

## **TABLE OF CONTENTS.**

### **1.0 INTRODUCTION**

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

### **3.0 DOMESTIC ECONOMIC PERFORMANCE**

*3.1 Fiscal Performance 2021/2022*

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

*3.3 Status of Public Debt*

### **4.0 INVESTING TO ACCELERATE GROWTH**

*4.1 Public/Private Partnerships*

*4.2 Tourism Sector*

*4.3 Revitalizing the Construction Sector*

*4.4 Repositioning the Agricultural Sector*

*4.5 Redefining the Financial Services Sector*

*4.6 Infrastructure Development*

*4.7 Achieving Energy Sustainability*

*4.8. Crime Fighting & Security*

### **5.0 PATHWAY TO SOCIO-ECONOMIC TRANSFORMATION**

*5.1 Transforming the Education Sector*

*5.2 Repositioning our Health Care Sector*

*5.3 Engaging our Youths*

### **6.0 SOLUTION FOR OUR HOUSING NEEDS**

## **7.0 FISCAL PROJECTIONS 2023**

### *7.1 Fiscal Measures*

### *7.2 Projected Revenues and Expenditure*

## **8.0 CONCLUSION**

## **9.0 ACKNOWLEDGMENTS**

### ***ANNEXES***

- I. Comparative Summary of Fiscal Indicators*
- II. Comparative Performance of the Value Added Tax (VAT)*
- III. Comparative Summary of Average Employment by Sector (2017 – 2022)*
- IV. Comparative Summary of Public Sector Debt*
- V. Summary of Current and Capital Expenditure 2023*

Madam President, I beg leave to move the second reading of the bill shortly entitled the Appropriation Ordinance 2023.

## 1.0 INTRODUCTION

It is an honour and pleasure for me to rise this morning to present the budget for this fiscal year 2023 under the theme:

### **“Charting a pathway to Socio-Economic Transformation: Investing to Accelerate Growth.”**

1 Madam President, let me start by making it clear that the reading of the Budget in February is in no way an aberration or breach of the Constitution of St Kitts and Nevis which stipulates at Section 71 thereof the Government may present the Budget not later than 60 days after the end of the fiscal year. Inasmuch as the last fiscal year ended on December 31, 2022, we are today well within that constitutional period.

2 The Throne Speech which was delivered in this Assembly on January 19, 2023 clearly laid out the plans, programs and activities of my Administration for building *a new Nevis: Investing for Socio-Economic Transformation*. The budget I present today builds on the principles set out in the Throne Speech and provides the specific and detailed implementation of my Government’s policies and programs intended for the fiscal year 2023.

3. We are under no illusion that the task at hand will be easy. There is much work to be done to advance the social and economic wellbeing of our island and its people. We are confident that our people have the capacity to excel once provided with the opportunity. Creating opportunities for our people will be the driving force for my Government’s performance during this fiscal year.

4. Madam President, this Administration holds fast to our belief that our people belong at the centre of our developmental policies. We pledge to be a Government for all citizens and residents of Nevis regardless of their gender, nationality, race, creed or political persuasion. Our policies and programs will *always* be people centred and people focused holding true to our guiding ethos that **People Matter Most**.

5. This focus impels us to consider how we can improve the lives of all our people. Our Budget provides for programs that address the needs of our youth as well as our Seniors, for kindergarteners as well as for college graduates, for our private sector as well as for public servants, for new entrants to the work force as well as for our retirees. In this regard, a retirement program package for our Non-Established (NE) workers will be fully rolled out over the next few months allowing all workers who have already attained the age of 62 years to formally retire from the service and receive a retirement package. This will no doubt bring great relief and comfort to our NE workers in their retirement years and has been a signal achievement of this CCM led Government.

6. Our public servants received a 5% salary increase in 2022 retroactive to January 1, 2022 and a further 5% in January 2023. We have committed to yet a further 5% salary increase to be paid on January 1, 2024. This represents the largest salary increase to public servants in the history of Nevis and demonstrates our commitment to putting our people first.

7. Madam President, my Government's efficient management of the Covid 19 crisis has sparked confidence in the economy which is now manifesting itself in a marked uptick in economic activity. Government's finances are beginning to show gradual signs of improvement and activities in the private sector are returning to the levels experienced prior to the onset of the pandemic. Despite the significant progress made in restoring macroeconomic stability, we are fully aware that many of our citizens and small businesses continue to face hardship having been adversely affected over the past two years. We must therefore continue to work at growing our economy and creating jobs.

8. Our job numbers have been encouraging showing a significant level of recovery. The data provided by the St. Kitts & Nevis Social Security Office as at December 2022 shows that for the period Jan to December 2022 the number of jobs in Nevis increased by 6.4% over 2021 with an average number of jobs per month of 5,819. Jobs on St. Kitts over the same period grew by 4.9% giving the Federation an overall job growth of 5.65%. It is important to note Madam President that STEP workers in Nevis are accounted for in the St Kitts employment numbers so that if they were included in Nevis the number of jobs on the island would be much higher.

9. Of significant note is that gross monthly wages on Nevis increased over the period 2021-2022 by some 11.9% from \$17.55 million per month in 2021 to \$19.63 million per month in 2022. Our sister St Kitts recorded an increase in gross monthly wages over the same period of 8.7%. This tells us Madam President that both job numbers and level of wages have grown appreciably in Nevis during 2022.

10. It is also of significance to note that as at December 2020 when many businesses were closed due to the onset of the Covid-19 pandemic, total jobs in Nevis stood at 4,600. As at May 2022 the total jobs peaked at 5,990 an increase of 1390 jobs or 30.2%. I remind the House again that this excludes those employed on the STEP program. While there is still work to be done, the job recovery has been remarkable.

11. Madam President, we shall continue to incentivize the creation of sustainable jobs; diversify our economic base; increase investments in health care to improve health care delivery and build resilience; invest in our education infrastructure, infusing ICT and fostering skills development through our Technological Vocational Enhancement Training program; increase investment in agriculture and the light manufacturing sector to boost food and nutrition security and to reduce our huge import bill; preserve and expand as necessary, social safety nets to protect and empower our most vulnerable citizens; and fast track our transition to renewable energy.

12. We will make a concerted effort to strike a balance between continued social spending that is associated with managing the post COVID-19 recovery to protect the most vulnerable among us and diverting resources to programs that will stimulate economic activity, create jobs, and advance this Government's development agenda. In this context, adopting the correct fiscal policy stance is critically important for ensuring long-term fiscal and debt sustainability. Prudent fiscal management will continue to be of paramount importance to this Government, as we make every effort to ensure that scarce resources are properly targeted and allocated to their best and most efficient use. Our policy throughout this fiscal year will be to take steps to improve spending efficiencies while incentivizing foreign direct investment into our economy.

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

13. Madam President, the global recovery has been weaker than initially expected due to several factors. These factors such as the war in Ukraine, severe weather disruptions brought on by climate change, rising inflation and ongoing supply chain disruptions all continue to exert downward pressure on global economic growth.

The International Monetary Fund (IMF) in its World Economic Outlook (WEO) report projected global economic growth for the year 2022 at 4.4%. This was further downgraded in its '**World Economic Outlook October 2022 : Countering the Cost of Living Crisis**', which then predicted that the global economy would grow by only 3.2% by the end of 2022.

14. The IMF's most recent World Economic Outlook update as at January 2023, indicates that growth for 2022 stood at 3.4% which is a more positive outcome than what was forecast in October 2022. On the current track it is forecast that growth for 2023 and 2024 will be at the level of 2.9 and 3.1% respectively. This does indicate that both the fiscal measures employed by Governments across the globe and the synchronization of monetary policies has led to some measure of stability.

15. It is further expected that the United States of America will experience a technical recession in 2023 with its growth predictions set at 1.4% declining to 1.0% in 2024. In Latin America and the Caribbean, growth is projected to decline from 3.9% in 2022 to 1.8% in 2023 and increasing to 2.1% in 2024. These new forecasts indicate that a significant number of emerging market and developing economies are expected to have lower growth in 2023 than in 2022.

16. Madam President, the Eastern Caribbean Central Bank (ECCB) forecast that the economy of St. Kitts and Nevis would grow by 6.42% in 2022 while the other Member Territories of the Eastern Caribbean Currency Union (ECCU) were expected to grow by 6.38%. The Governor, in encouraging countries to usher in a strong decade of resilience and transformation, outlined several approaches that could be adopted by member countries to facilitate a change in our economic landscapes. These include wealth creation, food and nutrition security, energy security and digital transformation, all of which coincidentally are already key pillars in Nevis' plan to increase foreign direct investment and bring about tangible socio-economic transformation.

17. Madam President, the persistent fragile nature of the global economy continues to overshadow improvements in the local economic landscape in this post covid-19 era. We will continue to strive to find the balance between supporting growth while ensuring fiscal stability. This will not be an easy task. In fact, even resource rich countries are having difficulty in accomplishing such an undertaking. Despite these harsh economic realities, we stand ready to do what is necessary to enable all of our citizens and residents to enjoy a better life and reap the promise of our beloved Nevis.

### **3.0 DOMESTIC ECONOMIC PERFORMANCE**

#### ***3.1 Fiscal Performance 2021/2022***

18. Madam President, the fiscal realities facing my Government are being manifested in a slower than expected growth in revenues due to the slow recovery of economic activities mainly in our tourism sector. This has given rise to the need for greater capital investments to stimulate economic activity, create jobs, and advance my Government's development agenda.

19. The total recurrent revenue generated during the fiscal year ended December 31, 2022 amounted to \$136.52 million, which represents an increase of \$10.25 million or 8.11% over the \$126.27 million generated during the same period in 2021. The revenue collections forecast for the year 2022 was set at \$131.37 million. Actual revenue collected for the year 2022 outpaced our forecast by \$5.15 million or 3.92%. This revenue coupled with the amount of \$77.74 million, representing a share of the revenue from the CBI Program as well as other grant funds, resulted in an overall total revenue of \$214.26 million in fiscal 2022. This represents an overall increase in total revenue of \$33.94 million or 18.82% when compared to total revenue of \$180.32 million collected in fiscal year 2021.

20. Madam President, the tax revenue collected as at December 31, 2022 amounted to \$106.09 million, which represents a marked increase of \$17.99 million or 20.42% when compared to the amount of \$88.10 million collected in 2021. For the fiscal years 2019 and 2020, the tax revenue collected amounted to \$105.37 million and \$89.85 million respectively. The outturn for the fiscal year 2022 indicates that although challenges and uncertainties remain, the local economy has made

some tangible strides post Covid-19. Overall, tax revenue accounted for 77.71% of recurrent revenue with the remaining 22.29% classified as non-tax revenue. The major contributors to recurrent revenue were VAT receipts: 27.03%, Stamp Duties: 10.14%, International Financial Services: 9.7%, Import Duties: 8.65% and Social Services Levy: 7.65%.

21. Madam President, the total expenditure for the fiscal year ended December 31, 2022 amounted to \$228.04 million which marks an increase of \$33.70 million or 17.34% when compared to the outlay of \$194.34 million for the fiscal year ending December 31, 2021. Recurrent expenditure for the year amounted to \$177.34 million, which is an increase of \$22.72 million or 14.70% when compared to the outlay of \$154.62 million for 2021. The main components of recurrent expenditure for the year were personal emoluments which accounted for 52.31% and goods and services which accounted for 21.84%. Debt service payments consisting of both principal and interest repayments amounted to \$24.98 million or 14.08% of recurrent expenditure.

22. Capital expenditure, which is an investment in both our physical and social infrastructure necessary to bring about the desired levels of economic and social transformation amounted to \$50.69 million for the period January to December 2022. This represents an increase of \$10.97 million or 27.61% when compared to the outlay of \$39.72 million in 2021.

23. Madam President, our overall spending for the fiscal year 2022 increased considerably in comparison to fiscal year 2021. However, it must be noted that there were several factors that caused this outcome, namely a rise in the inflation, the unprecedented increase in the price of fuel and its resulting negative effects across all sectors of Government spending, the 5% retroactive salary increase to all workers and pensioners, and significant support of our social safety net programs including subsidizing the fuel surcharge for domestic electricity consumers to bring much needed relief to our people.

24. Therefore Madam President, while our primary balance continues to show a surplus, our overall balance remains at a deficit of \$5.37 million, a marginal improvement over the outcome achieved in 2021 where the overall deficit stood at \$5.55 million.

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



25. Madam President, Value Added Tax (VAT) which is broad based tax that captures every sector of the economy, serves as a good performance indicator of the health of the local economy. VAT receipts are an important source of tax revenue for the Administration.

26. With some improvements in the global economy and the relaxation of travel restrictions, activities in the tourism sector are reviving globally and we keenly anticipate positive effects on our local economy over the medium term.

27. Madam President, the VAT collected at the Inland Revenue Department for the fiscal year 2022 amounted to \$19.0 million. This represents an 86.64% increase when compared to the \$10.1 million collected in 2021. Similarly, VAT receipts collected at the Customs Department for 2022 amounted to \$17.91 million, which represents an increase of 21.42% when compared to the \$14.75 million generated in 2021. Overall, total VAT collected for the year 2022 amounted to \$36.90 million which surpassed the \$29.52 million budgeted for that period, an increase of \$7.38 million or 25.01%. VAT receipts accounted for 34.79% of tax revenue or 27.03% of total recurrent revenue. It should be noted that VAT receipts prior to the pandemic averaged 25% of recurrent revenue as compared to the contribution of 27.03% of recurrent revenue for the last fiscal year, which is a remarkable recovery.

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

28. Madam President, the slowdown in economic activity and the resulting decline in Government revenue collections over the past 2 years have forced us to resort to debt financing as a means of funding our daily obligations. We continue to manage our debt with discretion and limiting borrowings for funding only programs and projects that are critical for our daily operations.

29. During the last fiscal period, after consultation with our bankers - the Bank of Nevis Ltd, \$15 million of the existing overdraft was converted to a long-term loan. Refinancing the overdraft facility gave us some spending capacity within our existing overdraft limit allowing us to finance our daily operations. Additionally, we negotiated a loan of \$11 million to finance the Island's

Main Road Improvement Project stretching from Cades Bay to Camps. We also continue to draw down on loan facilities from Social Security which were previously approved for the funding of capital projects on Nevis.

30. As it relates to debt accumulation at our Statutory Bodies, NEVLEC undertook loan funding in the amount of \$16.0 Million for the procurement of a new Wartsilla diesel generating set. NASPA undertook a debt consolidation exercise in the amount of \$1.6 million to provide financing for its daily operations.

31. Therefore Madam President, at December 31, 2022 Central Government Debt stood at \$458.27 million an increase of 3% when compared to the amount of \$443.38 million as at December 31, 2021. This net increase of approximately \$14.89 million primarily arose from the factors listed above. The domestic debt amounted to \$425.93 million dollars, representing 93% of Central Government Debt, while Foreign Debt amounted to \$32.35 million, representing 7% of Central Government Debt. When combined with the debt of our Statutory Bodies, the total public sector debt stood at \$523.92 million as at December 31, 2022. This represents an increase of 6% when compared to the total public sector debt as at December 31, 2021 which amounted to \$495.71 million.

32. We continue to be prudent in the managing of our debt given our limited resources. All new borrowings were in accordance with our usual debt strategy of using only low-cost debt instruments with interest rates averaging 3.5% annually. Additionally, we continue to utilize our sustainable debt strategy whereby we first ascertain whether the new monthly debt servicing obligations would create any unnecessary financial burden on the Administration before contracting the debt.

33. Madam President while the debt accumulation has been justifiable, we absolutely must during this fiscal year set ourselves on a path of debt reduction and shall incur additional debt only as absolutely necessary. Debt reduction will be a central part of our fiscal and debt sustainable strategy over the next 5 years.

## 4.0 INVESTING TO ACCELERATE GROWTH

### 4.1 *Public/Private Partnerships*

34. Madam President, the stark reality for Nevis is that our local resources are exceedingly limited. If we are to grow and develop our economy in a manner that brings tangible benefits to our people, then not only must we be able to win foreign direct investments but we also need to secure significant Public/Private partnerships as well. We continue to collaborate with the proposed new owners to redevelop the Nisbett Plantation Inn into a world-class resort facility. We have continued our efforts to expedite the development of two resort facilities on the lands at Pinney's Estate and we have made available an incentive package to the developers for the construction of a Marina at Cades Bay to develop the yachting sector. The preferred hotel brands being sought are luxury brands such as Six Senses, Auberge, One and Only, Rosewood and Aman. This will ensure that Nevis remains firmly fixed in the luxury market to which we cater.

35. We continue to leverage and seek partnership for the development of the former Rest Haven property, to construct a high-end facility consisting of duty free shops, restaurants, entertainment and commercial spaces along with a berthing facility to accommodate small and medium-sized yachts with all attendant services. This will ensure that our Island attracts the lucrative and growing yachting market while also improving the quality of life of our people through job creation, enhancing real estate values and promoting both active and passive recreational activities.

36. While Nevis welcomes the revenues generated by cruise tourism, we recognise that our tourism product can be more sustainable if we continue to target high value visitors who are interested in longer stays that more significantly impact our economy. To tap into that market, we need to position our airport as a convenient, dependable, safe, and efficient destination with superior private jet accommodation, providing adequate hangar space, parking and fuelling facilities, maintenance, and a first-class FBO. In addition, for the benefit of our own travelling public, we see the need to supplement the availability of air transport connections directly out of Nevis to the Caribbean and US mainland. We can only achieve these objectives by significantly improving our existing airport facilities.

37. Madam President, we are therefore negotiating a partnership with a private entity for the further development of the Vance Amory International Airport. This joint venture project will involve the extension of the airport runway by approximately 1500 feet to accommodate most private jets, as well as regional jets used by American Airlines and other US carriers, the provision of fueling for aircraft, hanger and additional parking, as well as upgrading of the facilities at the terminal building. This development has the potential to transform the VAIA into a first-class private jet and regional airport facility with accompanying services not only for luxury travelers but for our own people as well. We commit to enhancing our tourism offerings by working to attract the private jet industry as well as regional carriers which will offer scheduled and charter services from the US mainland. Nevis has the potential to compete favourably in that high end market and we intend to exploit our full potential in this regard.

38. Madam President, the Call Centre Facility at Brown Hill is another turn-key operation readily available for public/private sector partnership. This facility is fully furnished and ready for use. We are currently engaged in very fruitful discussions with potential operators and we believe that we can solidify a partnership during this fiscal year and return operations to this facility. This will assist considerably in greater job creation especially among our youth.

39. The time is ripe for promoting Nevis internationally by establishing a physical presence in a major commercial city. To that end we intend to set up an Invest Nevis office on Wall Street, New York. We are currently in discussions with one of our existing service providers who has offered us an operating space at their offices in New York, from which we can partner with them in the promotion of Nevis not only as a tourism destination but also as a destination for foreign direct investment. This arrangement will provide Nevis with a greater reach and exposure in the investment capital of the world.

#### ***4.2 Tourism Sector***

40. Madam President, our Tourism Sector has begun an impressive recovery from the COVID-19 pandemic which had stifled our visitor arrivals and earnings for the past two years. Our hotels are reporting robust bookings with much improved occupancy and nightly room rate levels comparable to and exceeding the pre-pandemic era. These improvements in economic activity are

also evidenced by stronger bookings, longer lead time for bookings and improved earning capacity as being reported by taxi and tour operators, activity and events coordinators, and managers of dining and accommodation establishments.

41. Importantly, we have seen the return of cruise and yacht tourism with 47 cruise calls which are expected to bring just under 20,000 visitors to our shores. In addition to the direct calls to Nevis, we have seen large increases in the number of cruise and other visitors who arrived in St. Kitts and chose to journey to Nevis to experience our hospitality.

42. Nevis continues to earn several accolades. The destination was listed by Caribbean Journal as one of the top destinations for travel in 2023 and was characterized as a tiny island that punched far above its weight. Sunshine's Bar & Grill was also recognized by Caribbean Journal as having the best rum punch in the Caribbean. Kudos also to Montpelier Plantation & Beach and the Four Seasons Resort, Nevis which are consistently ranked highly by various travel publications for their exceptional service and customer experience. Further, Nevis has committed to hosting the 10th Biennial CTO Human Resources Conference in November of 2023. This conference is expected to attract scores of regional and international delegates.

43. Madam President, our flagship project, the Malcolm Guishard Recreational Park, which was a joint investment between the NIA and the Republic of China (Taiwan) continues to be a major attraction for visitors and residents alike. During its first year of operation, the park welcomed approximately 40,000 visitors and received bookings for more than 200 events. In light of this, further efforts will be geared towards diversifying and improving the facilities at the Park to stimulate growth in the use of this venue.

44. Madam President, I am happy to report that we have received further funding from the Taiwanese Government to pursue additional development at the lower end of Pinney's Beach all in an effort to enhance the ambiance in that area and raise the value of our tourism product offering. Work on this phase of the project will see upgrades to the restaurant and beach area on the western side of the park focusing on landscaping, enhanced drainage and flood control, improved road network, parking for over 100 vehicles, a boardwalk, smart street signs, enhanced security and bathroom facilities. This project, which has already commenced, is expected to take 16 months to

complete at an estimated cost of US\$3.3 million which will be primarily funded by the Government of Taiwan.

45. The Ministry of Tourism will continue investment in community-based tourist attractions as a means of enhancing our tourism product offerings. This will be achieved through collaboration with our allied partners and coordinators of authentic festivals such as the Jessups Seafood Fiesta, the Nevis Mango Festival and the St Kitts and Nevis Restaurant Week. A third segment of our tourism training module will be rolled out shortly and will focus on establishing an inventory of tourism assets, improving and diversifying tours and fostering entrepreneurship particularly in the St Thomas' community.

46. Madam President, enhancement work will continue at the Bath Stream and thanks to an investment of US\$108,000 secured from the US Ambassadors' Cultural Preservation Fund, work has commenced on the restoration and stabilization of the historic Bath Hotel, which, incidentally, has been earmarked as one of the best potential heritage assets on Nevis worthy of UNESCO World Heritage status designation. To achieve this designation we will continue to support the efforts of the National Historical and Cultural Society. Even though we have recently poached one of their most productive assets in the person of the Honorable Jahnel Nisbett, we hope they will quickly find a suitable replacement.

#### ***4.3 Revitalizing the Construction Sector***

47. Madam President, even as we anticipate the rebound of a robust Tourism Sector, the construction sector continues to carry its weight as a dominant pillar of the economy. The data as provided by the St. Christopher & Nevis Social Security Board showed that reported employment in the construction sector stood at 504 jobs as at December 31, 2022 representing 8.7% per of total average employment for 2022.

48. During the period January to December 2022, a total of 384 development applications were received by the Department of Physical Planning. These applications include construction and renovation of residential properties, commercial buildings, land clearing and land subdivision. Of the total submitted 328 applications were approved with 170 applicants commencing construction

work during the said period. As at December 31, 2022 there were a total of 184 active construction sites being monitored by the officers of the Department of Physical Planning.

49. The above data signifies the importance of this sector to our economic development. In recognizing the construction sector as a critical pillar of the Nevis economy and its role in the socio-economic development of the Island, we commit to continuing to stimulate activities in this sector through a variety of programs and initiatives. We commit to extending the duty free concessions granted under the first time homeowners program, extending concessions to those persons constructing commercial building spaces up to June 30, 2023 and reducing the Alien Land Holding license fees to 5% on the purchase of land or existing buildings whether residential or commercial.

50. Madam President, the First Time Homeowners Concessions Program as well as the Covid Stimulus Construction initiative have proven to be a significant economic boost to the construction sector, facilitating the fast tracking and conversion of approved plans into active construction sites, thereby creating employment. Notwithstanding the success of the Program, the Administration now needs to introduce policies that will further boost the sector, by making the approvals time bound. Effective immediately all applicants for First Time Homeowners Concessions will be enrolled for an initial period of 24 months as it is expected that financing can be arranged and the construction of homes can be fully completed within a 24 month period. A further assessment can be made at the end of this period to determine the need for any further extension of concessions but such extensions will be granted sparingly.

51. The Covid Relief Construction stimulus program, which was also introduced to boost employment in the construction sector through the renovation and remodeling of existing homes, will be phased out during this current year. Persons already enrolled in the program will be given a six (6) month period to June 30, 2023 to complete these renovation and remodeling works.

#### ***4.4 Advances in the Agricultural Sector***

52. Madam President, the St Kitts and Nevis Agriculture Growth and Transformation Strategy (SKNAGTS) is the driving force for the advancement of our Agricultural Sector. This is a ten-year

strategic plan conceptualized at the Federal level designed to tackle challenges facing the agricultural sector by providing a common vision, formulating guiding principles and framing solutions for sustainable and resilient agri-food systems.

53. This Federal strategy is also in keeping with the current mandate of our own Ministry of Agriculture to ensure Food and Nutrition Security for all. ***To be self-sufficient, we must position ourselves to feed ourselves.*** This was a critical lesson learnt during the period of the recent pandemic. Our mandate has therefore shifted from merely ensuring food security to that of achieving food sovereignty. *Food sovereignty refers to the right of people to have access to healthy and culturally appropriate food produced through ecologically sound and sustainable methods along with their right to define their own food and agriculture systems. The concept of food sovereignty puts the aspirations and needs of those who produce, distribute, and consume food at the heart of food systems rather than the demands of markets and corporations.*

54. In light of this, the Agricultural sector will continue to be one of the prominent sectors of focus of our Administration during this fiscal year. We must laud the efforts of our vegetable and livestock farmers for their outstanding contribution to the continued growth and development of this sector. We must also commend the efforts of our younger generation of farmers who have joined this sector and are prepared to adopt technology to increase production yields and venture into the production of non-traditional crops.

55. The thrust toward shade house technology as a means of increasing production yields and mitigating the effects of climate change continues to be an area of focus. During the year 2022 a total of three (3) new shade houses were erected on island bringing the total number to twenty-five (25) active shade houses presently under agricultural production.

56. Madam President, to supplement the supply of meat products on island we will continue to advance our efforts at establishing a Poultry Industry on Nevis. This concept is driven primarily by the fact that when we examine our imports of chicken products we recognized that during the year 2022 a total of 519,184 pounds of chicken and chicken byproducts at an estimated value of \$1.5 million were imported. This was lower than the 706,800 pounds imported in 2021 due to the current shortage of chicken products on the world market, especially in the USA.



57. Madam President, we are convinced that the benefit of eating locally produced food, will positively impact changes in our consumption patterns and the desire of our residents to eat more healthily will be a driving force for the success of this industry. In this regard, the Department of Agriculture has already expended the amount of US\$260,000.00 to acquire a turnkey bird processing plant which should arrive on island during the first quarter of this year. This has the capacity to process 700 – 800 birds per day. This facility will operate in a similar manner as the Abattoir, managed by the Department of Agriculture, and outsourcing the production of birds to local farmers. The Department of Agriculture will in short order unveil a package of fiscal concessions to stimulate the interest of persons wishing to venture into this sector. The Ministry of Agriculture has already identified 60 acres of lands at Webbes Estate which will be subdivided and made available to entrepreneurs who are interested in pursuing the rearing of birds.

58. The development of a Hatchery on Nevis will also be encouraged. This is of paramount importance as the poultry industry relies heavily on the availability of small chicks to replenish the stock of birds. Having the ability to provide our own replacement birds on a regular basis to both our egg producing and broiler farmers in the Federation will greatly add to the sustainability of this project. It will also create a niche market for Nevis as a supplier of replacement birds for neighbouring islands who normally would have to rely on Barbados and the USA to supply replacement birds to support their poultry industry.

#### ***4.5 Repositioning the Financial Services Sector***

59. Madam President, we continue to advocate for a Financial Services sector driven by Registered Agents operating side by side with the Administration. To achieve this we must develop a meaningful partnership with the Nevis International Service Providers Association (NISPA), the representative arm of the Registered Agents. I am happy to report that there have been positive steps to advance this partnership.

60. During the period November 1 – 3, 2022 I had the pleasure to lead a joint contingent of Government officials representing the Nevis Financial Services Sector and the Registered Agents to the Private Wealth & Latin America Forum in Miami. This event was a huge success as it gave

our registered agents a chance to network and dialogue with the delegates attending the conferences in a manner that set the foundation for lasting partnerships which can be to the benefit and growth of the sector.

61. Our Administration has already committed itself to actively participating in at least three (3) international marketing initiatives/road shows each year in which Nevis will see itself as part sponsor of these international marketing events. The joint sponsoring of these events gives us the opportunity to host private Nevis events as part of the schedule so that we can make a direct sales pitch to the participants attending these events. We look forward to working closely with all Registered Agent to identify the best of such opportunities that have the potential to propel Nevis to the next level among international financial centres.

62. Madam President, this sector is undoubtedly one of the major earners of Government revenue, contributing at least 9.7% of our revenues annually. During the period January to December, 2022 a total of 2,674 new entities were incorporated when compared the 1,842 entities incorporated for the same period in 2021. Total direct Government revenue generated by this sector during the period January to December 2022 amounted to \$13.3 million. At December 31, 2022 there were 13,702 active entities on register.

63. During the last fiscal year, we witnessed an increase in new business incorporations along with the re-domiciliation of entities onto our register from competitor jurisdictions where new measures have proved challenging or unsustainable for some entities. While we welcome the re-domiciliation of entities, I wish to assure everyone that Nevis will not accept or approve any new business without our usual extensive due diligence process, ensuring full compliance with the laws and regulations of Nevis. We have a duty to ensure that we attract only reputable business if we are to continue to uphold and protect the integrity of our jurisdiction. In a further effort to facilitate the domiciliation of other entities, my Administration has instituted an incentive package that we hope will attract new service providers to establish their physical presence in Nevis. These initiatives form part of our overall strategy to grow the Financial Services Sector by at least 50% annually over the medium term.

64. Considering this Madam President, we pledge to commit more resources to this sector. Provisions have been made in the budget for this fiscal year for additional staffing for the Nevis Financial Services Department so as to enhance our ability to properly supervise and monitor activities in this sector. We will reconvene the annual in-person AML/CFT/CPF Conference which served as a training opportunity and exposed all practitioners within the Financial Services industry to international best practices. We intend to implement technological solutions to assist with the risk-based supervision of regulated entities and will collaborate with other competent authorities within St. Kitts & Nevis to pursue the upgrades of technical compliance ratings that were outlined in the CFATF Mutual Evaluation Report.

65. Our Legislative agenda for this fiscal year will include various amendments to our Financial Services Products Legislation, especially our International Banking and Trust Legislation, to keep us on the cutting edge of competitiveness and align us with the requirements of the various international Financial Services Regulatory Agencies. Additional Regulations will also be proposed for the Trust and Corporate Service Providers in accordance with the Standards set by the Group of International Financial Centre Supervisors.

#### ***4.6 Infrastructure Development***

##### ***4.6.1 Roads***

66. Madam President, our road rehabilitation program has been the envy of our neighbours and has greatly enhanced the landscape of Nevis. This program has sought to transform the way of life and the physical surroundings of all the communities of Nevis.

67. During the last fiscal year extensive work was completed at upper Chapel Street which saw the widening and realigning of the road network and upgrading of the drainage in the vicinity of the Charlestown Methodist Church; reconstruction of the Methodist Church perimeter wall; the reconstruction of the road adjacent to the Prospect Power Station; the reconstruction of roads at Camps, Liburd Hill and Nisbett Settlement along with the adjoining road leading from Malcolm Hill to lower Prospect Road. These works formed part of our secondary road rehabilitation program to which the amount of approximately \$2.0 million was allocated.

68. As it relates to our major road rehabilitation program, extensive work was carried out on phase 2 of the Butlers Rehabilitation Road project. This followed on from Phase 1 which was completed in 2021 and included the rehabilitation of approximately 3000 feet of road extending from the entrance to Butlers ending at the Butlers Health Centre. This also include the realignment of driveways and the reconstruction of perimeter fence walls. The amount of \$3.5 million was allocated for the completion of these works of which \$2.3 million has been expended. It is anticipated that all remaining works on this project will be fully completed during this fiscal year.

69. Madam President, work on the Bath Village Road Rehabilitation Project also commenced in 2022. We commend the good people of Bath for their patience and understanding as these works progressed at a much slower pace in comparison to the works at Butlers. The obvious reason is that the infrastructure and the layout of the road network in Bath is very challenging and extra time had to be spent to deal with these intricacies. These works include the rehabilitation of approximately 3400 feet of the Bath Village Main Road and an additional 4000 feet of road in Lower Bath. The amount of \$3.9 million has been allocated to this project which is expected to be fully completed during this fiscal year.

70. The rehabilitation of the Island Main Road project from Cades Bay to the entrance of the Mount Nevis Hotel and extending from the Newcastle Police Station to Camps also commenced during the last fiscal year. This work was privately contracted and funded through a loan of \$11 million provided by the Bank of Nevis. These works include the realignment of some sections of the road, improvement in drainage and the general resurfacing of this section of the Island Main Road. It is expected that these works will be completed during the first half of this fiscal year.

71. Madam President, to spur further economic activity, we must now seek to open up road networks in new and emerging communities to provide not only for residential development but for commercial development as well. Your Government shall commission a feasibility study for the opening up of the road network from Long Point to Indian Castle via the southern belt of the island. This study will identify the cost of the infrastructure to be installed, identify landowners in that area, determine the alignment of the road network itself, identify drainage issues and coastal protection measures that would have to be implemented to make this project a reality. The information garnered from this study would greatly assist the Administration in its planning

process to determine the resources necessary to be allocated to this project. Further reporting on this project will be provided in the future.

72. In the meantime, rehabilitation of the road network connecting Church Ground to Hamilton, Maynard's Ground, Brown Pasture, Cotton Ground along with the milling and resurfacing of the By-pass Road leading from Pump Road to the Artisan Village are also scheduled to be undertaken. We have allocated the amount of \$10.0 million to fund our road rehabilitation program for this fiscal year.

#### ***4.6.2 Water***

73. Madam President, in the area of water services development, our water storage and distribution system is now on par and in some cases exceeds that of many of our neighbours. We completed the installation of the new reservoir at Pond Hill at a cost of US\$426,000.00. This reservoir has the capacity to store 250,000 gallons of water for use by residents of Gingerland and the surrounding areas. Having achieved huge success in our water storage capabilities, the efforts of the Department will now be geared towards upgrading and maintaining our water distribution mains Island-wide so as to bring water outages and disruptions to a minimum.

74. Working with the Department of Public Health, work will commence on the improvement of the drainage in Charlestown thus enhancing the general sanitary conditions of our city center.

75. As our people build out more commercial and residential properties, the delivery of reliable and adequate sources of water must keep pace with development. We must continue to meet our responsibilities in this regard. To this end we will continue to take steps to identify and harvest additional water supply through the drilling of wells and will also seek to explore the possibility of desalination as an option to meet the growing needs of our people while at all times encouraging our people to be conservative in their use of this scarce resource.

76. Madam President, climate change continues to disrupt the global environment negatively and the water supply on the Island is not immune to its impact. We have seen the change in rainfall patterns and, notwithstanding the recent unusually wet January and February, we note the

reduction of overall rainfall quantities. Our water aquifers are severely overdrawn as the rate of recharge continues to be significantly reduced. We will continue to monitor and manage these water sources to ensure that there remains an adequate supply to meet daily demands. We have made significant investments in water systems and I use this opportunity to encourage consumers to pay their bills on time so as to provide the Administration with the revenue stream necessary to support the reliable delivery of water services. Our water rates are affordable and those who can pay but refuse to pay must not be allowed to abuse the system.

#### ***4.7 Energy Sustainability & Security***

77. Madam President, the impact of recent international events, makes us keenly aware that our current reliance on fossil fuels to meet our energy needs is unsustainable. Nevis experienced the damaging effect of rising fuel prices last year and if nothing else that experience has caused us to turn our attention to alternative energy sources as we seek to build a new clean and green economy over the long term. There are thousands of new employment opportunities being created as the world transitions from fossil fuels to clean energy sources. The realization of geothermal energy will position Nevis to take its place as one of those economies transitioning to green energy.

78. Nevis has a geothermal resource that is among the best in the world. This has been confirmed by various studies and the results of exploratory wells drilled in 2008 (N-1, N-2, N-3) along with the N-4 well drilled in 2018. Based on recent assessments, it has been determined that this resource can support generating capacity well in excess of the demand for electricity in the Federation of St. Kitts and Nevis. This additional capacity will be available for export of electricity to other islands and for new industries based on byproducts such green hydrogen/ammonia/fertilizer for local use and export.

79. Madam President, we welcome the confidence shown by the Caribbean Development Bank (CDB) which has approved USD\$17.0 million for the drilling phase of the Geothermal Project. This includes the drilling of 3 production and 2 injection wells, scheduled to commence in June 2023. Of this funding the amount of US\$1.0 million is allocated for contracting of technical expertise to support implementation of the project with the remaining US\$16.0 million provided as a Contingently Recoverable Grant (CRG) towards drilling of the wells. This Grant along with

any additional funding necessary for the completion of the wells will be refinanced through a concessional loan from the CDB, should the wells prove to be commercially viable. It must be noted that in the event that the project is deemed not economically viable after the drilling of the wells, these funds will not need to be repaid and therefore will pose no loss to the taxpayers of Nevis or St. Kitts.

80. In accordance with CDB procurement procedures, a tender was launched for a Contractor to provide the drilling services, including drilling rig, wellhead equipment, casings and integrated drilling services. The bids are due March 9, 2023, following an extension of one month at the request of prospective Bidders. It is expected that bids will be evaluated and necessary approvals obtained. Drilling is expected to commence within six months from signing of Contract and it is also expected that drilling will be completed within a further period of six months.

81. Madam President, this financing arrangement offered by the Caribbean Development Bank is a watershed moment in our quest to pursue geothermal energy development. After years of waiting, we can now proclaim with a high degree of certainty that our geothermal ambition is within reach. There can be no question, that geothermal energy will represent our energy independence and energy security not only for Nevis but also for our brothers and sisters on St. Kitts. We thank again the Federal government led by Prime Minister Dr Terrance Drew for its reliable partnership on this critical project.

82. The economic impact of harnessing geothermal energy is tremendous for both local use and as an incentive for direct investment into Nevis. At the proposed ***purchase price to Nevlec*** of US\$0.09 cents per kilowatt hour, Nevis promises to have the cheapest and cleanest electricity in the region paving the way for significant savings for our people. In addition, geothermal energy will position us to benefit from foreign direct investment from business entities which are heavily dependent on energy for their daily operations. We are now well poised to take advantage of the gift, that is geothermal resource, and to propel Nevis into a new era of development.

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

83. Madam President, crime is a social problem that requires an all of society response. We are delighted that through a variety of initiatives and working with the Federal Government, we have dramatically reduced violent crime by 15% on Nevis. I wish to salute the Police High Command and officers of the Nevis Division as well as the contingent of the army based on Nevis for their sterling contribution in this regard. I also wish to commend the leadership and staff at the CCTV Command Centre who continue to work diligently to provide support to our security forces.

84. We acknowledge that pursuant to the Constitutional provisions, security is a Federal matter and it should be the responsibility of the Federal Government to provide for the security forces stationed in Nevis. However, we believe that as a local Government it is also our responsibility to provide for the safety and security of our people. We therefore continue to allocate funding in our local budget as a supplement to provide equipment and services for our security forces stationed in Nevis.

85. Madam President, the rollout of our CCTV Program island-wide continues apace. To date we have laid approximately 12 miles of Fibre Optic Cable stretching from Fothergills in Gingerland to the Water Taxi Pier at Oualie via the Charlestown route. It is our intention over the medium term to complete the connection from Oualie to Fothergills via the Newcastle route thus providing a complete 360-degree cover for our CCTV Program.

86. In addition, we continue to provide duty free concessions on the personal importation of surveillance cameras for private homes and businesses as part of our crime fighting efforts. As it relates to the protection of our borders in Nevis, I am pleased to advise that we are in advanced talks to establish a fully equipped and functional coast guard and military base on Nevis as well as a radar installation. We are resolute in our commitment to drastically reduce criminal activities within our shores.

## **5.0 SOCIO ECONOMIC TRANSFORMATION**

### ***5.1 Transforming the Education Sector***



87. Madam President, our quest to deliver exceptional tertiary level education and technical vocational education has never been more targeted. The construction and opening of the Nevis Sixth Form College in October 1980 has been transformational for Nevis. It provided our school leavers the opportunity to remain at home in Nevis and attain A Level passes in comparison to their predecessors who had to travel to Basseterre to attain the same. Prior to that, students with academic potential but without the economic resources to relocate to St. Kitts, obviously were denied the opportunity to further their education. This was unacceptable hence the push by the then Nevis Island Administration to open the Nevis Sixth Form College.

88. Having witnessed the success of that institution, it is obvious that the time is nigh for increasing access to tertiary level education on Nevis. Preparations will shortly commence for the construction of a full-fledged community college which we propose to name after our national hero the Right Excellent and Right Honorable Sir Simeon Daniel, once the family so allows. The Sir Simeon Daniel Community College will allow Nevisians an even greater opportunity to access tertiary level education through avenues such as the UWI Open Campus training along with other online degree courses offered by international and regional universities. The certification and training of our technical students by regional technical education institutions such as the University of Technology in Jamaica will also be facilitated through this endeavour.

89. To complement the push for further educational advancement, our pursuit for Technical Vocational Certification will be heightened over the medium term. The Technical Vocational Education Training Centre in Gingerland is already completed and we shall soon construct a larger centre in Charlestown. We have invested in the education and training of a number of technical instructors in a variety of areas all of whom should be completing their training and returning to Nevis in the very short term.

90. Madam President, the goal of this Government is to ensure that by December 31, 2024 all our skilled persons who have been practicing their craft over the years and especially our youths, are certified in their relevant field and can publicly display their certificates. This will level the playing field in the local job market and put our people on a competitive path and on par with their counterparts from around the region who have long since been able to obtain a CARICOM Skilled Certificate in their native countries.

91. The infusion of technology in the delivery of education will continue to take priority over this and upcoming school terms. The blended approach to learning, instituted during the pandemic, which saw students accessing both online and in person sessions will be further rolled out over the medium term. This will enable our students to access their assignments online and return completed work online thus improving the delivery of education to our students.

92. We will continue to partner with allied agencies and interested parties such as Gulf Insurance for the sponsoring of our annual Inter-Primary Athletic Championship and the Windsong Foundation which graciously donated 5 school buses along with 250 tablets for our students, laptops for teachers and musical instruments including steel pans for the Nevis Cultural Development Foundation. These entities have all contributed generously over the years to the delivery of education and we encourage others to follow their lead.

## ***5.2 Health Care, Social Protection & the Environment***

### ***5.2.1 Health Care***

93. Madam President, the new realigning of the Department of Social Services and Community Development with the Ministry of Health provides an excellent opportunity for us to further advance our people-focused agenda. There is much to be gained by the combining of the resources of these two entities as we seek to grapple with the numerous health and social challenges confronting our seniors, our retirees, our single mothers, our mentally ill and others who are in need of social protection.

94. Strengthening partnerships for health is a practical response to meeting the health needs of our people. In this regard the Ministry of Health was elated to partner with ENT and Allergy Associates of Florida to make available free access to ear, nose, throat, allergy, and audiology care to persons on Nevis in need of those services. This clinic which was held in Nevis in October 2022 was a huge success and saw a total of 155 persons accessing these services on that occasion for free. We expect ENT doctors to visit the island a few times each year to serve our needs. The Four Seasons Homeowners Association must also be commended for funding a state-of-the-art Emergency Dispatch System that seeks to revolutionize our capability for responding to emergencies. In very short order Nevis will have its own dedicated Emergency Number akin to 911 that will see a response directly from the hospital and ambulance dispatch services.

95. As it relates to our diagnostic services, last year we completed the installation and commissioning of a state of the art Phillips 128 slice CT Scan machine at the Alexandra Hospital. This unit is now fully operational, and our people are already accessing services at this unit. Our patients no longer need to travel to St. Kitts or elsewhere at considerable cost to access such services. We thank again the Drahi Foundation for its philanthropy in donating this critical piece of equipment.

96. Last year we also commissioned a special Chemistry Analyzer – giving us rapid response capability for a wide range of diagnostic tests as well as PCR testing equipment. We also expect to install a state of the art mammogram machine before June 2023. Our investment in medical equipment is all in an effort to enhance the diagnostic services provided at our hospital.

97. Madam President, I am pleased to report that we have received the internal layout drawing from the Consultants contracted to do the interior design layout for the new wing at Alexandra Hospital. All the external finishes on that project are substantially complete with the installation of doors and windows along with the external painting of the structure. Our efforts will now focus on the final phase of the project which is the interior design. This phase will involve the installation of special floor tile, installation of oxygen gas pipe lines, installation of elevators, installation of special lighting to outfit the surgical theatre suite to name a few. Primary focus for this year will be to fully complete the lab, physiotherapy, radiology and the surgical theatre. We

have allocated the amount of \$12.0 million in this budget to finance the works expected to be completed in this fiscal year.

98. During this fiscal year we will continue to focus on the physical build out of our health care facilities. The Mental Health Services unit has been permanently relocated to its newly renovated premises at Prospect. This new location is not only more conducive to patient care but also embraces the patient, family, and caregivers in a more psycho-socially supportive therapeutic environment. The deteriorating physical condition at the Charlestown Health Centre has made it difficult for us to continue to provide services at that location. Work will commence shortly on the relocation of the Charlestown Health Centre to rented premises allowing us to complete the plans for the design and reconstruction of a new structure as we seek to modernize our primary care facilities.

99. Madam President, the acute shortage and unequal distribution of qualified health personnel are major constraints in providing universal access to health care for all. Although our complement of doctors and nurses has increased over the past years with the recruitment of professionals from Cuba and the Philippines, along with returning Nationals who have completed their field of study, shortages still persist. To alleviate this problem our Government has taken several initiatives to spur the interest of our citizens in pursuing careers in Nursing and for our newly graduated medical doctors to pursue further education in specialized areas such as Surgery, Internal Medicine, Anaesthesiology, Cardiology Gynaecology and Orthopaedic Surgery. These are all critical care services which must be available to our people.

100. We are aware that health care related costs are escalating, making access to the highest level of health care especially difficult for those who are uninsured. In this regard, pursuing the National Health Insurance scheme is of paramount importance. We note the delays associated with the introduction of this scheme but we remain committed to working closely with the Federal Government to pursue the introduction of this initiative to improve the delivery and affordability of health care.

### ***5.2.2 The Environment***

111. Madam President, my Government is committed to the protection of the natural environment in Nevis. We will continue our efforts at banning single use plastic and Styrofoam. We stand committed to providing fiscal incentives to encourage businesses to switch to biodegradable alternatives which are more eco-friendly and we pledge to work with the water bottling companies to seek to repurpose or reuse plastic bottles.

112. We must pay special attention to our landfill at Low Ground. Every effort will be made to institute new waste disposal measures at the landfill such as the commissioning of a low emission incinerator. We have already invested in two new garbage trucks and additional heavy equipment for use by the Authority and we have mandated the Solid Waste Management Authority to invest in a wood-chipper to be placed at the landfill to convert plant materials into plant mulch which can be resold for agricultural use. We note there is still a persistent issue with derelict vehicles island wide even after our successful efforts a few years ago to reduce this stock.

113. Our Administration will seek to re-institute the island wide recycling program to deal with derelict vehicles and white goods to clean up the landscape of Nevis. We applaud the partnership of the Republic of China (Taiwan) in initiating a plastic recycling system at our land fill and we encourage our residents to separate plastics from their regular garbage.

### ***5.3 Engaging our Youth***

114. Madam President, our program for the youth must be one that provides real opportunities for career development and their advancement. We continue to be alarmed that despite our best efforts there still exists profound inequalities resulting in some of the most vulnerable groups particularly the young, lagging behind. This has manifested itself in the underperformance and marginalization of young men; relatively high rates of teenage pregnancy; substance abuse and ultimately an increase in crime and violence. It therefore requires even greater effort by the Government, private sector and community and social organizations if we are to change this course and bring about meaningful behavioural changes among our youth.

115. Madam President, changes to our education system must be a major point for consideration. It is our hope that the aligning of the Department of Youth with the Department of Education can provide an opportunity for us to introduce our students to youth intervention programs at a very

early age. Programs targeting our at-risk youth can now be introduced even while they are attending school thus allowing us to invest significantly in programs to offer our disaffected youth, alternative pathways.

116. Additionally, our renewed focus on Technical and Vocational Education and Training (TVET) and Science, Technology, Engineering and Mathematics (STEM) will also provide opportunities for young persons to channel their energies into highly technical areas such as robotics and coding. These programs may be new to us, but are fully functional in other countries. Their introduction forms part of our Administration's vision for harnessing the array of skills among our youth while ensuring that they are exposed to the same level of development and training to keep them on par with their counterparts throughout the region.

117. We will continue to facilitate our youth in business program. We have made great strides through our micro-lending program offered by the Small Enterprise Development Unit (SEDU). This program is geared toward lending to women and youth under 35 years of age. We are heartened by the penetration rate and are quite happy to see a number of young persons availing themselves of the opportunity for funding and undertaking business activities across a variety of sectors.

## **6.0 SOLUTION FOR OUR HOUSING NEEDS**

118. Madam President, our housing revolution has been transformational. During the fiscal year 2022, the Nevis Housing & Land Development Corporation built a total of twenty-two (22) homes at a cost of \$6.0 million, with a further seventeen (17) homes currently under construction with an estimated cost to complete of approximately \$5.7 million. Additionally, four (4) private houses were built at a cost of \$850,653.03.

119. These newly constructed homes are located in Maddens, Hamilton, Craddock Road, Prospect and Garners. Therefore, a total of 260 homes at an estimated cost of \$62.9 million have been constructed by the Housing Corporation during the period 2013 – 2022.

120. The housing revolution so ably initiated and executed by the former Minister, will continue into this new fiscal year to meet the continuing demand from citizens to own their own homes. Given the scarcity of Government owned lands available for housing development, your Government will embark upon significant land acquisitions at Garners Estate and is currently finalizing a land swap agreement to permit the people of Barnes Ghaut the opportunity to expand their village after many years of concern.

## **7.0 FISCAL PROJECTIONS 2022**

### ***7.1 Fiscal Measures***

121. Madam President, as it relates to our fiscal measures, we support the view of most economists that increasing taxes above the optimum level will serve as a deterrent to increased economic growth, business expansion and prosperity. We also subscribe to the notion that it is the duty of every government to sustain growth in the economy through the creation of good high quality paying jobs and expand opportunities for entrepreneurial development in a manner that improves the livelihood and standards of living of our people.

122. Therefore, Madam President my Administration aims to present a budget for this fiscal year 2023 that is free of any new taxes. While we have not sought to implement any new taxes, we will however make a concerted effort to collect any and all arrears of taxes due. We therefore use this opportunity to encourage delinquent taxpayers to immediately formalize a payment arrangement with the various departments of Government for the payment of any taxes and fees in arrears.

123. As in previous years, we will continue to implement stronger tax collection practices designed to reduce the level of arrears thus raising our tax collection rates. This strategy is already showing signs of success with increases in Tax Revenue for the period 2022 when compared to previous years. We will also continue to work with the Federal Government to amend the Value Added Tax (VAT) Legislation to remove the single filing mechanism thus allowing for all entities operating in Nevis to file and pay their VAT in Nevis. Moreover, we will seek assistance to amend the relevant sections of the Companies Act including section 245 subsections (2) to (5) and also

the Income Tax Act so as to allow all business entities operating in Nevis to register, file and pay their Corporate Income Taxes in Nevis.

124. Coupled with this will be the streamlining of our tax concessions policy, limiting exemptions from the various taxes only to areas as prescribed in the relevant legislation or through Cabinet policies or when necessary to be used as a short-term tool to drive long-term benefits of increase levels of business activities, which ultimately lead to increasing employment opportunities for our people. We have already discontinued the random policy of granting duty free concessions on vehicles to every holder of a business license but instead limit concessions only to instances where the acquisition of the vehicle plays a vital role in the commercial activities of the business. The deciding test will be whether or not in the absence of the vehicle the core functions of the business will cease to exist.

125. We are forever minded that we are constrained by limited resources. Therefore Madam President we will seek to implement our programs in an efficient and effective manner to safeguard our resources through the strengthening of internal systems aimed at preventing waste, duplication and overlapping.

126. As part of our planned economic transformation, we will seek to implement reforms that will deepen and improve efficiency and effectiveness in the utilization and execution of our annual budget. This entails rationalizing public expenditures to remove waste, developing and enforcing cost benchmarks for projects and consumables through the strengthening of the program budgeting process. Expenditure tracking and value-for-money audits will be undertaken regularly to ensure efficiency in the use of our scarce resources.

127. Therefore Madam President, the broad strategies underpinning this budget and for strengthening the foundation for sustained economic growth and development over the medium term are anchored on the following strategies, namely:

- (i) Ensuring the business environment is conducive to attracting high quality investment, employment creation and economic prosperity in emerging areas such as informatics and energy.



- (ii) Accelerating agricultural transformation for enhanced food sovereignty.
- (iii) Investing in infrastructural development such as roads network, energy, water supply and airport to improve on connectivity and investor attractiveness.
- (iv) Investing in our social infrastructure for quality and accessible health care services as well as our social safety net programs to reduce the burden of vulnerable households.
- (v) Developing human resource capacity through expansion and improvement in quality education, especially in areas that require technical skills to prepare our people to take advantage of the employment opportunities in new and innovative sectors.
- (vi) Continue to take greater steps to close fiscal imbalances by lowering the current account deficit and controlling expenditure.

## ***7.2 Projected Revenues and Expenditure***

128. Madam President, the total expenditure budget for the fiscal year 2023 is set at \$261.6 million. This represents an increase of 14.2% over the 2022 budget estimates driven mainly by increases in our capital investment program. We have allocated the amount of \$195.5 million to recurrent spending representing 74.7% of the total projected budget expenditure.

129. Our Administration is projecting to collect the amount of \$146.5 million in Recurrent Revenue but when compared to our projected Recurrent Expenditure allocation of \$195.5 million provides a recurrent deficit of \$49.0 million. This deficit will be covered by a portion of \$66 million received annually from the Federal Government, being a share of revenues from the CBI program. The remaining amount of \$17.0 million will be allocated to funding our capital expenditure program.

130. Madam President, the amount of \$66.1 million has been allocated to our capital expenditure program. This represents 25.3% of total projected expenditure, an increase of 37.2% when compared to the capital allocation of the 2022 fiscal period. This major increase in the capital budget symbolizes the determination of this Government to undertake a number of capital

investment projects. These projects are an integral part of our infrastructure development program and underscore our commitment to the continued development of the island.

131. Funding for our capital expenditure program will comprise of \$5.50 million in loan funding from the Bank of Nevis to complete the Island Main Road Project; \$4.5 Million in grant funding from the Taiwanese Government to finance Phase 2 of the Pinneys Park Project along with \$1.0 million of funds remaining under the previously approved Social Security loan to fund capital projects on Nevis. It is our intention to seek additional financing at concessionary rates not exceeding 3.5% to cover this shortfall in our capital budget.

132. Madam President, a summary of resources projected to date to finance our 2023 expenditure program are outlined as follows:

➤ Current Revenue	- \$146.5 million
➤ CBI proceeds	- \$66.0 million
➤ Bank of Nevis Loan	- \$5.5 million
➤ Taiwanese Grant	- \$4.5 million
➤ Social Security loan	- \$1.0 million

133. I wish to make it abundantly clear that annual budgets are merely projections for revenue and expenditure. Even though we have made these projections, we are fully aware that our ability to undertake this level of expenditure will naturally be limited by our ability to gain access to funding. Our major priority will be to complete the work on the new wing at the Alexandra Hospital and other projects started last year but are still incomplete before venturing to start work on any new project. We must complete existing projects before starting new projects.

134. I further wish to assure the public that we will not be reckless with our spending and will only seek to undertake capital projects if the funding becomes available and can be accessed at low cost in accordance with our debt management strategy. Where funding is not available or

cannot be accessed at concessionary rates, we will curtail our expenditure program and carry forward to the next fiscal period any projects which were not executed due to lack of approved funding.

135. Madam President, the major allocations in our expenditure are as follows:

- The Office of the Premier is allocated funding in the amount of \$11.3 million representing 4.33 percent of the total budget. Included in this amount are funds allocated to support the security services, preparation of the delivery of the Geothermal Project and the expansion of our CCTV program in our fight against criminal activities.
- The Ministry of Finance is allocated funding in the amount of \$89.2 million representing 34.09 percent of the total budget. Included in this amount are funds allocated to meet our Debt Servicing obligations.
- The Ministry of Communications and Works is allocated funding in the amount of \$35.9 million representing 13.75 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 \$17.6 million representing 6.73 percent of the total budget. Included in this amount are funds allocated for our food sustainability and security initiatives, establishing the Poultry Industry, upgrading of our processing facilities and our response to natural disasters.
- The Ministry of Health, Gender Affairs, Social and Community Development is allocated funding in the amount of \$49.4 million representing 18.88 percent of the total budget. Included in this amount are funds allocated for improvements to our health care facilities, procurement of specialized equipment and supplies, completion of the internal layout for the Alexandra Hospital Expansion Program along with funding of programs at the Social Services and Community Development.
- The Ministry of Tourism is allocated funding in the amount of \$9.6 million representing 3.67 percent of the total budget. Included in this amount are funds allocated for the repositioning of our Tourism Sector so as to recapture the momentum of the pre-pandemic

era and for maintaining our various tourism products on island to enhance our visitor experience.

- The Ministry of Education, Library Services, Information Technology, Youth and Sports is allocated funding in the amount of \$43.7 million representing 16.69 percent of the total budget. Included in this amount are funds allocated for the delivery of quality education to our people, repositioning of the education system by adopting online platforms in support of the virtual classroom, executing work under the CDB TVET Enhancement Program, general maintenance of our educational facilities, upkeep of our sporting facilities and funding programs for our youth.

136. Madam President, the challenge for every government operating with limited fiscal space lies in striking a balance between restraining expenditure while at the same time staying the course in implementing policies which aid economic recovery through a well thought out structural reform agenda. Over the medium term my Administration will seek to address our fiscal situation and better align revenue with expenditure. We will continue to review the operation of Government to reduce wastage in all areas and attempt to deliver services to the public in a more efficient manner through our medium term Public Sector Modernisation Program.

## 8.0 CONCLUSION

137. In conclusion Madam President, while I seek to reflect on the gains, we have made over the last financial year our focus must now turn to how we move forward. I have taken the time to carefully and clearly give an account of our stewardship while at the same time articulating our plans and programs and giving a clear indication of our projections for this year. These accomplishments were clearly laid out in a user-friendly format so that our people can measure our performance.

138. Our plans to grow the economy through expansion of the various sectors and to increase fiscal space through fiscal consolidation are crystal clear. We have also outlined our fiscal strategy, our policy on crime and our program for the youths, to name a few.

139. Madam President, today I will be moderate and declare that the state of the Nevis economy is improving. We have taken the steps to consolidate our expenditure even in the face of a 5% salary increase at the beginning of the New Year. We have put the necessary mechanisms in place to deal with external and home-grown challenges. Enhanced and aggressive collection measures have contributed to increased revenue collection in recent times.

140. Madam President, while we continue to receive some amounts from CBI revenue flows, we remain committed to a lasting mechanism for a fair share of these and other national resources for the people of Nevis. We will therefore redouble our efforts with the Federal government in this regard while simultaneously growing our economy and increasing our revenue base.

141. Despite the numerous challenges, your Government has been creative and resolute as we maneuver the affairs of our Island. The policies and programs we have formulated and implemented, coupled with our dedication and determination to succeed will allow us to overcome any obstacle that stands in the path of our journey towards prosperity for our people.

142. We ask the people of Nevis to keep the faith, to continue to support your Government so that we can work together for a better and brighter Nevis for ourselves and our children.

143. We are keenly aware that the next 5 years stretch before us as a canvass that awaits the painting of our legacy. We are deeply indebted to the people of Nevis for the opportunity to lead them in this unique period of our history. We pledge ourselves to delivering on the vision of prosperity based on equitable distribution of resources for the benefit of all Nevisians. We thank you all for the faith and confidence that you have placed in this CCM led Government and we look forward to the realization of our mutual vision for a Better Brighter Nevis!

Madam President, I so move.

## **9.0 ACKNOWLEDGMENTS**

Madame 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)

Madame President, I wish to thank our citizens and all our social partners for their contributions to the various government programs; 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)**



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

	Actual	Actual	Actual	Actual
CATEGORIES	2019	2020	2021	2022
<b>Total Revenue &amp; Grants</b>	<b>179.55</b>	<b>173.84</b>	<b>180.32</b>	<b>214.26</b>
<b>Current Revenue</b>	<b>138.51</b>	<b>118.67</b>	<b>126.27</b>	<b>136.52</b>
<b>Tax Revenue</b>	<b>105.37</b>	<b>89.85</b>	<b>88.10</b>	<b>106.09</b>
<b>Taxes on Income &amp; Profit</b>	<b>20.47</b>	<b>18.74</b>	<b>16.33</b>	<b>19.15</b>
Of which: Corporate Income Tax	7.30	7.42	6.10	6.00
Social Services Levy	10.44	9.52	8.61	10.45
<b>Taxes on Domestic Goods &amp; Services</b>	<b>34.22</b>	<b>30.13</b>	<b>27.76</b>	<b>38.57</b>
Of which: Stamp Duties	11.83	11.41	11.98	13.84
VAT	16.38	12.94	10.18	19.00
<b>Taxes on Int'l Trade &amp; Transactions</b>	<b>46.76</b>	<b>37.83</b>	<b>38.74</b>	<b>44.11</b>
Of which: Import Duties	11.95	8.90	9.48	11.81
Customs Service Charge	9.92	8.26	6.89	8.27
VAT	17.31	13.55	14.75	17.91
<b>Non-Tax Revenue</b>	<b>33.14</b>	<b>28.82</b>	<b>38.18</b>	<b>30.43</b>
Of which: Financial Services	12.75	11.60	20.36	13.24
Supply Office	6.29	5.54	5.11	5.20
Water Services	6.49	4.50	6.44	5.33
<b>Total Expenditure</b>	<b>207.59</b>	<b>181.13</b>	<b>185.87</b>	<b>219.63</b>
<b>Current Expenditure</b>	<b>150.27</b>	<b>134.45</b>	<b>146.15</b>	<b>168.94</b>
<b>Personal Emoluments</b>	<b>81.11</b>	<b>77.06</b>	<b>83.74</b>	<b>92.77</b>
<b>Goods &amp; Services</b>	<b>36.38</b>	<b>28.34</b>	<b>35.54</b>	<b>38.72</b>
<b>Interest Payments</b>	<b>15.57</b>	<b>13.71</b>	<b>10.78</b>	<b>16.58</b>
Domestic	14.36	12.51	9.77	15.52
External	1.21	1.20	1.00	1.06
<b>Transfers &amp; Subsidies</b>	<b>17.22</b>	<b>15.34</b>	<b>16.09</b>	<b>20.87</b>
<b>Current Account Balance</b>	<b>-11.76</b>	<b>-15.78</b>	<b>-19.87</b>	<b>-32.42</b>
<b>Total Grants</b>	<b>41.03</b>	<b>55.17</b>	<b>54.05</b>	<b>77.74</b>
<b>Capital Expenditure</b>	<b>57.32</b>	<b>46.68</b>	<b>39.72</b>	<b>50.69</b>
<b>Overall Balance</b>	<b>-28.05</b>	<b>-7.29</b>	<b>-5.55</b>	<b>-5.37</b>
<b>Primary Balance</b>	<b>-12.48</b>	<b>6.42</b>	<b>5.23</b>	<b>11.20</b>
<b>Principal Repayments</b>	<b>9.60</b>	<b>8.03</b>	<b>8.47</b>	<b>8.40</b>
Domestic	6.27	4.52	4.65	4.78
External	3.33	3.51	3.82	3.62

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Total VAT Collection</b>	<b>32.61</b>	<b>33.03</b>	<b>33.69</b>	<b>26.49</b>	<b>24.94</b>	<b>36.90</b>
VAT as a % of Current Revenue	25.27%	23.86%	24.32%	22.30%	19.75%	27.03%
VAT on International Trade	15.56	16.11	17.31	13.55	14.75	17.91
As a % of total VAT	47.72%	48.76%	51.38%	51.20%	59.16%	48.52%
VAT on Domestic Goods & Services	17.05	16.93	16.38	12.94	10.18	19.00
As a % of total VAT	52.28%	51.24%	48.62%	48.80%	40.84%	51.48%

**ANNEX III: COMPARATIVE SUMMARY OF AVERAGE MONTHLY EMPLOYMENT  
BY SECTORS (2017 – 2022)**

<b>Industry</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Agriculture, Hunting & Forestry	114	123	134	120	135	126
Fishing	3	2	1	2	1	2
Mining & Quarrying	2	2	2	2	4	4
Manufacturing	89	88	102	83	86	92
Electricity, Gas & Water Supply	94	95	108	107	114	107
Construction	588	544	547	453	512	525
Wholesale & Retail Trade	643	675	707	646	668	663
Hotels & Restaurants	1,329	1,323	1,401	986	803	1154
Transport, Storage & Communications	377	396	278	220	232	293
Financial Intermediation	206	206	231	230	287	244
Real Estate, Renting & Business Activities	258	276	304	281	338	303
Public Administration & Defense	1,808	1,809	1,855	1,870	1,883	1853
Education	127	122	133	122	126	124
Health & Social Work	33	35	40	38	44	39
Other Community, Social & Personal Services	131	109	103	90	109	111
Private Household with Employed Persons	147	147	135	130	140	140
Extra-Territorial Organization & Bodies	-	-	-	-	-	-
<b>Total</b>	<b>5,948</b>	<b>5,949</b>	<b>6,081</b>	<b>5,381</b>	<b>5,483</b>	<b>5,780</b>

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

	2018	2019	2020	2021	2022
<b>NIA External Creditors</b>					
CDB	33.42	30.57	27.30	24.34	21.49
KFAED	5.96	5.17	4.68	4.24	3.70
MICB	3.55	3.24	3.09	2.62	2.15
Taiwan ICDF	-	-	1.94	2.43	5.00
<b>Total Outstanding External Debt</b>	<b>42.93</b>	<b>38.98</b>	<b>37.01</b>	<b>33.63</b>	<b>32.34</b>
<b>NIA Domestic Creditor</b>					
SKNA National Bank	144.32	143.23	146.05	152.08	152.68
Bank Of Nevis	66.87	77.70	87.55	93.20	108.52
SSB	25.66	33.81	40.75	42.19	41.21
Treasury Bills Issue (OTC) 91 days	100.37	101.64	104.83	108.94	111.61
Treasury Bills Issue 365 days	8.40	8.30	8.30	5.28	5.28
FCIB	5.08	6.16	7.45	5.76	4.13
FINCO	-	0.59	0.38	0.18	-
SIDF	2.50	2.50	2.50	2.50	2.50
<b>Total Outstanding Domestic Debt</b>	<b>353.20</b>	<b>373.93</b>	<b>397.81</b>	<b>410.13</b>	<b>425.93</b>
<b>Total NIA Debt</b>	<b>396.13</b>	<b>412.91</b>	<b>434.82</b>	<b>443.76</b>	<b>458.27</b>
<b>Government Guaranteed Debt</b>	<b>42.93</b>	<b>48.55</b>	<b>53.93</b>	<b>51.95</b>	<b>65.65</b>
<b>Total Public Sector Debt</b>	<b>439.06</b>	<b>461.46</b>	<b>488.75</b>	<b>495.71</b>	<b>523.92</b>

**ANNEX V: SUMMARY OF CURRENT AND CAPITAL EXPENDITURE 2023 (in EC\$ Dollars)**

	Description	Current Expenditure	% of Current Expenditure	Capital Expenditure	% of Capital Expenditure	Total Expenditure
01	Deputy Governor General	604,500	0.31	0	0	604,500
02	Legislature	952,900	0.49	0	0	952,900
03	Audit	531,900	0.27	0	0	531,900
04	Legal Services	1,197,800	0.61	0	0	1,197,800
05	Premiers Ministry	6,773,500	3.46	4,550,000	6.88	11,323,500
06	Ministry of Finance	84,546,000	43.25	4,650,000	7.02	89,196,000
07	Ministry of Communications	17,914,400	9.16	18,060,000	27.30	35,974,400
08	Ministry of Agriculture	9,797,050	5.01	7,800,000	11.79	17,597,050
09	Ministry of Health	32,240,300	16.49	17,150,000	25.92	49,390,300
10	Ministry Tourism	4,363,600	2.23	5,250,000	7.94	9,613,600
11	Ministry of Education	34,979,900	17.89	8,700,000	13.15	43,679,900
12	Human Resources	1,589,000	0.81	0	0	1,589,000
13	Ministry of Social Development	0	0	0	0	0
	Total	195,490,850	100.00	66,160,000	100.00	261,650,850







