

# NEVIS ISLAND ADMINISTRATION

## PROSPECTUS

### FOR 365- days TREASURY BILL

June 2011



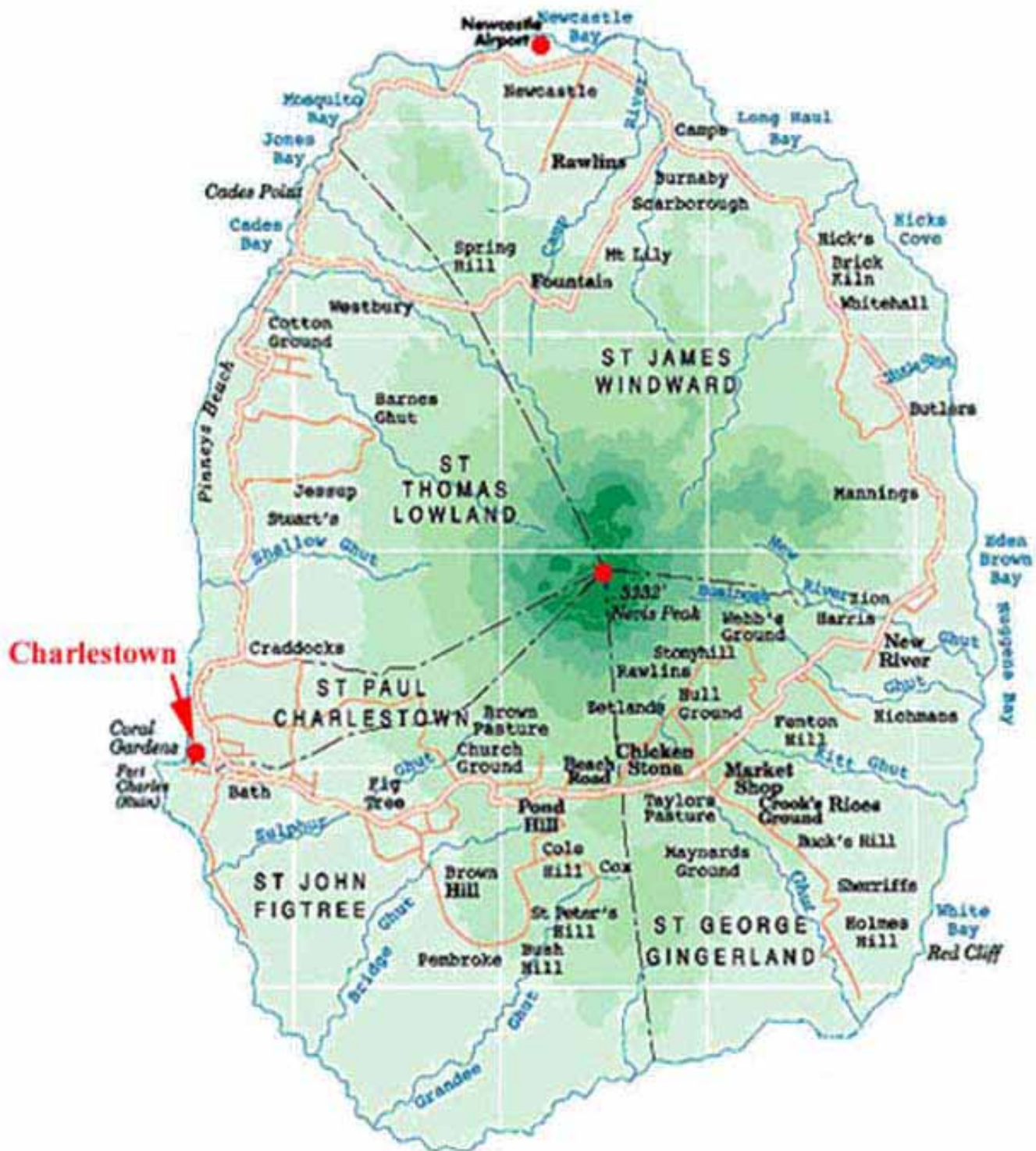
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**PROSPECTUS DATE: JUNE 2011**

*This Prospectus has been drawn up in accordance with the rules of the Regional Government Securities Market. The Regional Debt Co-ordinating Committee and Eastern Caribbean Central Bank accept no responsibility for the content of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss whatsoever arising from or reliance upon the whole or any part of the contents of this Prospectus. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any duly qualified person who specializes in advising on the acquisition of government instruments or other securities.*





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## **NOTICE TO INVESTORS**

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This Prospectus is issued for the purpose of giving information to the public. The Nevis Island Administration (NIA) accepts full responsibility for the accuracy of the information given and confirms having made all reasonable inquiries that to the best of its knowledge and belief there are no other facts, the omission of which would make any statement in this Prospectus misleading.

Statements contained in this Prospectus describing documents are provided in summary form only, and such documents are qualified in their entirety by reference to such documents. The ultimate decision and responsibility to proceed with any transaction with respect to this offering rests solely with you. Therefore, prior to entering into the proposed investment, you should determine the economic risks and merits, as well as the legal, tax and accounting characteristics and consequences of this Treasury Bill offering, and that you are able to assume those risks.

This Prospectus and its content are issued for the specific Treasury Bill issue described herein. If you are in doubt about the contents of this document or need financial or investment advice you should consult a person licensed under the Securities Act or any other duly qualified person who specializes in advising on the acquisition of government instruments or other securities.

## **ABSTRACT**

The NIA proposes to raise Twenty Million Eastern Caribbean dollars (EC\$20 million) through the issuance of a 365-day Treasury Bill with a guarantee by the Federal Government of St. Kitts-Nevis. The Treasury Bill will be issued in the month of June 2011. The Treasury Bill is being issued to refinance the NIA maturing Treasury Bill.

The 365-day Treasury Bill will be issued on the Regional Government Securities Market in the month of June 2011 and will be traded on the Eastern Caribbean Securities Exchange Ltd (ECSE) under the trading symbol NVB230612.

**I. GENERAL INFORMATION**

**ISSUER:** The Nevis Island Administration

**ADDRESS:** The Ministry of Finance  
Administration Building  
Main Street  
Charlestown  
Nevis  
West Indies

**EMAIL:** financenevis@niagov.com

**TELEPHONE NO:** 1 869 469 0078

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**CONTACT PERSONS:** Honourable Joseph Parry, Premier and Minister of Finance  
Mr. Laurie Lawrence, Permanent Secretary, Ministry of Finance  
Ms. Karen Hobson, Budget Director, Ministry of Finance  
Mr. Colin Dore, Treasurer, Treasury Department

**DATE OF PUBLICATION:** June 2011

**PURPOSE OF ISSUE:** To refinance the maturing Treasury Bill

**AMOUNT OF ISSUE:** Twenty Million Eastern Caribbean Dollars (EC\$20,000,000)

**LEGISLATIVE AUTHORITY:** The Nevis Treasury Bills Ordinance No. 5 of 1985. Amendment  
No 10 of 2007

**BROKER:** The Bank of Nevis Ltd.

**INTERMEDIARIES:** A complete list of Intermediaries is available in Appendix I

**REFERENCE CURRENCY:** Eastern Caribbean Dollars (EC\$), unless otherwise stated



## II. INFORMATION ABOUT THE TREASURY BILL ISSUE

<b>Face Value:</b>	EC\$20,000,000.00 Treasury Bill to be auctioned in the month of June 2011.
<b>Auction Date:</b>	June 23, 2011
<b>Settlement Date:</b>	June 24, 2011
<b>Maturity Date:</b>	June 23, 2012
<b>Tenor:</b>	The Treasury Bill will be issued with a tenor of 365 days
<b>Principal Repayment:</b>	Bullet at maturity
<b>Issue Price:</b>	Maximum bid price is 6.75%
<b>Discount Rate:</b>	\$ 93.25
<b>Method of Issue:</b>	Determined by a Competitive Uniform Open Price Auction
<b>Bidding Period:</b>	9:00 a.m. to 12:00 noon on June 23, 2011
<b>Security Identifications:</b>	By trading symbols NVB230612
<b>Placement of Bids:</b>	Investor participation in the auction must take place through the services of any of the licensed intermediaries that are members of the Eastern Caribbean Securities Exchange (ECSE) (See <b>Appendix I</b> ).
<b>Interest Payment:</b>	Interest will be computed on the basis of a 365-day year

<b>Listing:</b>	Duly registered with the ECSE. The Treasury Bill will be traded on the Regional Government Securities Market (RGSM) using the platform of the ECSE
<b>Minimum Bid:</b>	EC\$5,000.00
<b>Maximum Bid:</b>	EC\$20,000,000.00
<b>Bid Multiplier:</b>	EC\$1,000.00
<b>Bids per Investor:</b>	Each investor will be allowed one bid with the option of improving their price (interest rate) and increasing the amount being tendered up until the close of the bidding period.
<b>Taxation:</b>	All payments by the Issuer in respect of the Treasury Bill will be made effectively free and clear of any present or future withholding taxes for or on account of any present or future taxes, duties, assessments or other governmental charges of whatever nature imposed or levied by or on behalf of St. Kitts and Nevis or within any political subdivision thereof or any authority therein having power to tax ("Taxes").
<b>Status of the Securities:</b>	The Treasury Bill will constitute direct, secured and unconditional obligations of the Issuer, respectively, and will at all times rank at least pari passu in priority of payment with all other present and future unsecured and unsubordinated obligations of the Issuer, save only for such obligations as may be preferred by mandatory provisions of applicable law.
<b>Governing Law:</b>	The National Assembly of Saint Christopher and Nevis will provide a guarantee for the Twenty Million Eastern Caribbean Dollars Treasury Bill issue under Resolution No. 15 of 2011. The Treasury Bill will be governed by and constructed in accordance with the St. Christopher and Nevis Finance Administration Act, 2007.

**Terms of the Guarantee:**

The National Assembly has authorized the Minister for Finance to guarantee the Nevis Island Administration's one year Treasury Bill Issue of Twenty Million Dollars Eastern Caribbean Currency (E.C.\$20,000,000.00) to be issued on the Regional Government Securities Market by the Eastern Caribbean Securities Exchange. This Resolution No. 15 of 2011 was approved by the National Assembly on the 24th day of March, 2011. The Treasury Bill will be governed in accordance with the Finance Administration Act, 2007 and the Nevis Treasury Bill (Amendment) Ordinance, No. 10 of 2007."

**The Current Licensed Intermediaries are:**

- National Bank of Anguilla
- ABI Bank Limited
- Antigua Commercial Bank Limited
- National Mortgage Finance Company of Dominica Limited (NMFC)
- St. Kitts Nevis Anguilla National Bank Limited
- The Bank of Nevis Limited
- ECFH Global Investment Solutions Limited
- First Citizens Investment Services Limited – Saint Lucia
- Bank of St. Vincent and the Grenadines Ltd
- First Citizens Investment Services Limited – Trinidad

Contact information for the Intermediaries is presented in **Appendix I**

### **III. ADMINISTRATIVE AND CONSTITUTIONAL FRAMEWORK**

St Kitts and Nevis became a Federation after achieving independence from Britain in 1983. The Constitution of St. Kitts and Nevis, Statutory Instrument No. 881 of 1983 (“the Constitution”) enabled the authorities in Nevis to enjoy increased power and responsibilities for the development and management of the resources of the island. Consequently, the island has its own legislature with the exclusive powers to make laws, styled ordinances, for the peace, order and good governance of Nevis (s.103).

These powers are detailed in Schedule 5, Part 1 of the Constitution. Importantly, the powers extend to “the borrowing of money, or obtaining grants of money, for the purposes of the Nevis Island Administration and the making of grants and loans for those purposes”. These powers also include the collection of taxes and the imposition of taxes in certain areas.

Section 102 of the Constitution also provides for the establishment of the Nevis Island Administration (“NIA”) which is responsible for overall governance of the island with the exclusion of Foreign Affairs, Trade and Defense. Section 106 of the Constitution also lists the areas that the NIA has exclusive responsibility for administration but not the power to pass laws. These include airports and seaports; education; extraction and processing of minerals; fisheries; health and welfare; labour; crown lands and buildings; and licensing of imports and exports.

The NIA has its own consolidated fund, collects most of the revenues generated in Nevis, and passes its own appropriation bills in the Nevis Island Assembly. The Ministry of Finance in Nevis has full authority to manage the financial resources of the government and is responsible for the negotiation and repayment of all debts which are charges on the Nevis Island Administration’s Consolidated Fund (s.108). The NIA therefore enjoys a high level of autonomy and has overall responsibility for the economic development of the island.

## **IV. FINANCIAL ADMINISTRATION AND MANAGEMENT**

### *1.1 Debt Management Objectives*

The debt management objective of the NIA is to raise the required amount of funding at the lowest possible cost to undertake projects and programmes that would foster growth and development in the economy, while maintaining positive fiscal balances and a sustainable level of debt.

### *2.1 Transparency and Accountability*

A priority area for the NIA continues to be increasing transparency and accountability through the publication of data as it pertains to the consolidated financial position of the government. The issuance of Treasury Bills on the Regional Government Securities Market (RGSM) will promote the disclosure of information to prospective investors.

### *2.2 Institutional Framework*

The Administration utilizes the Commonwealth Secretariat Debt Recording and Management System (CS-DRMS) as a tool to record and manage its existing debt. The Fiscal Policy Unit works closely with the Treasury Department and assists with the analysis of the public debt data on a quarterly basis. The Finance Administration Act, 2007, is the existing document that governs borrowing and it ultimately gives the Minister of Finance of the NIA the authority to approve borrowings. Analysis of the debt portfolio is done on a quarterly basis to assess the effects of interest rate and exchange rate risks on the fiscal balance.

### *3.1 Debt Management Strategy*

The Federation has developed a draft debt management strategy. The main elements of this strategy include the following:

- Refocus the fiscal stabilization program to also concentrate on debt reduction;
- Improve expertise available in the Debt Unit;
- Reduction in short term interest rates; including the issuance of Treasury Bills on the Regional Government Securities Market (RGSM);
- Concerted efforts to transform the economy and return to a real growth rate of 3% to 4%.

In addition to these broad debt management strategies, other recent objectives were introduced that are essentially geared toward cash flow management for the medium to long term. These debt management strategies are aimed at:

- Improving transparency and accountability;
- Further diversifying the debt portfolio while maintaining a prudent debt structure. The terms of borrowing and an appropriate mix of debt instruments should cater to an improved liquidity situation; and
- Implementing a proper legal framework for the effective and efficient management of domestic and external public debt.

### *3.2 Risk Management Framework*

A pivotal part of the functions of the Ministry of Finance is risk management. Prior to incurring additional debt, the government must be able to measure the trade-off between borrowing cost and the associated risks. The following strategies will be implemented to buffer the negative effects of financial and economic shocks while also improving the liquidity situation in the medium to long term:

The NIA has developed a framework for risk management which includes:

- Minimizing refinancing and rollover risks;
- Minimizing interest rate risks; and
- Minimizing exchange rate risks.

## V. DEMOGRAPHICS

The last official census for the Federation was conducted in 2001 and indicated the population was 46,325; 35,217 in St. Kitts and 11,108 in Nevis. In 2001, males accounted for 49.6% of the population. The life expectancy rates for males in 2001 were 71.19 and females 74.93 years and the infant mortality rate per 1000 live births was 12.45. According to the census of 2001 unemployment stood at 4.9%.

**Table 1: Percentage of Age Group of Total Population for St. Kitts and Nevis**

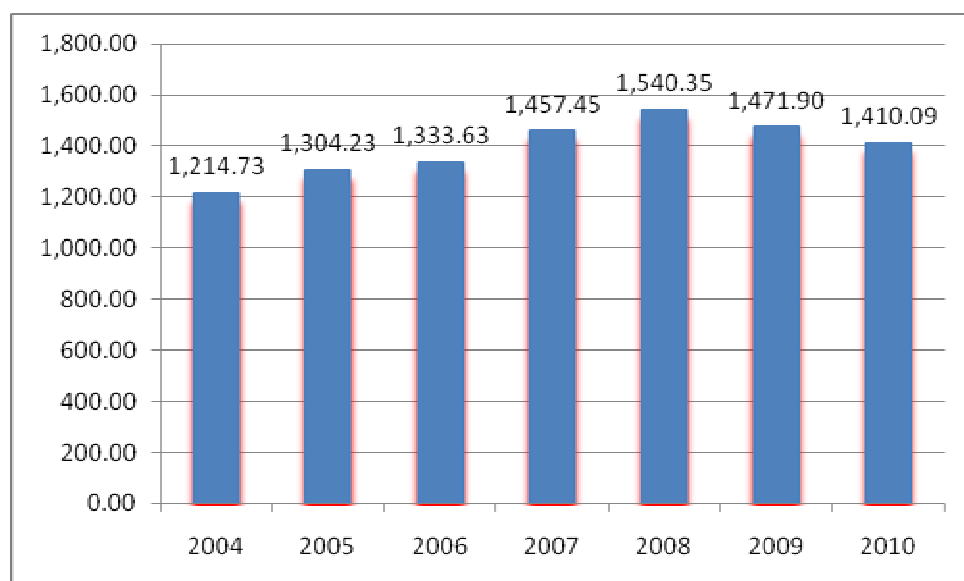
Age Groups	POPULATION	
	2001 %	1991 %
Under 15	29.02	34.27
15-29	25.68	26.92
30-44	23.37	18.04
45-64	13.99	10.94
65 and Over	7.94	9.83
Total	100.00	100.00

## VI. MACRO-ECONOMIC PERFORMANCE

### *1.1 Macro- Economic Overview of St. Kitts Nevis*

The Federation for 2010 witnessed a contraction in economic activity. The downturn in the global economy continues to influence the local business environment. Preliminary GDP at constant prices was \$1,410.09 million; recording this contraction at 4.2% when compared to 2009. It was underpinned by major tightening in the areas of construction, manufacturing and wholesale & retail. Furthermore, the outturn in tourism is yet to fully recover and the industry is estimated to decline for the second consecutive year 2009/2008 and 2010/2009. (See Appendix II)

**Figure 1: St. Kitts and Nevis GDP at Constant Prices 2004 – 2010**



Source Eastern Caribbean Central Bank      Estimates 2009 and preliminary 2010

### **2.1 SECTORAL DEVELOPMENT**

#### **Tourism**

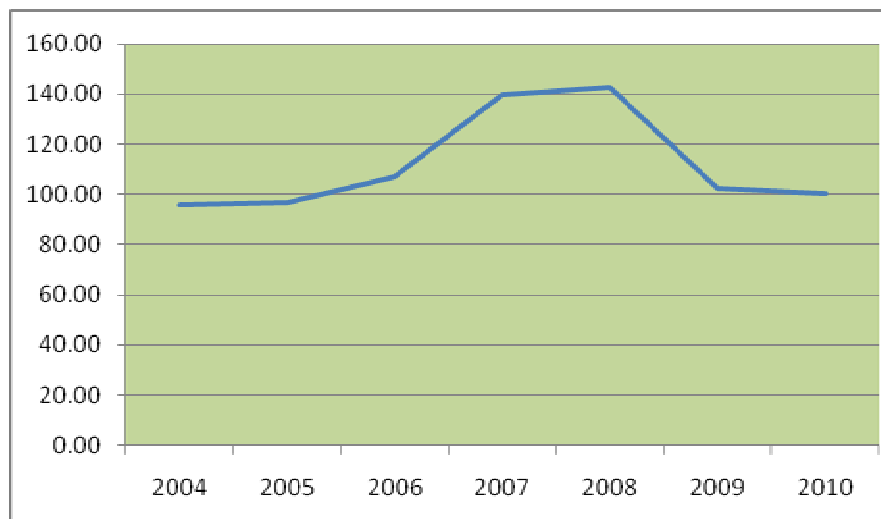
The challenge in the tourism sector persists in the 2010 period. The sector has contracted by 1.97% when compared to 2009 with a reported real GDP of \$100.21million. The decline in the sector remains indicative of lower levels of stay over tourists. Hence the country continues to grapple with the effects of the fall out in international travel. Value added in hotel accommodation has been sluggish. The prolonged Four Seasons Resort closure has in a large measure hampered the recovery of the industry in Nevis.



However, there have been some meaningful signs of recovery in the cruise subsector. This subsector is showing lucrative areas of expansion.

**Figure 2: Tourism Gross Domestic Product**

Subsequently, the Federation is making positive strides in product diversification with its continued



development. Moreover, the reopening of the Four Seasons Resort in December 2010 and the successful second weekly flight into the RLB International Airport of British Airways in March 2010 is helping to increase the number of stay over visitors.

Such initiatives are expected to assist in improving the sector as a whole and will reap positive benefits in 2011.

Source Eastern Caribbean Central Bank

**Table 2: Visitor Arrivals in the Federation of St. Kitts and Nevis for 2004 - 2009**

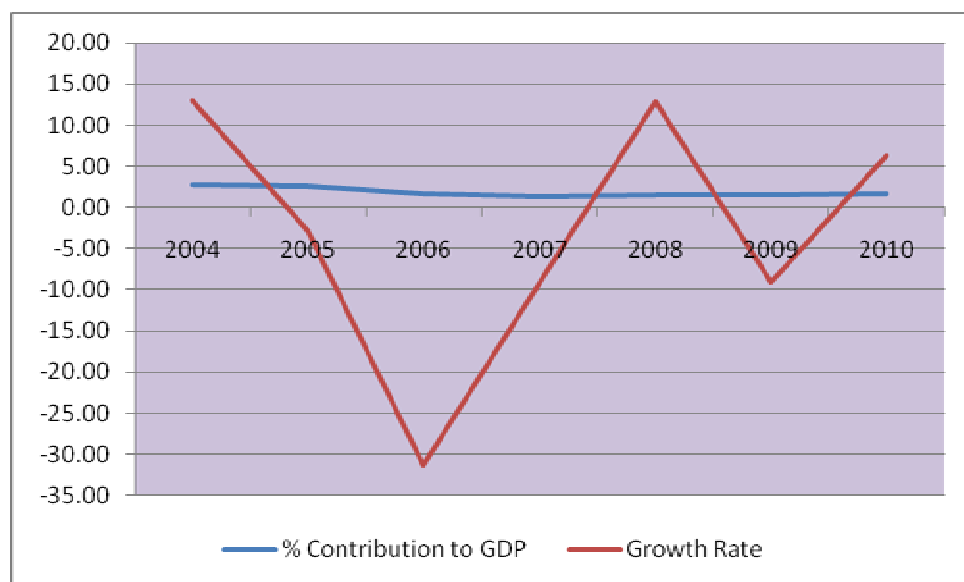
YEAR	2004	2005	2006	2007	2008	2009
<b>Total Visitor Arrivals</b>	<b>382,290</b>	<b>364,519</b>	<b>349,733</b>	<b>380,459</b>	<b>525,747</b>	<b>569,608</b>
<b>Stay Over Arrivals</b>	<b>117,638</b>	<b>140,504</b>	<b>139,268</b>	<b>124,181</b>	<b>121,380</b>	<b>104,976</b>
USA	64,859	79,569	77,587	70,441	73,518	67,479
Canada	6,325	8,468	8,130	7,045	7,274	6,274
UK	11,004	11,149	11,148	12,199	9,782	6,366
Other European	2,177	2,214	2,521	2,636	2,089	1,363
Caribbean	31,909	36,994	37,813	29,777	26,907	21,589
Other / Not Stated	1,364	2,110	2,069	2,083	1,810	1,905
<b>Excursionists</b>	<b>3,045</b>	<b>4,309</b>	<b>4,514</b>	<b>5,044</b>	<b>2,306</b>	<b>6,599</b>
<b>Cruise Ship / Yacht Pass.</b>	<b>261,607</b>	<b>219,706</b>	<b>205,951</b>	<b>251,234</b>	<b>402,061</b>	<b>458,033</b>
Cruise Ship Passengers	254,535	215,351	203,075	249,323	400,853	457,708
Yacht Passengers	7,072	4,355	2,876	1,911	1,208	325
<b># of Cruise Ships</b>	<b>373</b>	<b>244</b>	<b>261</b>	<b>244</b>	<b>240</b>	<b>254</b>
<b>Visitor Expenditure EC\$ M</b>	<b>277.14</b>	<b>327.12</b>	<b>355.45</b>	<b>336.94</b>	<b>297.17</b>	<b>225.41</b>

## Construction

Activity in the construction sector was severely hampered by the economic tightening in 2010. It contracted by 28.0% to sum at \$117.61 million. The sector was affected by the slow implementation rate of certain private developmental projects. These are however, still viable projects and are expected to start over the next two years. There was also a winding down of public sector capital projects which intensified the decline in the sector.

## Agriculture

**Figure 3: Agriculture Gross Value Added**



Source: Eastern Caribbean Central Bank

Agriculture is an important industry to the Federation even though its contribution to total economic activity has been nominal over the recent past. Efforts to establish a modern business approach in the industry are expected to enhance its productivity. The government is committed to assisting farmers in the acquisition of lands to extend private production. Subsequently, the sector registered a 6.28% increase in the review period to total \$22.67 million.

Crop production has been especially promising, increasing by 13.0%. Likewise, fish production expanded by 5%. Areas of increase were highlighted in the production of tomatoes, pumpkin, peanuts and carrots. Advancement in livestock has been hampered by a rise in the cost of animal feed. Its production has remained

relatively unchanged. However, unlike the other categories of livestock, mutton production increased and has remained lucrative during the year. (See Appendix II)

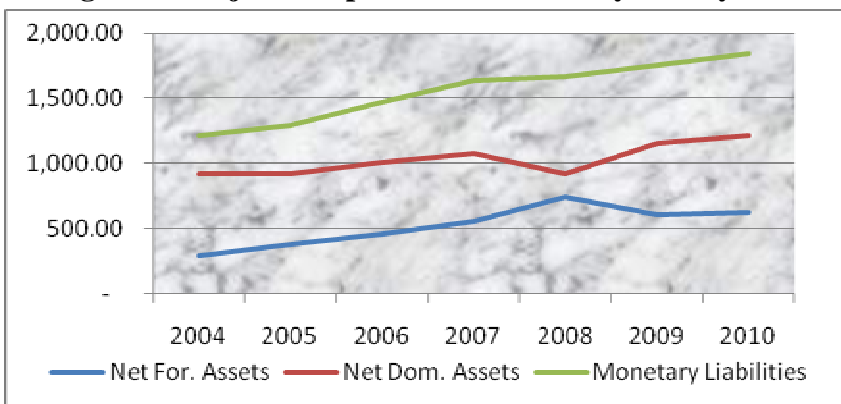
### 3.1 Balance of Payments (*St. Kitts and Nevis*)

The balance of payments in 2010 produced an overall balance deficit of \$2.75 million or 0.16% of GDP at market prices. This represents deterioration from the position of 2009 which was recorded as a surplus of \$70.16 million. 2010 balance was reinforced by a tightening of the capital and financial account as direct and other investments fell. The capital and financial accounts had a balance of \$570.70 million in 2009 and witnessed a contraction of 25.58% to total \$424.70 million in 2010. Meanwhile, the movement in the current account deficit was nominal, changing from \$461.48 million to \$464.35 million or 26.39% of GDP. (See Appendix VIII)

### 3.2 Monetary and Financial Sector (*St. Kitts and Nevis*)

Net foreign assets expanded to \$625.9 million or 3.05% in the review period. The outturn was a direct result of increases in net foreign assets at the central bank which increased by 26.6%. The increase was tempered by a 25.32% fall in net commercial bank activity which in turn was due to a 10.03% fall in external liabilities. (See Appendix IX)

**Figure 4: Major Components of Monetary Survey**



Monetary liabilities increased by 4.71% in 2010, moving from \$1,759.29 million to \$1,842.13 million. This is reflected by increases in both the money supply and quasi money. The money supply expanded by 13.01% while quasi money rose by 3.3%. Growth in the money supply was associated with the enlargement of currency in circulation and private sector demand deposits of 22.04% and 8.2% respectively. The rise in quasi money was reinforced by a higher level of private sector time deposits producing a positive variance of 12.51%. Contrastingly, EC\$ cheques and drafts issued fell by 27.15%.

The distribution of credit by economic activity registered an increase of 6.97% or \$160.73 million. This expansion is indicative of a rise in credit to tourism, households and construction. Credit for the acquisition of property augmented a positive year on year variance of \$18.72 million or 4.22%.

**Table 3: Commercial Banks' Selected Interest Rates**

Period	DEPOSITS								LENDING			
Ended			TIME						Prime		Other	
	Savings		3 Months		6 Months		12 Months		Rates		Rates	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
2004	3.00	5.50	1.00	4.75	1.00	5.50	1.00	6.50	8.50	9.00	7.50	21.00
2005	3.00	5.50	1.00	4.75	1.00	5.50	1.00	6.50	8.50	9.00	7.50	21.00
2006	3.00	5.50	1.00	4.75	1.00	5.50	1.00	6.50	8.50	9.00	7.50	21.00
2007	3.00	5.50	1.00	4.75	1.00	5.50	1.00	7.00	8.50	9.00	5.00	21.00
2008	3.00	5.50	1.00	3.50	1.00	4.25	1.00	5.00	8.50	9.00	8.50	21.00
2009	3.00	5.50	3.00	3.50	3.00	4.25	3.00	5.00	8.50	14.00	7.00	21.00
2010	3.00	5.50	3.00	3.50	3.00	4.25	3.00	5.00	8.00	14.00	7.00	21.00

Source: Eastern Caribbean Central Bank

### *Offshore Financial Services Sector*

The international financial service subsector in Nevis contributes to revenue generation for the NIA, foreign exchange and job creation for the economy. The subsector consists of an offshore bank, international business corporations, limited liability companies and international exempt trusts to name a few. There was a 6.4% increase in the number of new registered entities along with a major increase in the number of captive insurance companies in the period under review. Likewise, there was an increase in the NIA revenue generation of 1.47% or \$11.22 million.

A number of measures have been implemented to help to move the industry forward. One important measure is the establishment of the single Regulatory Unit which is responsible for the supervision of all non bank financial sector service providers. Through the Financial Services Regulatory Commission Act, 22 of 2009, the Financial Service commission works assiduously to ensure the integrity of the jurisdiction. The island has signed a number of tax information exchange treaties.

**Table 4: Selected St. Kitts and Nevis Data**

<b>Years</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Inflation %	2.31%	3.38%	8.47%	4.52%	5.43%	1.89%	2.50%
Commercial Bank Net Liquid Assets (in \$ECM)	651.63	736.94	822.88	910.77	1,046.50	1,278.96	
Demand Deposits (in \$ECM)	127.35	126.01	146.35	169.85	181.59	165.53	179.11
Remittances (in \$ECM)	7.20	8.20	9.00	10.50	10.60	11.00	12.73

Source: Eastern Caribbean Central Bank

## **VI. ECONOMIC PROSPECTS (NEVIS)**

### ***Tourism (Nevis)***

The year 2011 promises to be a year of exciting possibilities in Nevis. In addition to the reopening of the Four Seasons Resort on December 15, 2010, there are several other prospects that are guaranteed to bring stability and growth to the economy.

The arrival of a six star Aman Hotel will serve as a major accomplishment for the island. In March 2011, there was a ground breaking ceremony for the start of this historic project. With the establishment of this venture a new niche will be created in regional tourism as Nevis would be the first in the Caribbean with a five and six star hotel.

The Charlestown Harbour Village project is scheduled to start during the second half of this year. Upon completion, this project is expected to host 25 high end stores, along with the existing stores in the Cotton Ginnery Mall. The aim of this project is to upgrade the tourism delivery capability of Charlestown and to brand it as a premier high end destination in the region. To this end, a boom in the cruise industry is anticipated. There were three new ships making inaugural calls this season. The Azamara Journey, a sister ship from Royal Caribbean and Celebrity Cruise Lines; the Saga Ruby and Saga Pearl II. In addition, we are happy to welcome back the M. V. Grand Mariner and Star Clipper.

Other plans for 2011 include a marina in the Cades Bay area and a new shopping centre on the Bay Front in Charlestown.

### ***Geothermal Energy***

The Nevis Island Administration (NIA) supports the vision “*to become an island nation with a sustainable energy sector where reliable, renewable, clean and affordable energy services are provided to all its citizens*”.

This will require a comprehensive transition towards a more sustainable energy balance where the private and public sectors, NGOs, and the citizens will benefit. To that end, the NIA has decided to embark on an aggressive renewable energy development program on the island by firstly introducing wind energy to the Nevis electricity grid effective July 2010 and to utilize its potential in geothermal energy by implementing the Nevis Geothermal Project (the project). To date the Environmental Impact Assessment (EIA), with public consultation, is completed by the developer, West Indies Power Nevis Ltd (WIPN), who has a Geothermal Resource Contract with the NIA and a Power Purchase Agreement (PPA) with the Nevis Electricity Company Ltd (NEVLEC). The exploration stage is also completed with great success and promise. The next stages are production drilling and the geothermal power plant construction. Funding is secured for the production drilling part and an application has been made with the United States Export Import Bank (Ex-Im) to finance the power plant. WIPN expects approval from Ex-Im Bank in the very near future. The NIA anticipates that by March 2012 the entire base load energy on Nevis will be powered by clean, renewable and reliable geothermal energy which will bring many economic and social benefits for the people of Nevis. The plant in Nevis will supply the island with 10 MW of electricity.

Phase 2 of the project includes selling geothermal power to the St. Kitts Electricity Department via a two mile submarine cable to interconnect the two islands. The Federal Government has already provided a letter of intent to the NIA signaling their very strong interest in pushing the project ahead so that the entire Federation can become the first country in the world to be powered entirely by renewable energy in geothermal and wind. The power plant for St. Kitts is expected to supply about 40 MW of electricity from geothermal. As the island learns more and develops its indigenous resource the intention is to export the energy to neighboring islands. Several international organizations such as the World Bank have already started preliminary work in conducting interconnection studies among the islands in the Caribbean.

### ***Tourism (St. Kitts)***

On the island of St. Kitts there are a number of new initiatives that are air marked for the 2011 and 2012 periods. Projects such as the Cockleshell Bay Development, Christophe Harbor and Ocean’s Edge Resort are helping to transform the landscape of tourism on the island. Christophe Harbor is a luxury resort development set to be launched in 2012. The construction of the beach club has already begun in August 2010.

### ***Infrastructural Development (St. Kitts)***

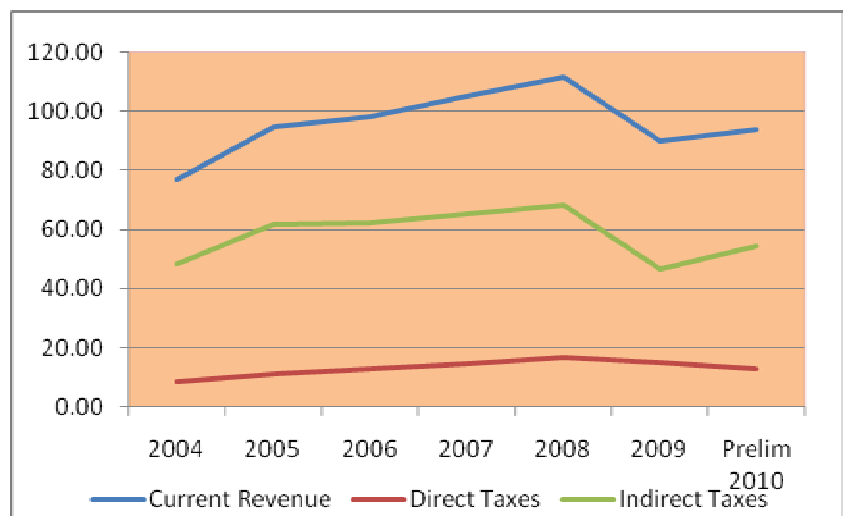
Construction of a new private air terminal at the Robert L. Bradshaw International Airport is slated for 2011. Furthermore, Port Zante development has resulted in growth in cruise berth arrivals that have surpassed regional levels in the past two years. The port and its shopping surrounding have seen further renovation and expansion since its redesign in 2002 and St. Kitts is now in its investigative phase of developing a second cruise pier.

## **VII. FISCAL OPERATIONS OF THE NIA**

### ***1.1 Review of Revenue Performance 2010/2009***

Revenue performance in the 2010 period witnessed improvements over the 2009 period. The preliminary 2010 total revenue and grants for Nevis revealed increases of 4.72%; moving from \$90.44 million to \$94.71 million or 5.38% of SKN GDP at market prices. This increase was reinforced for the first time since the 2008 period by improvement in tax revenue. Tax revenue in 2009 totalled \$61.80 million whereas in 2010

**Figure 5: Revenue Performance**



it rose to \$67.33 million or 8.94%. Tax revenue as a percentage of SKN GDP at market prices was 3.83%. However, increases in non tax revenue were not realized in the 2010 period, receipts of this type contracted by 5.68%. Consequently, current revenue amounted to \$93.99 million increasing by 4.36%. (See Appendices III and V)

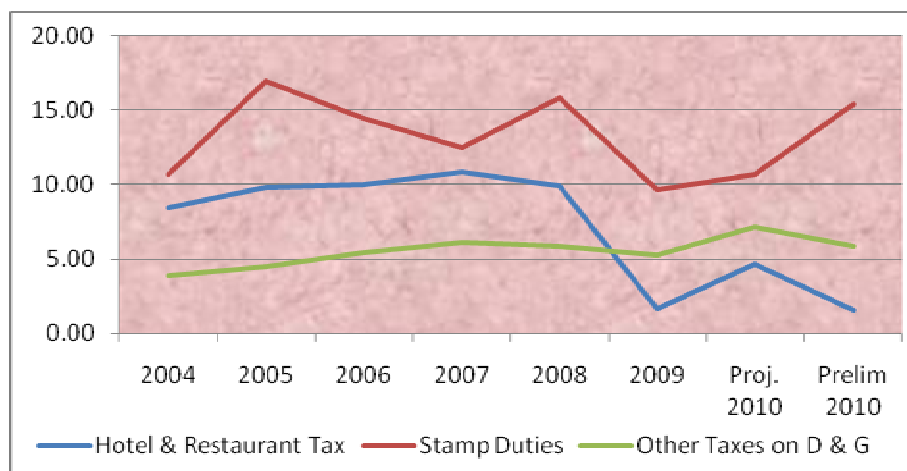
### **Taxes on Income and Profits and Taxes on Property**

Tax on income and profits and tax on property are classified as direct tax. They totalled \$12.90 million in 2010, falling from \$15.17 million in 2009. The calculated decline was 14.96% and was as a result of the tightening of the economy. These taxes comprised 16.84% and 13.73% of aggregate current revenue in 2009 and 2010 respectively. Both income and property taxes contracted in the period. The more significant contraction has been on taxes on income and profits. The year saw reductions in reported corporate profits in banking, retail and construction. On the other hand, low economic activity in the areas of construction, the prolonged closure

of the Four Seasons Resort and overall decline in stay over tourists created a retrenchment in employment. Subsequently, there was a lower level of Social Service Levy receipts.

### *Taxes on Domestic Goods and Services*

**Figure 6: Major taxes on domestic goods and services**



Taxes on domestic goods and services had the most noticeable increase in 2010, attributable to a rise in stamp duties. The \$22.85 million for this tax category includes an amount of \$15.42 million collected in stamp duties. Expansion in collection was the result of the settlement of a large outstanding payment in the month of January for a

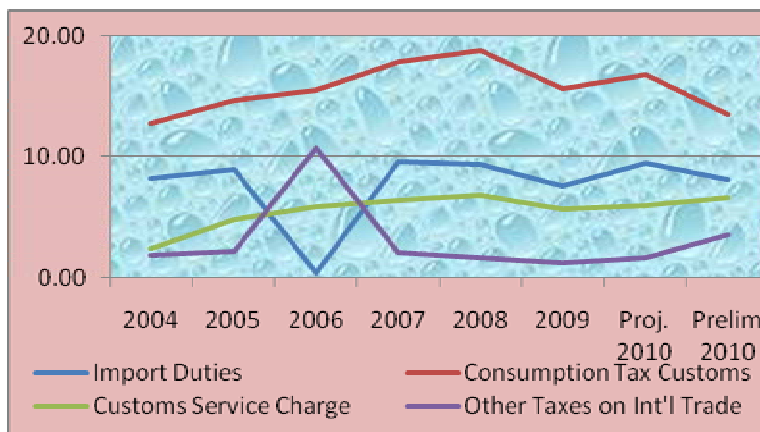
major villa development on the island.

Moreover, there were changes in the tax structure in the review period. In November 2010, the Federation implemented a number of reforms to the tax system. The most significant being the introduction of the value added tax (VAT). This tax has replaced a number of other taxes including consumption and hotel and restaurant taxes. The two main rates are 17% standard rate and 10% concessional rate which apply to the tourism industry. Other reforms have included the introduction of an unincorporated business tax, levied on the income of individuals and businesses that are not registered as a corporation. This is charged at a rate of 4% on gross earnings with an initial exemption of \$12,500 for receipts on goods and \$2,000 for services. The impact of these reforms on revenue performance was nominal in the 2010 period due to the November implementation date and the continued challenge in the economy.

### **Taxes on International Trade and Transaction**

Following a narrowing of 17.55% in the 2009/2008 periods, taxes on international trade and transaction increased by 4.94% in 2010/2009. Such increases were mirrored largely by increases in import duties, customs service charge and up to October 2010,

**Figure 7: Major Taxes on International Trade**





consumption tax. Aggregate increases in the value of imports at the Customs Department in 2010 were calculated at \$13.75 million or 14.47% higher than the 2009 level. The predominant areas of increase were food and building materials. A considerable portion of the building materials went towards the renovation of the Four Seasons Resort in the second half of the year and the construction of a major shopping mall. Consequently, they were exempted from consumption tax and import duties but were required to pay 12% for custom service charge creating an increase of 16.18% in the tax.

**Non Tax Revenue**

The collection of non tax revenue declined by 5.68% in 2010 compared to 2009. The more significant areas of decline were in water and other non tax revenue: passport and permits collections. The Water department in the 2009 period undertook a number of initiatives to collect outstanding areas. Hence the amounts collected in that year were positively affected.

Meanwhile, receipts at the Financial Services Department and Supply Office reported nominal increases according to the preliminary 2010 records. (See Appendices III and V)

**1.2 Review of Expenditure Performance**

**Current Expenditure**

The NIA recorded a contraction in current spending in the 2010 period, summing at \$106.70 million. Current spending as a percentage of SKN GDP at market prices was 6.06%. Most areas of spending were slightly below the 2009 period with the exception of transfers and subsidies and capital investment. (See Appendices IV and VI)

Personal emoluments and interest payment fell by 2.19% and 0.21% respectively. These are the main categories of expenditure for the Administration. The overall narrowing of personal emoluments was paralleled mostly by a contraction in salaries.

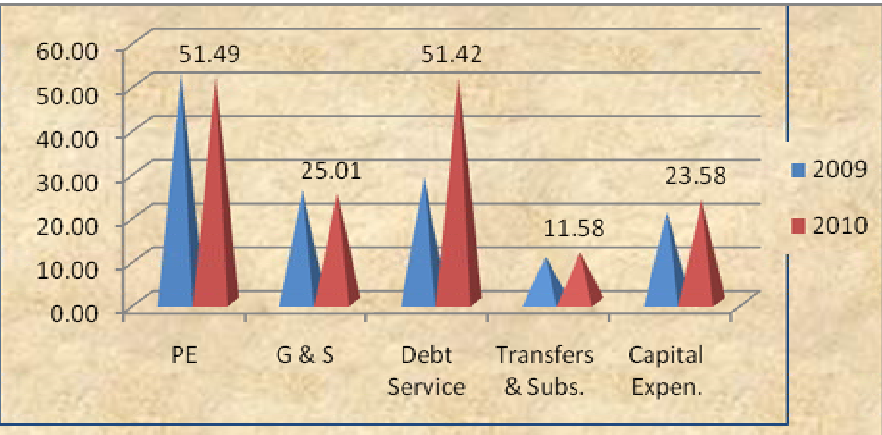


Figure 8: Expenditure Performance  
Transfers and subsidies observed the only overall increase in current spending; changing from \$10.46 million in 2009 to \$11.58 million in 2010. There was a

nominal increase in subsidies granted to the general public and public bodies in 2010; after being curtailed in the 2009 period.

### ***Capital Expenditure***

Capital spending was contained in 2010, summing at \$23.58 million. Spending as a percentage of SKN GDP at market prices fell to 1.34% after been reported at 1.14% in 2009. New projects for the year were few and included the general improvement in the accommodation for the Police and the construction of a fine arts theatre. The Administration continued to invest in the upgrade and maintenance of schools and health centres in the period. (See Appendices IV and VI)

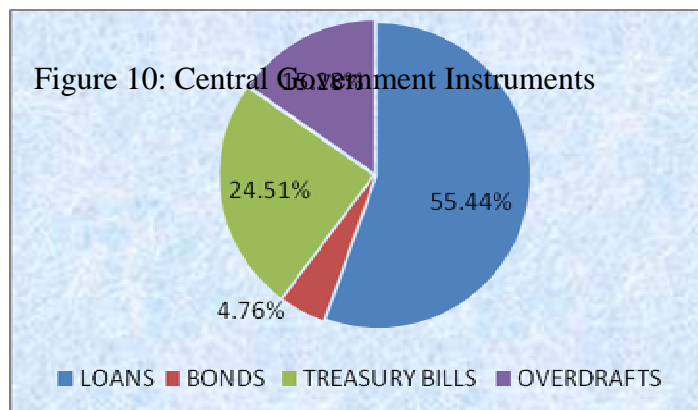
### ***1.3 Review of Fiscal Balance***

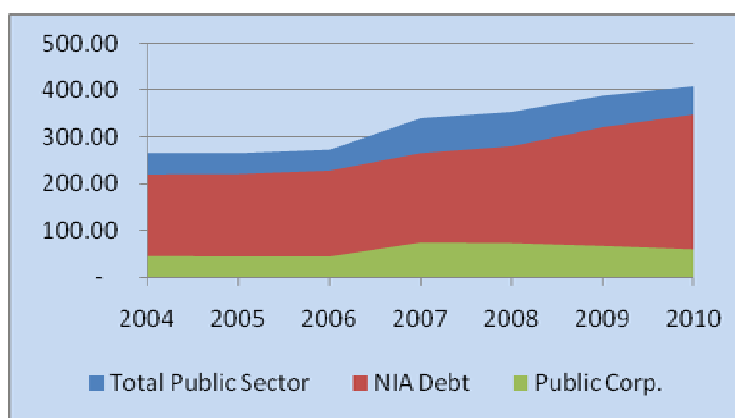
The Administration has reported a significant improvement in its fiscal balances in the 2010 period in response to the increase in revenue. The preliminary primary balance deficit was \$16.47 million against a deficit of \$19.15 million in 2009; this has represented an improvement of \$2.68 million. The deficit in 2010 is 0.94% of GDP. Moreover, the overall balance deficit produced a similar contraction moving from \$37.81 million in 2009 to \$33.98 million in 2010. For the second consecutive year the fiscal performance has produced a current account deficit (\$12.71 million).

## **VIII. PUBLIC DEBT**

The primary legislation which governs borrowing is the Finance Administration Act, 2007. Part VIII of the Act authorizes the Minister of Finance to raise credit on behalf of the government through an act of Parliament or a resolution of the National Assembly. Section 51 of this act applies to long term borrowing. This is complimented by the Nevis Special Development Loans (Amendment) Ordinance, no 2 of 2003, which gives permission to the NIA to borrow up to EC\$225 million for development projects on the island. Section 49 of the Finance Administration Act applies to short term borrowing and is supplemented by The Nevis Treasury Bills (Amendment) Ordinance, 2007 authorizing the borrowing of this type of debt instrument. The limit on the overdraft is established through a resolution.

Figure 9: Total Public Sector Debt



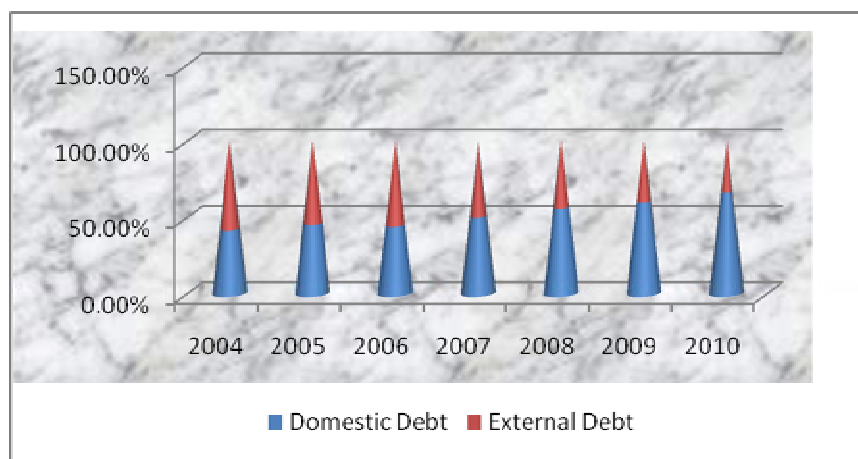


Total public sector debt stood at \$406.72 million at December 31, 2010, rising from \$386.90 million at December 31, 2009. A comparative analysis of these two periods reveals a general increase in the central government debt and a reduction in the government guaranteed debt. (See Appendix VII)

### 1.1 Domestic Debt

The evolution of the debt profile has resulted in an increase in domestic debt. In 2010, the composition was 67% domestic and 33% external with domestic totalling \$270.91 million.

**Figure 11: Domestic and External Total Public Sector Debt**



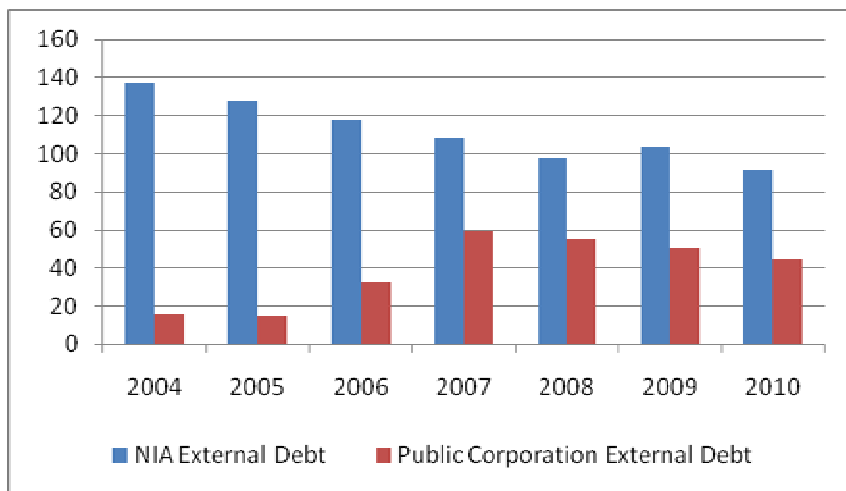
The reported domestic debt in 2009 was \$232.51 million. Thus the representative increase was 16.52% in 2010. This increase was predominantly due to increases by the central government as public corporations debt for the period was reduced by 4.75%.

The Administration in 2010 converted a portion of its short term overdraft facility into a longer term loan. This change has been favourable in reducing the short term component of the domestic debt profile. The NIA domestic interest payment as a percentage of the NIA domestic debt was also reduced to 5.11% whereas in 2009 it was 6.19%.

## 1.2 External Debt

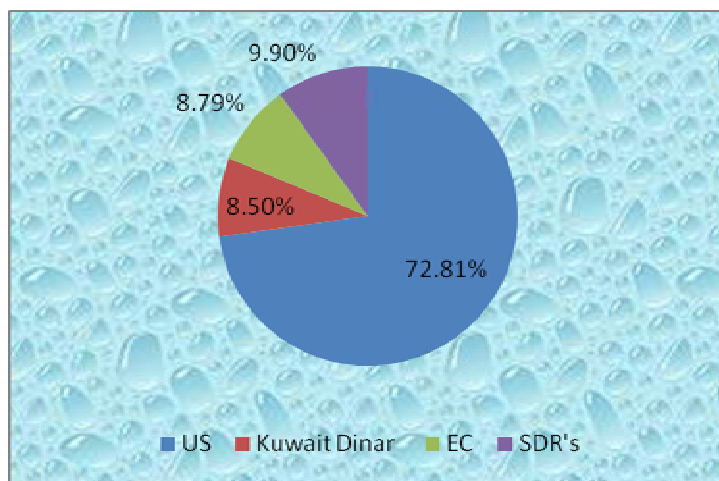
Total public sector external debt in 2010 has contracted by \$18.48 million or 11.98%, amounting to \$135.81 million. Both the central government and public corporations were able to reduce this category of outstanding debt.

**Figure 12: External Debt**



Changes in the debt levels resulted in a decline of 11.67% and 12.61% for the central government and public corporations, accordingly. In 2010 the central government held 67.38% of the total external debt. The Caribbean Development Bank is the main external creditor; funding predominantly investments in infrastructure: roads, ports and water.

**Figure 13: Currency Composition of Total Public Sector External Debt 2010**



Reduction in central government debt was brought about principally by the full and partial retirement of a number of bond issues. The review period also saw a marginal increase in commercial borrowing as the NIA contracted a US\$2 million loan for the construction of a fine arts theatre. The portfolio holds virtually no exchange risk exposure as signified by the high composition of US and EC currency denominated instruments. The portion of non US and

EC denominated debt comprises 15.37%. (See Appendix VII)

## IX. FISCAL PROSPECTS FOR 2011

There is an anticipated improvement in the fiscal prospects of the Administration in the 2011 period. The past two years were hampered by a severe downturn in business activity, especially in the tourism sector. However,

foreseen improvements in this sector will enhance the overall revenue collection and thus the overall fiscal balances. Total revenue and grants in 2011 is expected to witness some improvements over the preliminary 2010 amounts; summing at \$138.35 million or 7.33% of St. Kitts and Nevis projected GDP at market prices. 76.95% of revenue is expected to be collected from taxes. (See Appendices III and V)

### ***1.1 Current Revenue***

Current revenue is set at \$136.43 million with taxes totaling \$106.47 million. Direct taxes comprise 21.55% of current revenue with increases in corporate income tax and Social Service Levy. Corporate income tax will be affected by recent changes to the legislation which requires all companies operating in Nevis to remit income tax to the Nevis Inland Revenue Department. Meanwhile, changes to the structure of social service levy are expected to assist in bolstering its collection. Property tax is projected at \$5.40 million, indicative of an increase in compliance coupled with the new valuation system.

Indirect taxes constitute 56.49% of current revenue. The introduction of the value added tax is expected to contribute significantly to the collection of domestic goods and services and taxes on international trade and transactions in 2011. These are projected at \$36.90 million and \$40.17 million respectively; increasing over the 2010 period by \$14.05 million and \$8.59 million. Total collection from VAT is projected at \$34.79 million for the year. Revenue of \$13.01 million from stamp duties is projected; \$2.41 million below the 2010 preliminary figure and subject to property sales within the year. Import duties and Excise duties are other areas that should see improvement in 2011, with \$9.13 million and \$6.29 million (See Appendix III).

Non-tax revenue collection is anticipated to be \$29.97 million or 21.96% of current revenue. The most significant area of collection in this category is from offshore financial services. Intensive marketing efforts intended to promote growth in this sector is expected to yield \$12.30 million, representing an increase of \$1.08 million over the 2010 preliminary amount.

### ***1.2 Current Expenditure***

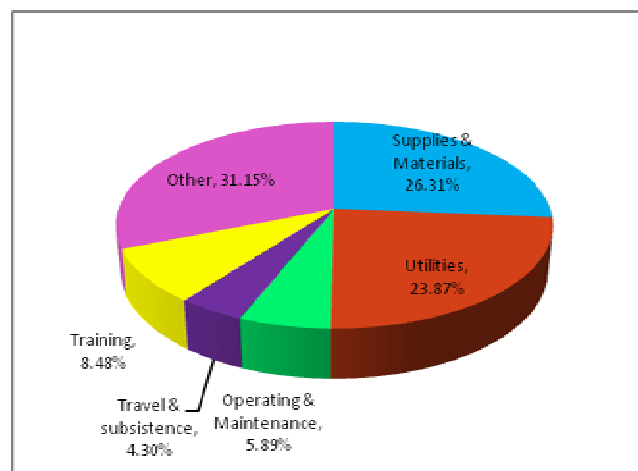
Current expenditure is forecasted at \$118.22 million for 2011, increasing over the 2010 preliminary amount by \$11.52 million. The amount represents 6.27% of GDP. (See Appendices IV and VI)

Debt servicing and personal emoluments comprise 72.84% of current spending. Expenditure on personal emoluments, which includes salaries, wages and allowances, is budgeted at \$58.09 million, a 6.60% increase

over 2010. This increase represents the payment of increments within the year. Similarly, interest payment is expected to realize an increase of \$5.13 million over 2010.

Figure 14: Goods and Services

Goods and services are projected at \$28.99 million in 2011. The largest areas of which include the payment of utilities and supplies and materials. Utilities are budgeted to increase over the 2010 period, from \$5.51 million to \$7.01 million while supplies and material is expected to move from \$6.23 million to \$7.72 million for the similar period.



There is commitment of \$7.39 million to transfers and subsidies for 2011; a decline of \$4.19 million when compared to 2010 preliminary amount of \$11.58 million.

### ***1.3 Capital Expenditure***

The advancement of total planned expenditure is primarily due to an almost doubling of the capital account budget for 2011. Preliminary capital spending for 2010 is \$23.58 million and in 2011, \$44.37 million. This sharp increase resulted because many projects were curtailed due to limited resources. However, the completion of several projects are pertinent to the growth and development of the economy.

\$27.34 million is allocated primarily to the improvement of roads and government buildings. Additionally, one of the objectives of the Nevis Water Department is to have adequate water supply to meet the need of consumers. As such water upgrades are planned for Braziers Estate, Shaws Road, Nisbett Settlement, Gore Hill Rawlins Pasture, Kings Hill and Camps Main Road. Funds have also been allocated to the island road drainage project to prevent the problem of flooding in the event of heavy rainfalls.

Capital projects will be funded by revenue, loans and development aid, with the proportions being \$20.57 million, \$21.88 million and \$1.92 million respectively.

### ***1.4 Fiscal Balances***

An increase in current revenue projection and simultaneous decline in the budgeted current expenditure, results in a notable improvement of the current account balance over the 2010 period; moving from -\$12.71million in

2010 to \$18.22 million in the 2011 budget. This represents 0.97% of the federal GDP in the review period. However, an anticipated increase in spending on the capital account results in a budgeted deficit of the overall and primary balances of -\$24.13 million and -\$0.38 million accordingly or -1.28% and -0.02% of GDP (See appendices IV and VI)

## **X. CURRENT ISSUES OF GOVERNMENT SECURITIES**

### ***Non-RGSM Treasury Bills***

- Type of Issue – NIA Treasury Bills
- Maturity in days – 91 days
- Maturity dates – January 18<sup>th</sup> 2011, April 19<sup>th</sup> 2011, July 19<sup>th</sup> 2011 and October 18<sup>th</sup> 2011
- Discount rate – 6.5%

### ***RGSM Treasury Bills***

- 365-day Treasury bill \$20.0 million (NVB240611)
- Maturity in days – 365 days
- Maturity date – June 24<sup>th</sup> 2011
- Discount rate 6.75%

Total issues outstanding as December 31, 2010 – EC\$84.96 million

### ***Debt Rating***

The Nevis Island Administration has not yet been publicly rated by any international or regional rating agency. Over the years the Administration has been cautious in ensuring a consistent and timely debt service payment for both external and domestic creditors.

However, the recent global and economic downturn and the Four Seasons Resort closure has placed some strain on its ability to service a portion of its external debt. This information was communicated to the creditors at the earliest period. Every attempt is being made to ensure that the arrears are brought up to date and currently all of the outstanding arrears for 2010 has been paid.

## **XI. SECURITY ISSUANCE PROCEDURES**

The Treasury Bills issue will be listed on the Regional Government Securities Market (RGSM). The RGSM will operate on the Eastern Caribbean Securities Exchange (ECSE) trading platform for this primary issuance and secondary trading. The pricing methodology to be used for selling the securities will be a competitive

uniform auction with open bidding. The ECSE is responsible for the dissemination of market information, providing intermediaries with market access, administering the auction process and monitoring and surveillance of the auctions.

It is the responsibility of the Eastern Caribbean Central Securities Depository (ECCSD) to facilitate clearance and settlement for the securities allotted and will ensure that funds are deposited to the account of the Nevis Island Administration. Additionally, the ECSE, through the Eastern Caribbean Central Securities Registry (ECCSR) will record and maintain ownership of the government securities in electronic book-entry form. Other duties of the ECCSR include mailing confirmation of proof of ownership letters to all investors who were successful in the auction and processing corporate action on behalf of issuing governments.

Intermediaries will be responsible for interfacing with prospective investors, collecting applications for subscription and processing the same for bidding on the ECSE platform. Investors must provide the intermediaries with funds to cover the cost of the transaction. Investors will pay the applicable brokerage fee to the intermediaries for this particular issue.

Appendix I shows the list of licensed intermediaries. Successful clients will be informed of their payment obligations and funds will be deducted from their respective account with the intermediary.

The Nevis Island Administration will be subject to the rules and guidelines of the Regional Debt Coordinating Committee (RDCC) as it pertains to regular reporting and disclosure of information.



## APPENDIX I

### LIST OF LICENSED INTERMEDIARIES

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
<b>Anguilla</b>		
National Bank of Anguilla Ltd	<p>P O Box 44 The Valley</p> <p><b>Tel: 264-497 2101</b> Fax: 264-497 3870 / 3310 Email: <a href="mailto:nbabankl@anguillanet.com">nbabankl@anguillanet.com</a></p>	<p><b>Principal</b> Selwyn Horsford</p> <p><b>Representative</b> Idona Reid Shernika P. Connor</p>
<b>Antigua and Barbuda</b>		
ABI Bank Ltd.	<p>ABI Financial Centre Redcliffe Street St John's</p> <p><b>Tel: 268 480 2837 / 2824</b> Fax: 268 480 2765 Email: <a href="mailto:abibsec@candw.ag">abibsec@candw.ag</a></p>	<p><b>Principals</b> Casroy James Carolyn Philip</p> <p><b>Representative</b> Laura Abraham</p>
Antigua Commercial Bank Ltd.	<p>ACB Financial Centre P O Box 95 St John's</p> <p><b>Tel: 268 481 4200</b> Fax: 268 481 4158/ 4313 Email: <a href="mailto:acb@candw.ag">acb@candw.ag</a></p>	<p><b>Principal</b> Peter N Ashe</p> <p><b>Representative</b> Sharon Nathaniel</p>
<b>Dominica</b>		
National Mortgage Finance Company of Dominica Ltd. (NMFC)	<p>64 Hillsborough Street Roseau</p> <p><b>Tel: 767 448 4401 / 4405</b> Fax: 767 448 3982 Email: <a href="mailto:customersupport@nbd.dm">customersupport@nbd.dm</a></p>	<p><b>Principal</b> Caryl Phillip-Williams Linda Toussaint-Peter</p> <p><b>Representatives</b> Joel Denis Curtis Clarendon</p>
<b>St Kitts and Nevis</b>		
St Kitts Nevis Anguilla National Bank Ltd.	<p>P O Box 343 Central Street Basseterre</p>	<p><b>Principals</b> Winston Hutchinson</p>

INSTITUTION	CONTACT INFORMATION	ASSOCIATED PERSONS
	<b>Tel: 869 465 2204</b> Fax: 869 465 1050 Email: <a href="mailto:national_bank@sknanb.com">national_bank@sknanb.com</a>	Anthony Galloway  <b>Representatives</b> Marlene Nisbett Petronella Edmeade-Crooke
The Bank of Nevis Ltd.	P O Box 450 Main Street Charlestown  <b>Tel: 869 469 5564 / 5796</b> Fax: 869 469 5798 E mail: <a href="mailto:info@thebankofnevis.com">info@thebankofnevis.com</a>	<b>Principal</b> Kevin Huggins Brian Carey  <b>Representatives</b> Vernesia Walters Kelva Merchant Lisa Jones
<b>St Lucia</b>		
ECFH Global Investment Solutions Limited	5 <sup>th</sup> Floor, Financial Centre Building 1 Bridge Street Castries  <b>Tel: 758 456 6826 / 457 7233</b> Fax: 758 456 6733 E-mail : <a href="mailto:capitalmarkets@ecfhglobalinvestments.com">capitalmarkets@ecfhglobalinvestments.com</a>	<b>Principals</b> Beverley Henry Donna Matthew  <b>Representatives</b> Dianne Augustin Lawrence Jean
First Citizens Investment Services Limited - St Lucia	9 Brazil Street Castries  <b>Tel: 758 450 2662</b> Fax: 758 451 7984 Email: <a href="mailto:stlucia@mycmmmb.com">stlucia@mycmmmb.com</a>	<b>Principals</b> Carole Eleuthere-Jn Marie  <b>Representative</b> Anderson Soomer Samuel Agiste
<b>St Vincent and the Grenadines</b>		
Bank of St. Vincent and the Grenadines Ltd.	P O Box 880 Cnr. Bedford and Grenville Streets Kingstown  <b>Tel: 784 457 1844</b> Fax: 784 456 2612/ 451 2589 Email: <a href="mailto:natbank@svgnb.com">natbank@svgnb.com</a>	<b>Principals</b> Monifa Latham Keith Inniss  <b>Representatives</b> Patricia John
<b>Trinidad and Tobago</b>		
First Citizens Investment Services Limited - Trinidad	No. 1 Richmond Street, Ground Floor Furness Court, Independence Square Port of Spain  <b>Tel: 868 623 7815 / 5153</b> Fax: 868 624 4544 / 9833; 627 2930 Email: <a href="mailto:info@mycmmmb.com">info@mycmmmb.com</a>	<b>Representative</b> Vishwatee Jagroop

**APPENDIX II ST. KITTS AND NEVIS REBASED GDP BY ECONOMIC ACTIVITY  
AT BASIC PRICES, IN CONSTANT PRICES (EC\$ MILLIONS)**

SECTORS	Actual	Actual	Actual	Actual	Actual	Estimate	Prelim	Proj	Proj
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Agriculture</b>	<b>34.29</b>	<b>33.31</b>	<b>22.89</b>	<b>20.80</b>	<b>23.48</b>	<b>21.33</b>	<b>22.67</b>	<b>23.03</b>	<b>23.53</b>
Crops	9.33	10.25	7.49	6.20	7.35	6.95	7.85	8.01	8.21
Sugar	3.05	4.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Crops	6.28	5.40	7.49	6.20	7.35	6.95	7.85	8.01	8.21
Livestock	11.68	11.21	5.22	5.82	6.06	5.40	5.40	5.51	5.62
Forestry	0.56	0.51	0.52	0.53	0.37	0.34	0.34	0.35	0.35
Fishing	12.72	11.34	9.65	8.25	9.70	8.64	9.07	9.16	9.35
<b>Mining &amp; Quarrying</b>	<b>2.75</b>	<b>2.88</b>	<b>3.08</b>	<b>2.71</b>	<b>2.84</b>	<b>3.57</b>	<b>1.71</b>	<b>1.73</b>	<b>1.75</b>
<b>Manufacturing</b>	<b>108.50</b>	<b>117.06</b>	<b>102.50</b>	<b>108.77</b>	<b>119.91</b>	<b>98.32</b>	<b>83.57</b>	<b>85.24</b>	<b>86.10</b>
Sugar	8.35	5.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	100.14	111.94	102.50	108.77	119.91	98.32	83.57	85.24	86.10
<b>Electricity &amp; Water</b>	<b>23.10</b>	<b>28.96</b>	<b>24.05</b>	<b>26.77</b>	<b>23.67</b>	<b>25.03</b>	<b>25.41</b>	<b>25.92</b>	<b>26.70</b>
Electricity	14.39	19.55	13.80	17.10	13.25	13.07	13.33	13.60	14.01
Water	8.71	9.41	10.25	9.67	10.42	11.96	12.08	12.32	12.69
<b>Construction</b>	<b>144.32</b>	<b>150.02</b>	<b>162.34</b>	<b>185.99</b>	<b>193.75</b>	<b>163.35</b>	<b>117.61</b>	<b>99.97</b>	<b>94.97</b>
<b>Wholesale &amp; Retail</b>	<b>108.57</b>	<b>113.43</b>	<b>113.24</b>	<b>109.39</b>	<b>116.98</b>	<b>105.51</b>	<b>88.63</b>	<b>89.51</b>	<b>90.41</b>
<b>Hotels &amp; Restaurants</b>	<b>95.97</b>	<b>96.82</b>	<b>107.01</b>	<b>139.43</b>	<b>142.49</b>	<b>102.22</b>	<b>100.21</b>	<b>101.71</b>	<b>103.74</b>
Hotels	92.72	93.25	103.61	135.82	138.89	99.15	97.17	98.62	100.60
Restaurants	3.25	3.57	3.39	3.61	3.60	3.07	3.04	3.08	3.15
<b>Transport, Storage and Communications</b>	<b>131.92</b>	<b>145.12</b>	<b>153.86</b>	<b>172.64</b>	<b>198.93</b>	<b>194.09</b>	<b>188.52</b>	<b>190.05</b>	<b>193.90</b>
<b>Transport and Storage</b>	<b>81.12</b>	<b>83.75</b>	<b>83.60</b>	<b>95.36</b>	<b>113.05</b>	<b>104.16</b>	<b>100.39</b>	<b>101.04</b>	<b>102.26</b>
Road	49.40	54.99	52.64	59.19	63.65	59.18	56.81	56.81	57.38
Sea	1.68	1.15	1.81	1.26	0.83	0.53	0.51	0.52	0.53
Air	0.56	0.60	0.66	1.03	1.21	1.11	1.02	1.03	1.04
Support & auxil. transport	29.48	27.01	28.49	33.88	47.36	43.34	42.04	42.67	43.31
<b>Communications</b>	<b>50.80</b>	<b>61.37</b>	<b>70.27</b>	<b>77.28</b>	<b>85.88</b>	<b>89.93</b>	<b>88.13</b>	<b>89.01</b>	<b>91.64</b>

**APPENDIX II (Continued) ST. KITTS AND NEVIS REBASED GDP BY ECONOMIC ACTIVITY  
AT BASIC PRICES, IN CONSTANT PRICES (EC\$ MILLIONS)**

SECTORS	Actual 2004	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Est. 2009	Prelim 2010	Proj. 2011	Proj. 2012
<b>Financial Intermediation</b>	<b>175.09</b>	<b>198.60</b>	<b>216.88</b>	<b>232.71</b>	<b>212.03</b>	<b>233.30</b>	<b>237.72</b>	<b>242.35</b>	<b>247.07</b>
Banks & Other Financial Institutions	151.62	172.77	189.92	204.85	187.29	208.79	212.97	217.23	221.57
Insurance and pension funding	23.47	25.83	26.96	27.85	24.73	24.51	24.76	25.13	25.50
Auxiliary to Financial Intermediation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Real Estate, Renting and Business Activities</b>	<b>176.89</b>	<b>188.70</b>	<b>197.98</b>	<b>211.48</b>	<b>223.64</b>	<b>230.15</b>	<b>238.97</b>	<b>249.03</b>	<b>261.06</b>
Owner Occupied Dwellings	58.29	59.44	60.73	61.98	63.47	65.45	67.41	69.50	71.94
Real estate activities	80.07	83.44	86.49	90.86	95.77	103.88	107.52	111.82	116.85
Renting of machinery and equipment	8.79	10.96	13.63	12.94	11.06	11.60	12.01	12.49	12.99
Computer and related activities	14.67	16.14	15.40	19.48	23.96	19.15	21.07	23.17	25.95
Business Services	15.08	18.72	21.72	26.22	29.38	30.07	30.97	32.06	33.34
<b>Public Administration, Defence &amp; Compulsory Social Security</b>	<b>104.95</b>	<b>112.07</b>	<b>114.16</b>	<b>128.03</b>	<b>146.45</b>	<b>156.63</b>	<b>162.11</b>	<b>165.35</b>	<b>168.66</b>
<b>Education</b>	<b>58.88</b>	<b>63.93</b>	<b>63.03</b>	<b>64.49</b>	<b>72.67</b>	<b>74.60</b>	<b>76.88</b>	<b>78.53</b>	<b>80.33</b>
Public	48.21	48.98	45.25	43.05	49.27	52.41	54.24	55.33	56.44
Private	10.67	14.96	17.78	21.44	23.39	22.19	22.63	23.20	23.90
<b>Health and Social Work</b>	<b>34.18</b>	<b>37.51</b>	<b>37.17</b>	<b>38.55</b>	<b>40.24</b>	<b>39.69</b>	<b>40.93</b>	<b>41.85</b>	<b>42.79</b>
Public	26.60	28.62	27.44	28.33	29.25	29.57	30.60	31.22	31.84
Private	7.58	8.89	9.73	10.22	11.00	10.12	10.32	10.63	10.95
<b>Other community, social &amp; personal services</b>	<b>46.81</b>	<b>48.02</b>	<b>49.49</b>	<b>51.36</b>	<b>54.33</b>	<b>55.73</b>	<b>57.40</b>	<b>59.41</b>	<b>61.49</b>
<b>Private Households with Employed Persons</b>	<b>4.83</b>	<b>5.55</b>	<b>5.33</b>	<b>5.13</b>	<b>5.62</b>	<b>5.58</b>	<b>5.69</b>	<b>5.83</b>	<b>5.98</b>
<b>Less FISIM</b>	<b>36.32</b>	<b>37.74</b>	<b>39.39</b>	<b>40.79</b>	<b>36.67</b>	<b>37.20</b>	<b>37.94</b>	<b>38.70</b>	<b>39.48</b>
<b>Gross Value Added at Basic Prices</b>	<b>1,214.73</b>	<b>1,304.23</b>	<b>1,333.63</b>	<b>1,457.45</b>	<b>1,540.35</b>	<b>1,471.90</b>	<b>1,410.09</b>	<b>1,420.82</b>	<b>1,449.01</b>
<b>GROWTH RATE</b>	<b>6.42</b>	<b>7.37</b>	<b>2.25</b>	<b>9.28</b>	<b>5.69</b>	<b>-4.44</b>	<b>-4.20</b>	<b>0.76</b>	<b>1.98</b>

Source: Eastern Caribbean Central Bank

**APPENDIX III**
**NIA SUMMARY OF FISCAL OPERATIONS (REVENUE)  
ECONOMIC CLASSIFICATION (EC\$ MILLIONS)**

<b>CLASSIFICATION</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>Pre 2010</b>	<b>Proj. 2011</b>
<b>Total Revenue and Grants</b>	<b>76.82</b>	<b>93.17</b>	<b>89.26</b>	<b>104.93</b>	<b>111.74</b>	<b>90.44</b>	<b>94.71</b>	<b>138.35</b>
<b>Current Revenue</b>	<b>76.82</b>	<b>93.12</b>	<b>89.26</b>	<b>104.93</b>	<b>111.54</b>	<b>90.07</b>	<b>93.99</b>	<b>136.43</b>
<b>Tax Revenue</b>	<b>56.75</b>	<b>71.40</b>	<b>66.42</b>	<b>79.93</b>	<b>84.77</b>	<b>61.80</b>	<b>67.33</b>	<b>106.47</b>
<b>Direct Tax</b>	<b>8.56</b>	<b>11.28</b>	<b>12.73</b>	<b>14.78</b>	<b>16.70</b>	<b>15.17</b>	<b>12.90</b>	<b>29.40</b>
<b>Taxes on Income &amp; Profit</b>	<b>7.19</b>	<b>9.84</b>	<b>10.89</b>	<b>13.00</b>	<b>14.90</b>	<b>13.21</b>	<b>11.11</b>	<b>24.00</b>
Corporate Income Tax	0.82	2.91	3.42	3.47	5.55	5.01	4.70	13.00
Withholding Tax	0.01	0.05	0.00	0.96	0.05	0.44	0.18	0.20
Social Services Levy	6.35	6.88	7.47	8.57	9.30	7.76	6.23	10.80
<b>Taxes on Property</b>	<b>1.38</b>	<b>1.44</b>	<b>1.85</b>	<b>1.77</b>	<b>1.80</b>	<b>1.96</b>	<b>1.80</b>	<b>5.40</b>
House Tax & Land Tax	1.38	1.44	1.85	1.77	1.80	1.96	1.80	5.40
<b>Indirect Tax</b>	<b>48.19</b>	<b>60.12</b>	<b>53.69</b>	<b>65.15</b>	<b>68.08</b>	<b>46.63</b>	<b>54.43</b>	<b>77.07</b>
<b>Taxes on Domestic Goods &amp; Services</b>	<b>23.01</b>	<b>31.18</b>	<b>29.86</b>	<b>29.41</b>	<b>31.58</b>	<b>16.54</b>	<b>22.85</b>	<b>36.90</b>
Including:								
Wheel Tax	1.58	1.66	1.87	2.10	2.27	2.20	2.11	2.50
VAT (Inland Revenue Department)	0.00	0.00	0.00	0.00	0.00	0.00	0.72	18.14
Hotel Room & Restaurant Tax	8.43	9.79	10.00	10.81	9.93	1.63	1.56	0.00
Stamp Duties	10.68	16.94	14.46	12.50	15.81	9.67	15.42	13.01
Vehicle Rental Levy	0.08	0.10	0.09	0.11	0.11	0.13	0.09	0.00
Consumption Tax (Inland Rev.)	0.15	0.18	0.26	0.40	0.72	0.49	0.45	0.00
Unincorporated Business Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.04	1.20
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05
Licences:	1.29	1.43	1.51	2.09	1.48	1.33	1.46	1.43
<b>Taxes on Int'l Trade &amp; Transactions</b>	<b>25.18</b>	<b>28.94</b>	<b>23.83</b>	<b>35.74</b>	<b>36.50</b>	<b>30.09</b>	<b>31.58</b>	<b>40.17</b>
Import Duties (Other & Alcoholic)	8.22	8.89	0.35	9.52	9.32	7.61	8.04	9.13
Export/Excise Duties	0.00	0.00	0.18	0.40	0.20	0.18	0.20	6.29
Consumption Tax	12.77	14.65	15.52	17.84	18.73	15.60	13.44	0.00
Travel Tax	0.52	0.52	0.43	0.42	0.46	0.41	0.44	0.44
Mercantile Tax	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00
Customs Service Charge	2.33	4.84	5.87	6.37	6.80	5.65	6.56	6.58
Environmental Levy	1.34	0.03	1.46	1.18	0.98	0.65	0.55	0.75
Value Added Tax (Customs)	0.00	0.00	0.00	0.00	0.00	0.00	2.36	16.65
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.34
<b>Non-Tax Revenue</b>	<b>20.06</b>	<b>21.72</b>	<b>22.84</b>	<b>25.00</b>	<b>26.76</b>	<b>28.27</b>	<b>26.66</b>	<b>29.97</b>
Including								
Water	3.93	4.26	4.69	4.20	4.32	5.24	4.60	6.13
Offshore Financial Services	7.87	9.07	11.32	12.38	11.54	11.05	11.22	12.30
Hospital Fees	0.56	0.68	0.60	0.68	0.71	0.59	0.62	0.65
Supply Office	2.85	2.79	2.72	3.13	4.20	5.79	5.99	6.30
Other Non-Tax Revenue	4.46	4.24	2.85	3.98	5.32	4.83	3.25	3.69

Source: Ministry of Finance

## APPENDIX IV

NIA SUMMARY OF FISCAL OPERATIONS (EXPENDITURE)  
ECONOMIC CLASSIFICATION (EC\$ MILLIONS)

CLASSIFICATIONS	2004	2005	2006	2007	2008	2009	Prelim 2010	Proj. 2011
<b>Current Expenditure</b>	<b>66.26</b>	<b>71.35</b>	<b>81.90</b>	<b>95.16</b>	<b>102.43</b>	<b>107.60</b>	<b>106.70</b>	<b>118.22</b>
<b>Personal Emoluments</b>	<b>33.86</b>	<b>35.16</b>	<b>37.38</b>	<b>41.80</b>	<b>47.52</b>	<b>52.64</b>	<b>51.49</b>	<b>58.09</b>
Salaries	22.68	24.68	26.05	28.33	31.91	35.57	33.77	39.11
Allowances	1.73	0.61	0.37	0.70	0.81	0.93	0.90	0.92
Wages	9.45	9.87	10.96	12.76	14.80	16.14	16.82	18.05
<b>Goods &amp; Services</b>	<b>15.65</b>	<b>16.29</b>	<b>21.04</b>	<b>22.67</b>	<b>27.77</b>	<b>25.83</b>	<b>25.01</b>	<b>28.99</b>
<b>Interest Payments</b>	<b>9.41</b>	<b>11.54</b>	<b>15.47</b>	<b>21.27</b>	<b>17.42</b>	<b>18.66</b>	<b>18.62</b>	<b>23.75</b>
Domestic	2.00	3.23	7.19	13.67	11.49	13.37	13.02	17.50
External	7.41	8.31	8.28	7.60	5.93	5.29	5.60	6.25
<b>Transfers &amp; Subsidies</b>	<b>7.34</b>	<b>8.35</b>	<b>8.01</b>	<b>9.42</b>	<b>9.72</b>	<b>10.46</b>	<b>11.58</b>	<b>7.39</b>
Pensions and Gratuities	4.62	3.66	2.97	3.48	3.92	7.18	7.52	5.00
Contributions to Reg. & Int'l Institutions	0.00	0.00	2.14	1.88	1.85	2.75	3.51	0.35
Public Assistance	2.42	3.38	2.39	3.56	2.48	0.53	0.56	0.01
Overseas Missions/Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Public Corporations	0.30	1.31	0.51	0.50	1.46	0.00	0.00	2.03
<b>Current Account Balance</b>	<b>10.56</b>	<b>21.78</b>	<b>7.36</b>	<b>9.77</b>	<b>9.10</b>	<b>-17.53</b>	<b>-12.71</b>	<b>18.22</b>
<b>Capital Revenue</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.17</b>	<b>0.50</b>	<b>0.09</b>	<b>0.00</b>	<b>0.10</b>
Land & Property Sales	0.00	0.00	0.00		0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.17	0.50	0.09	0.00	0.10
<b>Total Grants</b>	<b>0.00</b>	<b>0.05</b>	<b>0.00</b>	<b>0.00</b>	<b>0.21</b>	<b>0.38</b>	<b>0.72</b>	<b>1.92</b>
Budgetary Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Grants	0.00	0.05	0.00	0.00	0.21	0.38	0.72	1.92
<b>Capital Expenditure</b>	<b>12.17</b>	<b>14.96</b>	<b>17.89</b>	<b>41.79</b>	<b>22.20</b>	<b>20.74</b>	<b>23.58</b>	<b>44.37</b>
Fixed Investment	12.17	14.96	17.89	41.79	22.20	20.74	23.58	44.37
Below the line expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net Lending</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Overall Balance</b>	<b>-1.61</b>	<b>6.87</b>	<b>-10.53</b>	<b>-31.85</b>	<b>-12.39</b>	<b>-37.81</b>	<b>-33.98</b>	<b>-24.13</b>
<b>Primary Balance</b>	<b>7.80</b>	<b>18.41</b>	<b>4.94</b>	<b>-10.58</b>	<b>5.03</b>	<b>-19.15</b>	<b>-16.47</b>	<b>-0.38</b>
<b>Principal Repayments</b>	<b>9.82</b>	<b>13.85</b>	<b>18.40</b>	<b>15.26</b>	<b>13.53</b>	<b>9.99</b>	<b>32.80</b>	<b>15.75</b>
Domestic	0.81	3.28	6.81	12.07	3.59	2.94	8.72	8.00
External	9.01	10.57	11.60	3.19	9.94	7.05	24.08	7.75

Source: Ministry of Finance

# APPENDIX V

## NIA SUMMARY OF FISCAL OPERATION (REVENUE) (in per cent of SKN GDP at Market prices)

CATEGORIES	2004	2005	2006	2007	2008	2009	Prelim 2010	Proj. 2011
<b>Total Revenue and Grants</b>	<b>6.02%</b>	<b>6.75%</b>	<b>5.61%</b>	<b>6.00%</b>	<b>5.89%</b>	<b>4.98%</b>	<b>5.38%</b>	<b>7.33%</b>
<b>Current Revenue</b>	<b>6.02%</b>	<b>6.75%</b>	<b>5.61%</b>	<b>6.00%</b>	<b>5.88%</b>	<b>4.96%</b>	<b>5.34%</b>	<b>7.23%</b>
<b>Tax Revenue</b>	<b>4.45%</b>	<b>5.17%</b>	<b>4.17%</b>	<b>4.57%</b>	<b>4.47%</b>	<b>3.40%</b>	<b>3.83%</b>	<b>5.64%</b>
<b>Direct Tax</b>	<b>0.67%</b>	<b>0.82%</b>	<b>0.80%</b>	<b>0.85%</b>	<b>0.88%</b>	<b>0.83%</b>	<b>0.73%</b>	<b>1.56%</b>
<b>Taxes on Income &amp; Profit</b>	<b>0.56%</b>	<b>0.71%</b>	<b>0.68%</b>	<b>0.74%</b>	<b>0.79%</b>	<b>0.73%</b>	<b>0.63%</b>	<b>1.27%</b>
Corporate Income Tax	0.06%	0.21%	0.21%	0.20%	0.29%	0.28%	0.27%	0.69%
Withholding Tax	0.00%	0.00%	0.00%	0.05%	0.00%	0.02%	0.01%	0.01%
Social Services Levy	0.50%	0.50%	0.47%	0.49%	0.49%	0.43%	0.35%	0.57%
<b>Taxes on Property</b>	<b>0.11%</b>	<b>0.10%</b>	<b>0.12%</b>	<b>0.10%</b>	<b>0.09%</b>	<b>0.11%</b>	<b>0.10%</b>	<b>0.29%</b>
House Tax & Land Tax	0.11%	0.10%	0.12%	0.10%	0.09%	0.11%	0.10%	0.29%
<b>Indirect Tax</b>	<b>3.78%</b>	<b>4.36%</b>	<b>3.37%</b>	<b>3.73%</b>	<b>3.59%</b>	<b>2.57%</b>	<b>3.09%</b>	<b>4.08%</b>
<b>Taxes on Domestic Goods &amp; Services</b>	<b>1.80%</b>	<b>2.26%</b>	<b>1.88%</b>	<b>1.68%</b>	<b>1.67%</b>	<b>0.91%</b>	<b>1.30%</b>	<b>1.96%</b>
<b>Including:</b>								
Hotel Room & Restaurant Tax	0.66%	0.71%	0.63%	0.62%	0.52%	0.09%	0.09%	0.00%
Stamp Duties	0.84%	1.23%	0.91%	0.72%	0.83%	0.53%	0.88%	0.69%
Consumption Tax (Inland Rev.)	0.01%	0.01%	0.02%	0.02%	0.04%	0.03%	0.03%	0.00%
Proceeds from Lottery Sale	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%
Coastal Environmental Levy	0.00%	0.01%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%
Unincorporated Business Tax	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.06%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Licences:	0.10%	0.10%	0.09%	0.12%	0.08%	0.07%	0.08%	0.08%
<b>Taxes on Int'l Trade &amp; Transactions</b>	<b>1.97%</b>	<b>2.10%</b>	<b>1.50%</b>	<b>2.04%</b>	<b>1.93%</b>	<b>1.66%</b>	<b>1.79%</b>	<b>2.13%</b>
<b>Including:</b>								
Import Duties (Other & Alcoholic)	0.64%	0.64%	0.02%	0.54%	0.49%	0.42%	0.46%	0.48%
Export/Excise Duties	0.00%	0.00%	0.01%	0.02%	0.01%	0.01%	0.01%	0.33%
Consumption Tax	1.00%	1.06%	0.98%	1.02%	0.99%	0.86%	0.76%	0.00%
Customs Service Charge	0.18%	0.35%	0.37%	0.36%	0.36%	0.31%	0.37%	0.35%
<b>Non-Tax Revenue</b>	<b>1.57%</b>	<b>1.57%</b>	<b>1.43%</b>	<b>1.43%</b>	<b>1.41%</b>	<b>1.56%</b>	<b>1.52%</b>	<b>1.59%</b>
<b>Including</b>								
Water	0.31%	0.31%	0.29%	0.24%	0.23%	0.29%	0.26%	0.32%
Offshore Financial Services	0.62%	0.66%	0.71%	0.71%	0.61%	0.61%	0.64%	0.65%
Supply Office	0.22%	0.20%	0.17%	0.18%	0.22%	0.32%	0.34%	0.33%
Other Non-Tax Revenue	0.35%	0.31%	0.18%	0.23%	0.28%	0.27%	0.18%	0.20%

Source: Ministry of Finance

## APPENDIX VI

**NIA SUMMARY OF FISCAL OPERATION (EXPENDITURE)**  
(in per cent of SKN GDP at Market Prices)

CATEGORIES	2004	2005	2006	2007	2008	2009	Prelim 2010	Proj. 2011
<b>Current Expenditure</b>	<b>5.19%</b>	<b>5.17%</b>	<b>5.15%</b>	<b>5.44%</b>	<b>5.40%</b>	<b>5.92%</b>	<b>6.06%</b>	<b>6.27%</b>
<b>Personal Emoluments</b>	<b>2.65%</b>	<b>2.55%</b>	<b>2.35%</b>	<b>2.39%</b>	<b>2.51%</b>	<b>2.90%</b>	<b>2.93%</b>	<b>3.08%</b>
Salaries	1.78%	1.79%	1.64%	1.62%	1.68%	1.96%	1.92%	2.07%
Allowances	0.14%	0.04%	0.02%	0.04%	0.04%	0.05%	0.05%	0.05%
Wages	0.74%	0.72%	0.69%	0.73%	0.78%	0.89%	0.96%	0.96%
<b>Goods &amp; Services</b>	<b>1.23%</b>	<b>1.18%</b>	<b>1.32%</b>	<b>1.30%</b>	<b>1.47%</b>	<b>1.42%</b>	<b>1.42%</b>	<b>1.54%</b>
<b>Interest Payments</b>	<b>0.74%</b>	<b>0.84%</b>	<b>0.97%</b>	<b>1.22%</b>	<b>0.92%</b>	<b>1.03%</b>	<b>1.06%</b>	<b>1.26%</b>
Domestic	0.16%	0.23%	0.45%	0.78%	0.61%	0.74%	0.74%	0.93%
External	0.58%	0.60%	0.52%	0.43%	0.31%	0.29%	0.32%	0.33%
<b>Transfers &amp; Subsidies</b>	<b>0.57%</b>	<b>0.61%</b>	<b>0.50%</b>	<b>0.54%</b>	<b>0.51%</b>	<b>0.58%</b>	<b>0.66%</b>	<b>0.39%</b>
Pensions and Gratuities	0.36%	0.27%	0.19%	0.20%	0.21%	0.40%	0.43%	0.27%
Contribution to Reg. & Int'l Institut.	0.00%	0.00%	0.13%	0.11%	0.10%	0.15%	0.20%	0.02%
Public Assistance	0.19%	0.25%	0.15%	0.20%	0.13%	0.03%	0.03%	0.00%
Overseas Missions/Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Public Corporations	0.02%	0.09%	0.03%	0.03%	0.08%	0.00%	0.00%	0.11%
<b>Current Account Balance</b>	<b>0.83%</b>	<b>1.58%</b>	<b>0.46%</b>	<b>0.56%</b>	<b>0.48%</b>	<b>-0.96%</b>	<b>-0.72%</b>	<b>0.97%</b>
<b>Capital Revenue</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.03%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.01%</b>
Land & Property Sales	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.01%	0.03%	0.00%	0.00%	0.01%
<b>Total Grants</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.02%</b>	<b>0.04%</b>	<b>0.10%</b>
Budgetary Grants	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Capital Grants	0.00%	0.00%	0.00%	0.00%	0.01%	0.02%	0.04%	0.10%
<b>Capital Expenditure</b>	<b>0.95%</b>	<b>1.08%</b>	<b>1.12%</b>	<b>2.39%</b>	<b>1.17%</b>	<b>1.14%</b>	<b>1.34%</b>	<b>2.35%</b>
Fixed Investment	0.95%	1.08%	1.12%	2.39%	1.17%	1.14%	1.34%	2.35%
Below the line expenditure	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Net Lending</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Overall Balance</b>	<b>-0.13%</b>	<b>0.50%</b>	<b>-0.66%</b>	<b>-1.82%</b>	<b>-0.65%</b>	<b>-2.08%</b>	<b>-1.93%</b>	<b>-1.28%</b>
<b>Primary Balance</b>	<b>0.61%</b>	<b>1.33%</b>	<b>0.31%</b>	<b>-0.60%</b>	<b>0.27%</b>	<b>-1.05%</b>	<b>-0.94%</b>	<b>-0.02%</b>
<b>Principal Repayments</b>	<b>0.77%</b>	<b>1.00%</b>	<b>1.16%</b>	<b>0.87%</b>	<b>0.71%</b>	<b>0.55%</b>	<b>1.86%</b>	<b>0.83%</b>
Domestic	0.06%	0.24%	0.43%	0.69%	0.19%	0.16%	0.50%	0.42%
External	0.71%	0.77%	0.73%	0.18%	0.52%	0.39%	1.37%	0.41%

Source: Ministry of Finance



# APPENDIX VII

## NIA TOTAL PUBLIC SECTOR OUTSTANDING LIABILITIES AS AT DECEMBER 31, 2010 (EC\$ MILLIONS)

End of Period Data	2004	2005	2006	2007	2008	2009
<b>TOTAL OUTSTANDING LIABILITIES</b>	<b>264.70</b>	<b>264.13</b>	<b>271.71</b>	<b>338.87</b>	<b>352.40</b>	<b>386.80</b>
<b>NIA OUTSTANDING DEBT</b>	<b>218.96</b>	<b>219.80</b>	<b>227.12</b>	<b>264.14</b>	<b>278.95</b>	<b>319.47</b>
Domestic	81.93	91.84	109.23	155.46	181.06	215.87
External	137.03	127.96	117.89	108.68	97.89	103.60
<b>GOVERNMENT GUARANTEED</b>	<b>45.74</b>	<b>44.33</b>	<b>44.59</b>	<b>74.73</b>	<b>73.45</b>	<b>67.33</b>
Domestic	29.76	29.42	12.41	15.36	17.87	16.64
External	15.98	14.91	32.18	59.37	55.58	50.69
<b>TOTAL DOMESTIC</b>	<b>111.69</b>	<b>121.26</b>	<b>121.64</b>	<b>170.82</b>	<b>198.93</b>	<b>232.51</b>
<b>TOTAL EXTERNAL</b>	<b>153.01</b>	<b>142.87</b>	<b>150.07</b>	<b>168.05</b>	<b>153.47</b>	<b>154.29</b>
<b>NIA DEBT SERVICE RATIO</b>						
<b>Debt Service /Current Revenue (%)</b>	<b>25.03%</b>	<b>26.82%</b>	<b>34.60%</b>	<b>34.82%</b>	<b>27.75%</b>	<b>31.81%</b>
Domestic	3.66%	6.88%	14.30%	24.54%	13.52%	18.10%
External	21.38%	19.94%	20.30%	10.28%	14.24%	13.71%
<b>Interest Payment /NIA Outstanding debt (%)</b>	<b>4.30%</b>	<b>5.25%</b>	<b>6.81%</b>	<b>8.05%</b>	<b>6.25%</b>	<b>5.84%</b>
Domestic	2.44%	3.52%	6.59%	8.79%	6.34%	6.19%
External	5.41%	6.49%	7.02%	6.99%	6.06%	5.11%

Source: Ministry of Finance

**APPENDIX VIII**
**NIA CAPITAL PROJECTS 2011 (EC\$)**

<b>Ministry / Department</b>	<b>Amount Budgeted</b>
<b>Premier's Ministry</b>	
Upgrade of Disaster Management	1,000,000
Emergency response Fund	20,000
Upgrade of Police Service	100,000
Commission of Inquiry	900,000
Construction of New Cotton Ground Police Station	295,540
Repairs to Old Cotton Ground police Station	150,000
Development of Media Service	75,000
<b>Total Premier's Ministry</b>	<b>2,540,540</b>
<b>Ministry of Finance</b>	
Computerization of Government Services	250,000
Government Equipment, Furniture Etc.	350,000
Population and Housing Census	250,000
Vehicles	550,000
IBM Upgrade	185,000
<b>Total Ministry of Finance</b>	<b>1,585,000</b>
<b>Ministry of Communications</b>	
Land Settlement	1,000,000
Technical Assistance	125,000
Water Development Project	2,700,000
Water Drilling Project	2,510,420
Renewable Energy Projects	500,000
Road Repair and Drainage Systems	1,400,000
Secondary Village Roads	1,200,000
Road Improvement	1,500,000
Special Maintenance of Schools	200,000
Purchase of Asphalt Plant	3,200,000
Renovation of Government Buildings	250,000
Road Drainage Project	200,000
Renovation of Government House	1,000,000
Hamilton – Government Road Project	10,000,000
Water Service Upgrade	1,555,452
<b>Total Ministry of Communication</b>	<b>27,340,872</b>
<b>Ministry of Agriculture</b>	
Farm Machinery and Equipment	100,000
Agriculture Diversification Thrust	200,000
Agro Processing Plant, Fencing & Landscape	120,000
Caribbean Amblyoma Programme	30,000
Upgrade to Charlestown Public Market	555,295

Source: Ministry of Finance

**APPENDIX VIII (Cont)**
**NIA CAPITAL PROJECTS 2011**
**(EC\$)**

<b>Ministry / Department</b>	
<b>Ministry of Agriculture</b>	
Lethal Yellowing Management in Coconuts	50,000
Fisheries Biodiversity Project	125,000
Sea Island Cotton Production	100,000
Expansion and Upgrade Vetinary Clinic	125,000
Animal Control	50,000
Upgrade CARDI Building	150,000
Indian Castle Well	972,272
<b>Total Ministry of Agriculture</b>	<b>2,577,567</b>
<b>Ministry of Health</b>	
Improvement Alexandra Hospital	100,000
Procurement of Medical Supplies	400,000
Upgrade of Community Centres	50,000
Nevis Environmental Work Programme	550,000
Payment for Medical Supplies	400,000
Upgrade Cotton Ground Health Centre	480,000
Construction of Environmental health Office	160,000
Dental Services Equipment	100,000
<b>Total Ministry of Health</b>	<b>2,240,000</b>
<b>Ministry of Tourism</b>	
Upgrade and Development Heritage Site	50,000
New River Estate Plantation Museum Project	75,000
Maritime Tourism	200,000
<b>Total Ministry of Tourism</b>	<b>325,000</b>
<b>Ministry of Education</b>	
Computerization of Schools	75,000
Provision of furniture for Schools	150,000
School Meal Programme	100,000
Special Maintenance of Schools	150,000
School Text Book Programme	25,000
Upgrade Primary Schools	522,553
Refurbish ministry of Education	50,000
<b>Total Ministry of Education</b>	<b>1,072,553</b>
<b>Ministry of Social Development</b>	
Maintenance of Community Centres	125,000
Fine Arts Theatre	1,100,000
Improvement to Sporting Facilities	150,000

Source: Ministry of Finance

**APPENDIX VIII (Cont)**
**NIA CAPITAL PROJECTS 2011 (EC\$)**

<b>Ministry / Department</b>	
<b>Ministry of Social Development</b>	
National Training Programme	200,000
Purchase of Land and Upgrade Cotton ground Play Field	700,000
Construction of Community Centres	4,033,923
Barnes Ghaut Community Centre	100,000
<b>Total Ministry of Social Development</b>	<b>6,408,923</b>
<b>Ministry of Trade, Industry &amp; Consumer Affairs</b>	
Enterprise Development Fund	100,000
Youth Enterprise Scheme	75,000
Upgrade of Supply Office Compound	100,000
<b>Total Ministry of Trade</b>	<b>275,000</b>
<b>TOTAL</b>	<b>44,365,455</b>

Source: Ministry of Finance

**APPENDIX IX**

**ST. KITTS AND NEVIS BALANCE OF PAYMENTS  
STANDARD PRESENTATION 2004 – 2010 (EC\$ MILLIONS)**

<b>CLASSIFICATION</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>1. CURRENT ACCOUNT</b>	<b>(184.62)</b>	<b>(174.74)</b>	<b>(229.80)</b>	<b>(300.43)</b>	<b>(478.75)</b>	<b>(461.48)</b>	<b>(464.35)</b>
<b>A. GOODS AND SERVICES</b>	<b>(128.79)</b>	<b>(144.37)</b>	<b>(229.45)</b>	<b>(298.27)</b>	<b>(474.87)</b>	<b>(445.44)</b>	<b>(486.94)</b>
Goods	(275.47)	(328.59)	(435.48)	(490.92)	(585.56)	(532.21)	(546.24)
Merchandise	(286.66)	(343.11)	(449.55)	(507.28)	(602.46)	(548.82)	(562.02)
Repair on goods	0.11	0.19	0.19	0.20	0.26	0.53	0.51
Goods procured in ports by carriers	11.08	14.33	13.88	16.17	16.63	16.08	15.28
Services	146.68	184.22	206.03	192.65	110.70	86.76	59.30
Transportation	(62.70)	(72.90)	(85.54)	(80.80)	(120.19)	(74.40)	(92.84)
Travel	251.01	297.51	318.91	303.20	258.00	196.73	187.99
Insurance Services	(18.23)	(22.15)	(19.86)	(22.86)	(32.50)	(28.37)	(28.73)
Other Business Services	(22.17)	(18.81)	(10.42)	(11.96)	0.08	(14.14)	(14.11)
Government Services	(1.23)	0.56	2.93	5.08	5.30	6.94	6.99
<b>B. INCOME</b>	<b>(105.03)</b>	<b>(94.87)</b>	<b>(87.32)</b>	<b>(80.95)</b>	<b>(93.31)</b>	<b>(94.20)</b>	<b>(56.16)</b>
Compensation of Employees	(7.73)	(6.33)	(2.16)	(1.37)	(1.48)	(1.46)	(1.48)
Investment Income	(97.31)	(88.54)	(85.16)	(79.58)	(91.83)	(92.74)	(54.69)
<b>C. CURRENT TRANSFERS</b>	<b>49.20</b>	<b>64.50</b>	<b>86.97</b>	<b>78.78</b>	<b>89.43</b>	<b>78.16</b>	<b>78.75</b>
General Government	(3.60)	8.19	23.28	12.39	12.43	(2.13)	(2.22)
Other Sectors	52.80	56.31	63.69	66.39	77.00	80.29	80.97
<b>2. CAPITAL AND FINANCIAL ACCOUNT</b>	<b>243.68</b>	<b>117.87</b>	<b>277.91</b>	<b>306.83</b>	<b>501.42</b>	<b>570.70</b>	<b>424.70</b>
<b>A. CAPITAL ACCOUNT</b>	<b>14.52</b>	<b>39.75</b>	<b>35.98</b>	<b>38.28</b>	<b>60.19</b>	<b>23.73</b>	<b>16.51</b>
Capital Transfers	14.52	39.75	35.75	38.28	60.19	23.73	16.51
Acquisition & Disposal of Non-Produced,							
<b>B. FINANCIAL ACCOUNT</b>	<b>229.16</b>	<b>78.12</b>	<b>241.93</b>	<b>268.55</b>	<b>441.22</b>	<b>546.97</b>	<b>408.18</b>
Direct Investment	150.58	251.09	298.12	363.11	480.35	353.03	344.78
Portfolio Investment	(26.57)	(40.56)	(56.62)	(35.03)	28.27	(28.43)	(30.52)
Other Investment	105.15	(132.40)	0.43	(59.52)	(67.40)	222.38	93.92
<b>3. NET ERRORS AND OMISSIONS</b>	<b>(22.21)</b>	<b>38.84</b>	<b>(1.81)</b>	<b>12.99</b>	<b>17.08</b>	<b>(39.06)</b>	<b>36.91</b>
<b>4. OVERALL BALANCE</b>	<b>36.84</b>	<b>(18.03)</b>	<b>46.30</b>	<b>19.39</b>	<b>39.75</b>	<b>70.16</b>	<b>(2.75)</b>
<b>5. FINANCING</b>	<b>(36.84)</b>	<b>18.03</b>	<b>(46.30)</b>	<b>(19.39)</b>	<b>(39.75)</b>	<b>(70.16)</b>	<b>2.75</b>
Change in SDR Holdings	-	-	-	-	-	(35.99)	-
Change in Reserve Position with IMF	-	-	-	-	-	-	-
Change in Government Foreign Assets	0.04	(0.46)	(0.18)	(0.26)	(0.28)	-	-
Change in Imputed Reserves	(36.89)	18.49	(46.11)	(19.13)	(39.47)	(34.17)	2.75

Source: Eastern Caribbean Central Bank



# APPENDIX X

## ST. KITTS AND NEVIS MONETARY SURVEY (EC \$ MILLIONS)

CLASSIFICATION	2004	2005	2006	2007	2008	2009	2010
<b>Net Foreign Assets</b>	<b>287.09</b>	<b>376.52</b>	<b>457.94</b>	<b>557.56</b>	<b>746.66</b>	<b>607.36</b>	<b>625.90</b>
Central Bank (Net)	211.52	193.03	239.14	258.28	297.75	331.92	420.20
Commercial Banks (Net)	75.58	183.50	218.80	299.28	448.91	275.45	205.70
<b>Net Domestic Assets</b>	<b>923.49</b>	<b>917.46</b>	<b>1,009.83</b>	<b>1,079.07</b>	<b>922.18</b>	<b>1,151.93</b>	<b>1,216.23</b>
<b>Domestic Credit</b>	<b>1,088.28</b>	<b>1,259.08</b>	<b>1,441.04</b>	<b>1,566.74</b>	<b>1,608.94</b>	<b>1,702.00</b>	<b>1,779.25</b>
Central Government (Net)	262.97	351.66	422.49	464.77	337.13	427.41	433.54
Other Public Sector (Net)	(46.53)	(33.69)	(30.35)	(71.39)	29.06	(36.47)	(25.95)
Private Sector	871.84	941.11	1,048.91	1,173.36	1,242.75	1,311.06	1,371.66
<b>Other Items (Net)</b>	<b>(164.78)</b>	<b>(341.62)</b>	<b>(431.21)</b>	<b>(487.67)</b>	<b>(686.76)</b>	<b>(550.08)</b>	<b>(563.02)</b>
<b>MONETARY LIABILITIES (M2)</b>	<b>1,210.59</b>	<b>1,293.98</b>	<b>1,467.78</b>	<b>1,636.62</b>	<b>1,668.85</b>	<b>1,759.29</b>	<b>1,842.13</b>
<b>MONEY SUPPLY (M1)</b>	<b>183.51</b>	<b>192.26</b>	<b>217.43</b>	<b>237.99</b>	<b>270.05</b>	<b>255.24</b>	<b>288.45</b>
<b>QUASI MONEY</b>	<b>1,027.07</b>	<b>1,101.73</b>	<b>1,250.35</b>	<b>1,398.63</b>	<b>1,398.80</b>	<b>1,504.05</b>	<b>1,553.68</b>
Private Sector Savings Deposits	419.16	471.01	521.81	565.62	602.57	638.55	638.43
Private Sector Time Deposits	289.76	287.73	309.55	377.63	398.12	490.97	552.40
Private Sector Foreign Currency Deposits	318.15	342.99	418.99	455.39	398.10	374.53	362.84

Source: Eastern Caribbean Central Bank

# APPENDIX XI

## SUMMARY OF FISCAL OPERATIONS (REVENUE) GOVERNMENT OF ST. CHRISTOPHER AND NEVIS ECONOMIC CLASSIFICATION (EC \$ MILLIONS)

CLASSIFICATION	2004	2005	2006	2007	2008	2009	Proj. 2010	Proj. 2011
<b>TOTAL REVENUE AND GRANTS</b>	<b>298.97</b>	<b>375.72</b>	<b>440.24</b>	<b>477.20</b>	<b>522.76</b>	<b>534.80</b>	<b>617.07</b>	<b>529.10</b>
<b>RECURRENT REVENUE</b>	<b>290.58</b>	<b>339.46</b>	<b>386.28</b>	<b>412.33</b>	<b>432.71</b>	<b>449.93</b>	<b>432.94</b>	<b>432.92</b>
<b>Tax revenue</b>	<b>226.82</b>	<b>271.59</b>	<b>298.01</b>	<b>320.10</b>	<b>337.18</b>	<b>334.40</b>	<b>318.70</b>	<b>339.46</b>
<b>Direct Tax</b>	<b>76.85</b>	<b>95.34</b>	<b>93.63</b>	<b>108.56</b>	<b>125.54</b>	<b>142.37</b>	<b>113.70</b>	<b>98.17</b>
<b>Taxes on Income</b>	<b>73.17</b>	<b>91.74</b>	<b>86.75</b>	<b>102.90</b>	<b>120.76</b>	<b>135.52</b>	<b>106.80</b>	<b>89.70</b>
Income Tax	51.63	65.82	63.02	73.97	88.16	105.03	76.09	55.64
Withholding Tax	1.99	1.77	1.79	4.49	4.73	2.04	2.05	2.18
Social Services Levy	19.56	24.15	21.94	24.44	27.87	28.45	28.66	31.88
<b>Taxes on Property</b>	<b>3.68</b>	<b>3.60</b>	<b>6.88</b>	<b>5.65</b>	<b>4.77</b>	<b>6.85</b>	<b>6.90</b>	<b>8.48</b>
House and Land Tax	2.87	2.98	2.99	3.47	4.31	6.19	6.24	6.39
Condominium Tax	0.39	0.24	0.21	0.75	0.42	0.66	0.66	2.09
Land Tax	0.42	0.38	3.67	1.43	0.04	0.00	0.00	0.00
<b>Indirect Tax</b>	<b>149.97</b>	<b>176.25</b>	<b>204.39</b>	<b>211.55</b>	<b>211.64</b>	<b>192.03</b>	<b>205.00</b>	<b>241.28</b>
<b>Taxes on Domestic Goods &amp; Consump.</b>	<b>36.33</b>	<b>37.29</b>	<b>61.01</b>	<b>54.69</b>	<b>52.29</b>	<b>53.15</b>	<b>68.70</b>	<b>118.49</b>
Including:								
VAT	0.00	0.00	0.00	0.00	0.00	0.00	16.02	78.60
Wheel Tax	3.40	3.77	3.96	4.09	4.43	4.55	4.58	4.87
Traders Tax	1.39	1.51	1.69	1.56	1.68	1.81	1.37	0.00
Hotel Room Tax	4.10	2.73	2.91	3.44	3.59	3.00	2.37	0.00
Gasoline Levy	0.50	0.05	1.39	0.55	0.00	0.00	0.00	0.00
Stamp Duty Unclassified	13.46	13.62	32.61	25.84	21.13	23.10	23.56	15.30
Licences	6.07	6.29	6.49	7.57	7.85	8.37	8.43	10.01
Insurance Fees	2.11	1.82	1.96	2.17	2.23	2.02	1.53	2.16
I.D.D. Overseas Calls	1.08	1.40	3.18	3.70	3.34	3.24	2.45	0.00
Island Enhancement Fund	2.03	4.77	5.12	3.95	6.21	5.04	5.29	5.38
Unincorporated Business Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.13
<b>Taxes on International Trade &amp; Transact.</b>	<b>113.65</b>	<b>138.96</b>	<b>143.38</b>	<b>156.86</b>	<b>159.36</b>	<b>138.88</b>	<b>136.30</b>	<b>122.79</b>
Including:								
Import Duty	32.45	40.24	40.55	43.59	43.70	38.94	44.84	51.59
Export / Excise Duty	0.02	0.03	0.05	0.05	0.07	0.08	0.06	0.00
Consumption Tax	55.93	65.80	68.08	76.67	76.41	63.55	50.04	0.00
Customs Service Charge	20.35	26.93	28.32	29.00	31.38	28.49	31.72	37.73
Excise Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	23.10
<b>Non - Tax Revenue</b>	<b>63.76</b>	<b>67.88</b>	<b>88.27</b>	<b>92.23</b>	<b>95.53</b>	<b>115.54</b>	<b>114.24</b>	<b>93.47</b>
Including:								
Water Services	6.18	6.68	6.43	6.72	5.88	7.19	7.24	7.22
Electricity	27.61	32.10	52.04	50.13	42.68	54.61	40.35	28.72
Post Office	1.85	2.80	2.42	2.29	2.59	2.69	2.71	2.90
Interest, Dividends & Profit	8.21	7.49	10.51	10.01	10.42	10.04	10.03	9.73
Stone Crusher	2.74	1.98	2.10	2.20	2.01	3.62	3.65	2.26
Other Revenue	12.71	8.83	4.78	5.54	8.85	8.34	7.95	9.49

Source: Ministry of Finance, St. Kitts



# APPENDIX XII

## SUMMARY OF FISCAL OPERATIONS (EXPENDITURE) GOVERNMENT OF ST. CHRISTOPHER AND NEVIS ECONOMIC CLASSIFICATION (EC\$ MILLIONS)

CLASSIFICATION	2004	2005	2006	2007	2008	2009	Proj. 2010	Proj. 2011
<b>TOTAL EXPENDITURE</b>	<b>375.04</b>	<b>427.49</b>	<b>485.72</b>	<b>478.51</b>	<b>511.14</b>	<b>514.78</b>	<b>535.74</b>	<b>470.74</b>
<b>RECURRENT EXPENDITURE</b>	<b>309.14</b>	<b>363.63</b>	<b>398.89</b>	<b>406.48</b>	<b>428.28</b>	<b>440.09</b>	<b>430.03</b>	<b>401.32</b>
<b>Personal Emoluments</b>	<b>125.86</b>	<b>127.96</b>	<b>132.42</b>	<b>143.99</b>	<b>156.94</b>	<b>180.79</b>	<b>173.26</b>	<b>169.40</b>
Salaries	93.71	98.53	100.10	108.73	118.55	137.43	127.56	126.24
Wages	27.05	24.12	26.82	28.90	31.63	33.18	34.19	31.82
Allowances	5.10	5.31	5.49	6.35	6.76	10.19	11.52	11.34
<b>Goods and Services</b>	<b>79.66</b>	<b>98.43</b>	<b>106.59</b>	<b>118.89</b>	<b>109.46</b>	<b>103.26</b>	<b>92.13</b>	<b>87.88</b>
<b>Interest Payments</b>	<b>66.71</b>	<b>82.31</b>	<b>113.20</b>	<b>98.92</b>	<b>111.32</b>	<b>107.59</b>	<b>106.36</b>	<b>80.07</b>
Domestic	28.06	43.26	79.79	67.50	75.31	70.47	69.39	47.95
Foreign	38.66	39.06	33.41	31.43	36.01	37.13	36.97	32.12
<b>Transfers</b>	<b>36.90</b>	<b>54.93</b>	<b>46.67</b>	<b>44.68</b>	<b>50.56</b>	<b>48.45</b>	<b>58.28</b>	<b>63.97</b>
Expenses of Overseas Missions	1.39	1.84	1.60	1.56	1.67	1.84	3.01	3.13
Grants and Contributions	18.14	16.12	24.38	21.73	24.35	22.52	31.67	31.15
Public Assistance	0.89	0.89	1.17	1.04	1.28	1.36	1.46	1.56
Retiring Benefits	16.47	17.42	18.06	20.28	23.27	22.73	22.14	28.13
Severance Payment Fund	0.00	18.65	1.46	0.07	0.00	0.00	0.00	0.00
<b>RECURRENT A/C SURPLUS(DEFICIT)</b>	<b>-18.56</b>	<b>-24.16</b>	<b>-12.60</b>	<b>5.85</b>	<b>4.43</b>	<b>9.84</b>	<b>2.91</b>	<b>31.60</b>
<b>Capital Revenue</b>	<b>4.61</b>	<b>4.03</b>	<b>6.99</b>	<b>36.44</b>	<b>61.80</b>	<b>17.77</b>	<b>104.77</b>	<b>46.00</b>
Sale of Land and Property	3.65	3.05	1.76	2.43	48.00	15.50	51.00	46.00
Other	0.96	0.97	5.23	34.02	13.79	2.27	53.77	
<b>Capital Grants</b>	<b>3.78</b>	<b>32.23</b>	<b>46.97</b>	<b>28.43</b>	<b>28.25</b>	<b>67.10</b>	<b>79.36</b>	<b>50.18</b>
Budgetary Grants	0.00	0.66	0.77	0.77	4.09	55.69	48.05	31.58
Capital Grants	3.78	31.56	46.20	27.65	20.21	11.40	31.30	18.60
<b>Capital Expenditure and Net Lending</b>	<b>65.90</b>	<b>63.87</b>	<b>86.83</b>	<b>72.03</b>	<b>82.86</b>	<b>74.69</b>	<b>105.70</b>	<b>69.42</b>
<b>OVERALL BALANCE SURPLUS (DEFICIT)</b>	<b>-76.07</b>	<b>-51.77</b>	<b>-45.47</b>	<b>-1.30</b>	<b>11.62</b>	<b>20.02</b>	<b>81.33</b>	<b>58.36</b>
<b>PRIMARY BALANCE</b>	<b>-9.36</b>	<b>30.54</b>	<b>67.73</b>	<b>97.62</b>	<b>122.94</b>	<b>127.61</b>	<b>187.69</b>	<b>138.43</b>
<b>Principal Repayment</b>	<b>39.25</b>	<b>48.47</b>	<b>53.94</b>	<b>71.07</b>	<b>70.16</b>	<b>67.32</b>	<b>76.49</b>	<b>111.70</b>
Domestic	3.59	3.08	6.87	12.28	23.84	16.08	27.66	17.81
Foreign	35.66	45.39	47.08	58.79	46.32	51.24	48.83	93.90

Source: Ministry of Finance, St. Kitts

# APPENDIX XIII

## TOTAL PUBLIC SECTOR DEBT ST. KITTS AND NEVIS (In Millions of EC Dollars)

	2004	2005	2006	2007	2008	2009	P 2010
<b>SKN PUBLIC SECTOR DEBT</b>							
<b>TOTAL OUTSTANDING DEBT</b>	<b>1,999.2</b>	<b>2,245.6</b>	<b>2,406.3</b>	<b>2,505.7</b>	<b>2,550.2</b>	<b>2,640.3</b>	<b>2,777.7</b>
<b>ST KITTS AND NEVIS</b>							
<b>Central Government</b>	<b>1,239.6</b>	<b>1,385.1</b>	<b>1,759.7</b>	<b>1,806.1</b>	<b>1,941.9</b>	<b>2,018.6</b>	<b>2,125.7</b>
External	634.1	591.2	590.0	586.4	654.0	615.8	616.3
Domestic	605.5	793.9	1,169.7	1,219.7	1,287.9	1,402.8	1509.3
<b>PUBLIC CORPORATIONS</b>	<b>759.7</b>	<b>860.5</b>	<b>646.6</b>	<b>699.6</b>	<b>608.3</b>	<b>621.8</b>	<b>652.0</b>
External	223.1	249.0	236.3	258.8	232.6	211.3	198.0
Domestic	536.6	611.5	410.3	440.8	375.7	410.5	454.0
<b>TOTAL EXTERNAL DEBT</b>	<b>857.2</b>	<b>840.2</b>	<b>826.3</b>	<b>845.2</b>	<b>886.6</b>	<b>827.0</b>	<b>814.3</b>
<b>TOTAL DOMESTIC DEBT</b>	<b>1,142.0</b>	<b>1,405.4</b>	<b>1,580.0</b>	<b>1,660.5</b>	<b>1,663.6</b>	<b>1,813.3</b>	<b>1,963.4</b>
EXTERNAL DEBT / GDP (%)	67.17	60.88	51.92	48.35	46.77	45.52	46.28
DOMESTIC DEBT / GDP (%)	89.49	101.84	99.27	94.98	87.76	99.80	111.58
PUBLIC SECTOR DEBT/REBASED GDP (%)	156.66	162.72	151.19	143.33	134.53	145.32	157.86
TOTAL EXTERNAL DEBT / EXPORTS	136.49	113.52	104.14	108.20	112.77	127.53	131.78

Source: Eastern Caribbean Central Bank