth Impact 12 Program and the 25 Most Remarkable Teens Program.

144. Mr. President, we continue to make great strides in developing programs for the rehabilitation of our at-risk-youth. I am happy to report that on Tuesday October 22, 2020 we witnessed the official opening of our YTS-Yes to Success Skills Training and Diversion Centre at Pinneys. This project was jointly funded by the Organization of American States (OAS), USAID and the Nevis Island Administration through the Department of Social Services at a cost of \$250,000.00 inclusive of the tools and equipment to facilitate the training. As the name implies, this centre is meant to provide an opportunity to rehabilitate our at-risk youth and equip them with the skills and training necessary to seek gainful employment or even become self-employed business persons.

145. I am very pleased at the effort to date to steer these young persons onto an alternative path. I am indeed happy to report that this centre has been functional for the past few months and at least 70 persons have already benefited from training at this centre in the areas of pottery making, heavy equipment operations and digital media. In the new fiscal year, it is our intention to expand the array of skills training offered at this centre so as to reach a wider cross-section of our at-risk youth. Programs will be developed in accordance with the existing skill levels and interests of these groups as the main objective of the program is to ensure their engagement in activities that will encourage their sustained commitment to the program.

146. Mr. President, the successful operation of this training centre is part of our ongoing effort to tackle criminal activities on Nevis. I am very pleased to report that the OECS consultants, who were assigned to this project, have already approved this centre as a diversion site that could be used by the Justice System in St. Kitts and Nevis for rehabilitating our youths.

6.0 SOLUTIONS FOR OUR HOUSING NEEDS

147. Mr. President, the housing revolution which we are now experiencing on Nevis is one of the measures that my Government has implemented to increase the standard of living of our people. We will continue to incentivize this revolution through our duty-free concessionary first time homeowners program which has served to drastically reduce the cost of construction.

148. It is no secret that the demand for housing is now far outweighing the rate at which the Nevis Housing & Lands Development Corporation can supply. We are fully aware that there are a number of citizens who have the financial security of stable good paying jobs who can meet the requirements of the lending agencies. However, many others are less able to meet the requirements without certain advantageous criteria being introduced. We therefore call on all of our financial institutions and other local developers to urgently introduce lending programmes for housing to assist my Government in satisfying this increasing demand from our people.

149. Mr. President, we implore the commercial banking sector to be more aggressive in the market to mop up this demand thus allowing the Nevis Housing and Land Development Corporation to focus on its mandate of providing housing solutions for the lower income and disadvantaged sectors of society. Nevertheless, I must commend the efforts of the commercial

banking sector to date as we are now seeing much reduced interest rates as low as 5.0% being offered on mortgage loans through their various housing programs. But more can be done. We trust that our lending institutions will rise to the challenge.

150. The NHLDC, private lending institutions and private contractors each play distinct roles in giving momentum to this housing revolution. It is our intention to continue to incentivize this sector during the new fiscal year as it is yet to achieve its full potential. In addition, it is one of the sectors that can contribute significantly to economic development while maintaining the protocols established for fighting the COVID-19 pandemic.

151. Mr. President, during this fiscal year, despite the disruptions in daily activities due to the onset of the pandemic, the Housing Corporation was able to undertake construction work on a total of **twenty (20)** houses at a total cost of **\$4.88 million**. These houses were constructed in Maddens, Cedar View Housing Development (Phase 2), Colquhoun, Bath Plains, Nisbett Estate, Spring Hill (University Heights) and Stoney Grove. This therefore brings the total number of houses constructed by NHLDC for the period **2013 – 2020 to 189** houses at total cost of **\$42.7 million**.

152. The goal of the Housing Corporation for the new fiscal year is to promote, build and distribute to suitably applicants, no less than forty (40) affordable houses to applicants with all the amenities. These houses will be a mixture of four (4), three (3) and two (2) bedroom homes built on approximately 5000 to 8000 square feet of land. These 40 houses are expected to be allocated as follows: Maddens Cedar View – 4 houses, Spring Hill (University Heights) – 7 houses, the new development in Hamilton – 14 houses and a proposed development at Rices Village, Gingerland comprising 12 houses. Included in this number are requests for 3 houses to be built on private property.

7.0 FISCAL PROJECTIONS 2021

7.1 *Fiscal Measures*

153. Mr. President, as we turn to our fiscal measures for the new budget period, the objectives of my Administration will focus on the rebuilding of our economy in the post COVID-19 era with emphasis on the general health and wellbeing of our people.

154. We will continue to take steps to reduce Government spending and incentivize the private sector to be the engine of growth through our various programs to attract foreign direct investment, while encouraging the growth of the small business sector.

155. My Government therefore aims to present a budget for this fiscal year 2021 that is free of any new taxes as a post COVID-19 incentive to stimulate economic expansion and encourage growth.

156. 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 programs will seize the opportunity to make meaningful contributions to the growth and development of our economy.

157. In addition, we will extend our COVID-19 Relief Construction Stimulus package for an additional three (3) months up to March 31, 2021. This program which was initially implemented in September 2020 provided relief for residents undertaking any form of construction activity, with materials costs in excess of \$30,000.00, being required to pay only the 17% Value Added Tax on these materials. This program was to complement our existing ongoing first-time homeowners' program. To be clear construction must be commenced by March 31, 2021.

158. We will also extend our policy of the waiver of Alien Landholding Licence Fees for an additional three (3) months up to March 31, 2021. This policy which was initially implemented

in September 2020 provided a waiver for the payment of the Alien Landholding License Fee for all non-nationals wishing to purchase existing properties, specifically land and building but not applicable to the purchase of undeveloped land only.

159. Similarly, after consultation with our Realtors and in an effort to expedite sales of existing properties here on Nevis, approval has been granted for purchasers of any existing property in excess of US\$400,000.00 to qualify for citizenship under our Citizenship by Investment Program. We thank the Federal Cabinet for agreeing to this proposal put forward by my Government.

160. Mr. President, it is hoped that the stimulus measures outlined above will stimulate activities in our real estate and construction sectors and provide employment even as we await the full turnaround of activities in the main economic sector of tourism and related services.

161. We will continue to take steps to boost the growth of our revenues by continuously reviewing and amending our existing schedule of fees to ensure that they are at a level comparable to the cost of delivering the associated services.

To this end our Cabinet has approved the following measures:

- The implementation of an increase in the fee structure for all services provided at our Financial Services Registry. Additionally, there will be an increase in the Annual Licensing Fee for all Service Providers as well. This new fee structure which will take effect from 1st July, 2021 will be finalized and communicated to Service Providers in January 2021 so that their clients can be granted ample notice of these fee changes.
- The implementation of a new schedule of fees for services provided at the Alexandra Hospital. Every effort will be made to ensure that the most vulnerable are not disadvantaged or denied access to any of these critical services. Therefore, where persons lack the resources to pay the full price for these services, special arrangements will apply.
- An increase in the monthly fee payable for the Solid Waste Disposal Levy to \$25.00 for domestic consumers and \$75.00 for small business operators with effect from April 1, 2021. This is in addition to a 20% increase in the tipping fees payable for the disposal of

waste at the Solid Waste Disposal Site. We must admit that our officers at the Solid Waste Management Authority continue to provide an excellent service in keeping our surroundings clean and therefore this fee increase is justified.

In addition, we will take measures to:

- Strengthen our tax collection policies by implementing aggressive collection and enforcement measures, by offering affordable instalment payment plans, 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, Cabinet policies 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 ceases to exist.
- Strengthen the property tax collection framework as this tax continues to underperform and many persons continue to fall outside the property tax net.

162. 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 end, we will continue to enforce our existing policy whereby all persons or entities seeking to contract the provision of goods or services to the Administration must be current with their payment of all fees and taxes or would have made suitable arrangements for the payment of their taxes before entering into such contract. In addition, such entities which 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 economic engagement with the Administration that they must pay their share of fees and taxes to allow Government the resources to further fund critical programs. We therefore encourage all taxpayers to file and pay their taxes on time. All of us must be responsible citizens.

163. Mr President, times are difficult now and likely to get more difficult before they get better. As an initial short term measure to align our expenditure with our projected revenue for the new fiscal year, my Cabinet has approved the implementation of the following expenditure reduction measures with effect from January 1, 2021:

- The temporary suspension of overseas travel for all Public Servants, including Members of Cabinet, unless these travels are fully funded by third parties.
- The reduction of the monthly Travel Allowance payable to all Public Servants, including Members of Cabinet, by 50 percent
- The temporary suspension of the payment of increments to all Civil Servants
- The deferral of any request for promotion of officers or upgrade in their Salaries and Wages. In addition, we will defer the employment of any new officers to the Public Service. Where officers have exited the Service we would first seek to reorganize duties among existing staff before employing replacement officers.

164. These short-term measures will have an immediate impact on our fixed monthly commitments bringing them within reasonable limits as we await the economic recovery in our main sectors.

7.2 *Projected Revenues and Expenditure*

165. Therefore, Mr. President, the budget for the upcoming fiscal year 2021 is set at \$237.2 million. We have allocated the amount of \$174.9 million to recurrent spending representing 73.0 percent of the total budgeted expenditure.

166. Mr. President, having considered the uncertain negative effect of the COVID-19 pandemic, my Administration is projecting collection of \$128.2 million in Recurrent Revenue

which represents a projected decrease of 8.0% when compared to the projected revenue of \$139.5 million for the fiscal year 2020.

167. We expect our Recurrent Revenue to be augmented by the remittance of at least \$45.0 million from the Federal Government representing our share of revenue from the CBI Program. Our combined total Recurrent Revenue is therefore projected at \$173.2 million for the upcoming 2021 fiscal period and when compared to the projected Recurrent Expenditure of \$174.9 million provides a deficit on the recurrent budget of \$1.7 million.

168. Mr. President, the amount of \$62.3 million has been allocated for the funding of our capital expenditure program. This represents a 10.2% reduction when compared to the amount of \$69.4 million that was allocated for the fiscal year 2020. This is largely due to my Administration's policy to be conservative in our spending over the medium term and in response to the anticipated reduction in revenue collection for the upcoming fiscal year.

169. We anticipate that funding for our capital budget will comprised of loan funding where applicable from the St. Christopher & Nevis Social Security Board, the Sustainable Growth Fund, 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 financing for these capital works.

170. Therefore Mr. President, a summary of resources projected to finance our 2021 expenditure program is outlined as follows:

- Current Revenue - \$ 128.2 million
- Projected minimum Revenue from CBI Passport Processing Fees - \$45.0 million
- Social Security Loan and other Concessionary Loans - \$21.4 million
- Government of China (Taiwan) Funding and other Grant Funding - \$10.8 million

171. 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.

172. Mr. President, I wish to assure the public that we will not be reckless in our spending and we will only seek to undertake projects 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 concessionary rates, we will curtail our expenditure program and carry forward to the fiscal period 2022 any projects which were not executed due to lack of approved financing.

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

- The Office of the Premier is allocated funding in the amount of \$7.7 million representing 3.2 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 \$80.6 million representing 33.9 percent of the total budget. Included in this amount are funds allocated to meet our Debt Servicing obligations.
- The Ministry of Communications and Works et al is allocated funding in the amount of \$34.2 million representing 14.4 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 \$12.6 million representing 5.3 percent of the total budget. Included in this amount are funds allocated for our food sustainability and security, disaster mitigation and upgrading of our processing facilities.

- The Ministry of Health and Gender Affairs is allocated funding in the amount of \$35.6 million representing 15.0 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 \$34.2 million representing 14.4 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 general maintenance of our educational facilities.
- The Ministry of Social Development, Culture, Youths and Sports is allocated funding in the amount of \$16.1 million representing 6.7 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

174. Mr. President, in summary, this fiscal year of 2020 began on a high note with reasonable expectations for continued economic growth. Unfortunately, the Covid-19 pandemic has triggered an unprecedented global recession that has left no corner of the globe unscathed. This health crisis with its accompanying challenges has brought about tremendous disruptions in every aspect of our lives. Across the world, more than 1.5 million persons have lost their lives, more than 62.5 million persons have fallen victim to the virus, labour markets have been gravely disrupted resulting in an unprecedented rise in unemployment rates, supply chains have been interrupted, demand for goods and services has drastically fallen and productivity and output levels have significantly decreased.

175. Many families suffered through both voluntary and involuntary separation due to lockdown and quarantine measures. Schools have been closed and many of the social norms and activities that are vital for social cohesion have been curtailed. It is projected that the closure of educational facilities may result in an eventual erosion in human capital that will have lasting effects on the quality and productivity of the workforce in the medium to long term.

176. Further, it must be noted that the asymmetrical nature of these outcomes mean that middle income developing countries such as ours here in St. Kitts & Nevis and other emerging markets will bear a disproportionate share of the cost of this pandemic as we lack the finances, infrastructure and technology needed to carry out vital activities to effectively support our economies.

177. Mr. President, many Governments across the globe, including us here in St. Kitts & Nevis were forced to respond to this crisis by implementing significant fiscal measures in order to cushion the effects on its people. These measures include bolstering and supporting income loss, expanding our social safety net programmes to ensure that the most vulnerable are protected and working with financial institutions to provide credit support for individuals and businesses.

178. Moreover Mr. President, this crisis has allowed us to carry out an objective and decisive evaluation of our food security, health, education and technological infrastructure. We had to quickly identify both human and financial resources that could be effectively used to put the infrastructure in place to mitigate the economic and social effects of this crisis. As such I am confident in declaring that we have learned a great deal from this experience and that we are in a much better position now to deal with a similar pandemic of this nature.

179. Mr. President, it is expected that the mitigation measures that have been put in place to prevent the wide spread effects of COVID-19 will remain in place for some time into 2021 as developed countries are now witnessing a second wave of this virus that may ultimately result in further lockdowns. It is hoped that during the fiscal year 2021, a credible vaccination program will be in place and that transmission rates across the globe would be on the decline hereby permitting life and work to once again resemble that of the pre- pandemic era.

180. Despite our positive approach to the new fiscal year we anticipate soft demand, a reduction in remittances, a weak Travel and Tourism Sector, reduced foreign capital flows and a potentially stagnant job market. Thus, we are compelled to build measures into this budget to minimize these effects. The crisis has significantly reduced our tax base and therefore our spending measures as outlined in this budget are targeted towards initiatives that will support sustainability in the near term with a focus on agriculture, health, education, financial services, the construction sector, the environment and income generating/cost savings infrastructure projects. We all look forward to the end of this crisis and a return to some level of normalcy.

181. Mr. President, the Cabinet which I am so privileged to lead pledges to be creative and resolute in managing the affairs of our Island especially during this difficult time in our history. We anticipate that some difficult days still lie ahead as the global community tries to turn the corner on this pandemic. As your people centred Government, we ask you our people to keep the faith, to continue to support your Government as together we will work hand in hand to overcome these difficulties. Together we will work to build a better and brighter Nevis for ourselves and the future generations.

182. Thanks again for the faith and confidence you have placed in my Government. This Christmas season let us all express our profound gratitude and be contented with what we have. On behalf of the Cabinet we wish you a Happy Christmas and a New Year filled with hope and confidence as we partner with you in rebuilding our economy. Mr President Nevis is on the right track and we will not be derailed.

I therefore 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.

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

| CATEGORIES | Actual 2017 | Actual 2018 | Actual 2019 | Actual Oct 2020 |
|--|------------------------|------------------------|------------------------|----------------------------|
| Total Revenue & Grants | 188.10 | 191.70 | 179.55 | 142.60 |
| Current Revenue | 129.06 | 138.44 | 138.51 | 94.26 |
| Tax Revenue | 96.70 | 102.27 | 105.37 | 71.40 |
| Taxes on Income & Profit | 19.68 | 19.70 | 20.47 | 15.07 |
| Of which: Corporate Income Tax | 7.64 | 6.20 | 7.30 | 6.13 |
| Social Services Levy | 9.63 | 10.49 | 10.44 | 7.47 |
| Taxes on Domestic Goods & Services | 30.32 | 32.91 | 34.22 | 22.84 |
| Of which: Stamp Duties | 8.15 | 10.56 | 11.83 | 6.36 |
| VAT | 17.05 | 16.93 | 16.38 | 11.69 |
| Taxes on Int'l Trade & Transactions | 43.48 | 45.80 | 46.76 | 30.60 |
| Of which: Import Duties | 11.74 | 11.76 | 11.95 | 7.23 |
| Customs Service Charge | 8.14 | 8.99 | 9.92 | 6.41 |
| VAT | 15.56 | 16.11 | 17.31 | 11.16 |
| Non-Tax Revenue | 32.37 | 36.17 | 33.14 | 22.86 |
| Of which: Financial Services | 13.26 | 13.87 | 12.75 | 8.71 |
| Supply Office | 6.94 | 7.01 | 6.29 | 4.22 |
| Water Services | 4.75 | 5.68 | 6.49 | 4.50 |
| Total Expenditure | 204.99 | 198.35 | 207.59 | 150.10 |
| Current Expenditure | 141.47 | 147.53 | 150.27 | 111.95 |
| Personal Emoluments | 78.55 | 78.50 | 81.11 | 63.32 |
| Goods & Services | 31.39 | 35.10 | 36.38 | 23.83 |
| Interest Payments | 16.68 | 17.18 | 15.57 | 12.19 |
| Domestic | 15.71 | 14.43 | 14.36 | 11.12 |
| External | 0.97 | 2.74 | 1.21 | 1.07 |
| Transfers & Subsidies | 14.85 | 16.75 | 17.22 | 12.61 |
| Current Account Balance | -12.40 | -9.09 | -11.76 | -17.69 |
| Total Grants | 59.80 | 53.26 | 41.03 | 48.34 |
| Capital Expenditure | 63.52 | 50.81 | 57.32 | 38.15 |
| Overall Balance | -16.12 | -6.64 | -28.05 | -7.50 |
| Primary Balance | 0.56 | 10.54 | -12.48 | 4.69 |
| Principal Repayments | 7.75 | 12.57 | 9.60 | 6.96 |
| Domestic | 2.54 | 4.64 | 6.27 | 3.63 |
| External | 5.21 | 7.93 | 3.33 | 3.34 |

**ANNEX II: COMPARATIVE SUMMARY OF THE VALUE ADDED TAX (VAT)
(IN MILLIONS OF EC DOLLARS)**

| | 2015 | 2016 | 2017 | 2018 | 2019 | Oct 2020 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|-----------------|
| Total VAT Collection | 33.20 | 32.64 | 32.61 | 33.03 | 33.69 | 22.85 |
| VAT as a % of Current Revenue | 24.80% | 24.56% | 25.27% | 23.86% | 24.32% | 24.25% |
| VAT on International Trade | 15.50 | 16.22 | 15.56 | 16.11 | 17.31 | 11.16 |
| As a % of total VAT | 46.69% | 49.69% | 47.72% | 48.76% | 51.38% | 48.84% |
| VAT on Domestic Goods & Services | 17.70 | 16.42 | 17.05 | 16.93 | 16.38 | 11.69 |
| As a % of total VAT | 53.31% | 50.31% | 52.28% | 51.24% | 48.62% | 51.16% |

**ANNEX III: COMPARATIVE SUMMARY OF AVERAGE MONTHLY EMPLOYMENT
BY SECTORS (2015 – 2020)**

| Industry | 2015 | 2016 | 2017 | 2018 | 2019 | Aug 2020 |
|---|--------------|--------------|--------------|--------------|--------------|---------------------|
| Agriculture, Hunting & Forestry | 109 | 113 | 114 | 123 | 134 | 123 |
| Fishing | 2 | 2 | 3 | 2 | 1 | 3 |
| Mining & Quarrying | 16 | 10 | 2 | 2 | 2 | 2 |
| Manufacturing | 73 | 82 | 89 | 88 | 102 | 77 |
| Electricity, Gas & Water Supply | 88 | 91 | 94 | 95 | 108 | 108 |
| Construction | 664 | 608 | 588 | 544 | 547 | 445 |
| Wholesale & Retail Trade | 585 | 635 | 643 | 675 | 707 | 657 |
| Hotels & Restaurants | 1,210 | 1,346 | 1,329 | 1,323 | 1,401 | 1,098 |
| Transport, Storage & Communications | 396 | 393 | 377 | 396 | 278 | 209 |
| Financial Intermediation | 197 | 210 | 206 | 206 | 231 | 223 |
| Real Estate, Renting & Business Activities | 233 | 240 | 258 | 276 | 304 | 268 |
| Public Administration & Defense | 1,684 | 1,323 | 1,808 | 1,809 | 1,855 | 1,844 |
| Education | 102 | 117 | 127 | 122 | 133 | 114 |
| Health & Social Work | 26 | 28 | 33 | 35 | 40 | 35 |
| Other Community, Social & Personal Services | 116 | 134 | 131 | 109 | 103 | 91 |
| Private Household with Employed Persons | 150 | 149 | 147 | 147 | 135 | 126 |
| Extra-Territorial Organization & Bodies | - | - | - | - | - | - |
| Total | 5,651 | 5,481 | 5,948 | 5,949 | 6,081 | 5,422 |

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

| | 2016 | 2017 | 2018 | 2019 | Oct 2020 |
|--|---------------|---------------|---------------|---------------|---------------------|
| NIA External Creditors | | | | | |
| CDB | 36.72 | 33.64 | 33.42 | 30.57 | 27.28 |
| KFAED | 8.37 | 7.24 | 5.96 | 5.17 | 4.65 |
| MICB | 4.17 | 4.01 | 3.55 | 3.24 | 3.09 |
| Taiwan ICDF | - | - | - | - | 1.94 |
| Total Outstanding External Debt | 49.26 | 44.89 | 42.93 | 38.98 | 36.96 |
| | | | | | |
| NIA Domestic Creditor | | | | | |
| SKNA National Bank | 122.31 | 134.32 | 144.32 | 143.23 | 145.14 |
| Bank Of Nevis | 54.60 | 60.35 | 66.87 | 77.70 | 83.68 |
| SSB | 25.42 | 24.83 | 25.66 | 33.81 | 40.13 |
| Treasury Bills Issue (OTC) 91 days | 93.78 | 98.43 | 100.37 | 101.64 | 104.93 |
| Treasury Bills Issue 365 days | 7.65 | 8.67 | 8.40 | 8.30 | 8.30 |
| FCIB | 1.80 | 5.57 | 5.08 | 6.16 | 5.74 |
| FINCO | 0.28 | 0.11 | - | 0.59 | 0.41 |
| TDC | 0.34 | 0.12 | - | - | - |
| SIDF | - | 2.50 | 2.50 | 2.50 | 2.50 |
| Total Outstanding Domestic Debt | 306.18 | 334.89 | 353.20 | 373.93 | 390.83 |
| Total NIA Debt | 355.43 | 379.78 | 396.13 | 412.91 | 427.79 |
| | | | | | |
| Government Guaranteed Debt | 28.45 | 36.75 | 42.93 | 48.55 | 53.75 |
| | | | | | |
| Total Public Sector Debt | 383.89 | 416.53 | 439.06 | 461.46 | 481.54 |

ANNEX V: SUMMARY OF CURRENT AND CAPITAL EXPENDITURE 2021 (in EC\$ Dollars)

| | Description | Current Expenditure | % of Current Expenditure | Capital Expenditure | % of Capital Expenditure | Total Expenditure |
|----|--------------------------------|---------------------|--------------------------|---------------------|--------------------------|--------------------|
| 01 | Deputy Governor General | 570,500 | 0.33 | 0 | 0 | 570,500 |
| 02 | Legislature | 810,200 | 0.46 | 0 | 0 | 810,200 |
| 03 | Audit | 495,400 | 0.28 | 0 | 0 | 495,400 |
| 04 | Legal Services | 1,095,800 | 0.63 | 0 | 0 | 1,095,800 |
| 05 | Premiers Ministry | 5,505,500 | 3.15 | 2,200,000 | 3.53 | 7,705,500 |
| 06 | Ministry of Finance | 76,659,300 | 43.83 | 3,850,000 | 6.18 | 80,509,300 |
| 07 | Ministry of Communications | 14,540,800 | 8.31 | 19,740,000 | 31.67 | 34,280,800 |
| 08 | Ministry of Agriculture | 6,933,500 | 3.96 | 5,750,000 | 9.22 | 12,683,500 |
| 09 | Ministry of Health | 22,294,800 | 12.75 | 13,300,000 | 21.33 | 35,594,800 |
| 10 | Ministry Tourism | 3,939,500 | 2.25 | 7,330,000 | 11.76 | 11,269,500 |
| 11 | Ministry of Education | 27,394,500 | 15.66 | 6,950,000 | 11.15 | 34,344,500 |
| 12 | Human Resources | 1,743,500 | 1.00 | 0 | 0 | 1,743,500 |
| 13 | Ministry of Social Development | 12,910,000 | 7.38 | 3,220,000 | 5.17 | 16,130,000 |
| | Total | 174,893,300 | 100.00 | 62,340,000 | 100.00 | 237,233,300 |



NEVIS ISLAND ADMINISTRATION