



Budget Address 2020

**Let's Keep Building a Stronger and
Safer Future for St Kitts and Nevis**

**Presented by Dr The Honourable Timothy Harris
Prime Minister and Minister of Finance**

12th December 2019

ST. CHRISTOPHER AND NEVIS

2020

BUDGET ADDRESS

1. Mr. Speaker, I beg leave to move the second reading of the Bill shortly entitled the Appropriation Act (2020), 2019.

INTRODUCTION

2. Mr. Speaker, today my Team Unity Administration delivers more than an annual Budget. Today, I present the next instalment of our long term plan to build a stronger and safer future for St. Kitts and Nevis.
3. Our Federation is heading in the right direction. Since 2015, our streets have become safer; better and bigger homes are being built; our infrastructure is being upgraded; more persons – especially women – have jobs; more tourists are visiting our shores and our young people can look forward to more opportunities than ever before. Having repaid an inherited debt of \$117 million to the International Monetary Fund (IMF), I will highlight our plans for keeping our Federation heading in the right direction. This next phase of our long term plan will take us further on the prosperous path on which we embarked when this Team Unity Government was elected in 2015.
4. It is worth reflecting on some of what has been achieved in that short period. This includes:
 - Removal of VAT from all food items and funeral expenses.
 - Establishment of the Sugar Workers Restoration Fund and payment of \$17.5 million to 2,432 successful applicants comprising former Sugar Workers or their beneficiaries.
 - Redemption of 200 acres of land from the Land for Debt Swap arrangement for use by the residents in Cayon, Lodge and Sandy Point.
 - Monthly transfer of resources for Budget Support to the Nevis Island Administration.
 - Construction of a second cruise ship pier to support the Tourism industry.
 - Investment of approximately \$71 million to upgrade the Island Main Road.

- Introduction of the Poverty Alleviation Programme with over 4,100 beneficiaries and a total payout of about \$22 million for the first 11 months of 2019.
 - Implementation of the Hurricane Relief Programme which has supported over 2,000 households with repairs and renovation to their homes.
 - Reinstatement of the honorarium to over 1,000 Government Auxiliary Employees.
 - Four (4) consecutive years of payment of an extra month's salary to Civil Servants and employees at other public entities.
 - Five (5) years of positive economic growth.
5. We cannot undo 20 years of neglect in just five (5) short years.
 6. There is much more we can do to build a stronger and safer life for all our people, especially our young people.
 7. It is fitting, therefore that the 2020 Budget is being presented under the theme **“Let’s Keep Building a Stronger and Safer Future for St. Kitts and Nevis”**.
 8. The plans I propose today will make a significant difference in the lives of our people. Team Unity is committed to building social cohesion together with economic and environmental resilience. Action in these areas will enable our country to mitigate the challenges that may emerge from any impending global and climatic events. Team Unity Government will continue to make St. Kitts and Nevis more resilient to manmade and natural threats and one of the best places to live, work and do business.
 9. Mr. Speaker, part of our long term plan involves transitioning to a Digital Economy to strengthen our economy for the future. This will provide a modern approach to doing business and providing services. Team Unity is leading this charge because we believe it will make a difference in the lives of all our people. The Digital Economy will present opportunities, especially for our young people, to improve education, health care, social services and the delivery of almost all Government services. The Government is playing its role as facilitator and affirm its commitment to strengthening the policy and legal and regulatory frameworks to support this digital transformation process.

10. A key component of our digital transformation is technological innovation. This will provide an avenue for building efficiencies in business operations, expanding entrepreneurship, job creation, and wealth generation. My Government stands ready to partner with Private Sector and Civil Society to ensure we continue to make giant strides to move our country towards the development of our Digital Economy.
11. Team Unity is not just talking about transitioning to the Digital Economy, we are doing it. A comprehensive Digital Strategy and Roadmap to guide the transformation in the Public Sector over the next five (5) years has been completed. We have initiated action to implement one of the core elements of the Digital Strategy. The Government is currently working with Deloitte to explore the development of a new digitally based payments system for the Central Government. This system would improve access by citizens who have to transact business with the Government by making it easier to make and receive payments.
12. I now take a brief look at the most recent international and regional economic developments.

INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

13. Mr. Speaker, it would not be prudent for us to put plans in place without giving due consideration to the emerging global economic trends. Global economic activity has shown signs of weakening over the past few months. The International Monetary Fund (IMF) in the latest edition of the World Economic Outlook reported that global growth is projected to expand by 3.0% for 2019, its lowest level since the onset of the global financial and economic crisis during the period 2008-2009.
14. According to the IMF, the advanced economies are expected to grow by 1.7% by the end of 2019. In particular, economic activity in the United States of America (USA) is projected to expand by 2.4% in 2019. Economic output in the United Kingdom and the Euro area is expected to slow to 1.2% in both areas. The performance of the economy in the United Kingdom continues to be influenced by the withholding of investment due to uncertainty regarding

BREXIT. The Euro area economy has been impacted by weak exports, particularly in Germany, its largest economy. Economic output in the emerging and developing economies also show signs of slowing with a projected economic growth of 3.9% in 2019 compared to 4.5% in 2018.

15. In 2020, the global economy is expected to expand by 3.4%. In the context of the global economic reports, my Government remains cautiously optimistic that the global economy would avert the myriad of possible downside risks that may emerge as a result of concerns related to rising geopolitical tension, BREXIT, trade wars and a reversal of international cooperation.

16. Mr. Speaker, as the Caribbean region continued a period of rebuilding in the aftermath of the passage of Hurricanes Irma and Maria in 2017, the devastation was repeated at a scale we could never have imagined when the Commonwealth of The Bahamas was impacted severely by the passage of Hurricane Dorian. Nonetheless, economic growth trends in the various countries of the CARICOM region vary considerably in 2019, from as high as 4.4% in Guyana to a contraction of 0.1% in Barbados. According to the IMF October 2019 estimates, economic growth for CARICOM countries declined from 1.7% in 2018 to 1.4% in 2019. Growth in tourism-dependent economies is expected to remain robust in 2019 and 2020, supported by growth in the USA, the main tourist market for the Caribbean. With improved energy production and higher commodity prices, the commodity exporting countries are expected to see some modest recovery in growth, except in Guyana where large discoveries of oil and the commencement of production in 2020 will provide a substantial boost to growth.

17. Closer to home, the economies in the Eastern Caribbean Currency Union (ECCU) recorded an expansion in real Gross Domestic Product (GDP) at market prices of 3.8% in 2018. This can be attributed primarily to expansions in Gross Value Added in key sectors including Wholesale and Retail (8.7%), Manufacturing (5.7%) supported by a stabilization in construction activity, Hotels and Restaurants (2.6%), and Real Estate (1.3%). As a group, it is expected that the ECCU would grow by 3.3% in 2019.

18. I will now turn attention to the Domestic Economy.

THE DOMESTIC ECONOMY

Output and Prices

19. Mr. Speaker, notwithstanding the unpredictability of the global environment, the economy of St. Kitts and Nevis has continued to record positive growth with GDP expanding by 2.6% in 2018. According to our Department of Statistics, the economy is expected to grow by 2.9% in 2019. This places St. Kitts and Nevis on the path to record the fifth consecutive year of positive growth since my Team Unity Government took office in 2015. The positive growth can be attributed to strong performances in sectors such as Transportation, Storage and Communications (8.8%), Financial Services (4.0%), and Real Estate, Renting and Business Services (2.1%). Growth in the Transportation, Storage and Communications Sector was underpinned by an increase in construction activity. Also contributing to the increase in GDP was the expansion of the Wholesale and Retail Sector by 2.3% and the Construction Sector by 3.5% as a result of major investments in public infrastructure and Public and Private Sector home construction projects.

20. The average rate of inflation as measured by the Consumer Price Index (CPI) remained flat in the first half of 2019 in line with the relative stability in prices in the Services Index and the deceleration in price levels in the Non-food Index of 2.6%. Notable is the increase in price levels in the Food and Beverages Index of 4.6% signalling the volatility of commodity prices, particularly petroleum products, due to the ongoing conflicts in the Middle East. Particular attention will be given to developments in the petroleum industry closer to home in Guyana in order to explore options for ensuring a sustainable supply chain.

The External Account

21. Mr. Speaker, I will now turn to the Balance of Payments, the statistical measurement that records the transactions and flows of capital between our Federation and the rest of the world. In 2018, the Current Account Deficit narrowed by 34.1% to \$195.4 million or 9.4% of GDP at

market prices. This improvement can be attributed to the \$30.6 million surplus on the Goods and Services Account in 2018. Similarly, the Services Account recorded an expansion in the surplus by 21.7% resulting in an increase in receipts to \$884.6 million or 42.7% of GDP. This outturn can be linked predominantly to the increase in travel receipts of 3.4% to \$874.0 million over the period. The Capital Account, which records the monetary inflows into the Federation, recorded an expansion in capital inflows of 45.9% increasing the Capital Account to \$174.0 million or 8.4% of GDP. These inflows were, however, insufficient to cover the outflow on the Current Account resulting in a net borrowing position on the Capital Account of \$21.4 million in 2018. The Financial Account recorded a significant increase in Foreign Direct Investment which more than doubled to \$253.9 million when compared to \$103.8 million recorded in 2017. This large investment is a signal that investors remain confident in the stewardship of my Team Unity Administration.

Performance Review 2018 Fiscal Operations

22. Mr. Speaker, I am pleased to report that due to our disciplined economic management, our fiscal operations for the year 2018 had yet again realized surpluses on all the key fiscal indicators. We achieved a surplus of \$306.3 million on the Recurrent Account, 120.9% above the budget and 247.2% over the previous year. An Overall Surplus of \$59.3 million and a Primary Surplus of \$80.8 million were also recorded. These surpluses were higher than what were achieved in 2017 by 5.4% and 6.1% respectively.

23. Mr. Speaker, for the 2018 fiscal year, the Government's Recurrent Revenue was \$926.5 million. This was 41.4% above the target and 48.8% more than what was collected in 2017. Revenue from taxes was above the target by 0.9% and the amount collected in the previous year by 8.6%. When compared to the 2017 fiscal year, Taxes collected on Income, Property and International Trade and Transactions were higher by 16.3%, 11.4% and 9.0% respectively. Likewise, Non-Tax Revenue surpassed the estimate by 119.8% and the amount collected in the previous year by 121.6%.

24. Recurrent Expenditure for 2018 amounted to \$620.3 million, 20.0% in excess of the approved budget and 16.0% more than what was incurred for 2017. The higher outlay was partly reflected in Transfers which surpassed the budget by 39.9% and expenditure in 2017 by 11.1%. The provision of budgetary support to the Nevis Island Administration and some State-Owned Enterprises as well as a 46.5% year-over-year increase in expenditure for Public Assistance were the main drivers of the higher level of expenditure for Transfers. The increase in Public Assistance was a direct consequence of the Team Unity's introduction of the Poverty Alleviation Programme; a Programme that was implemented to provide well needed financial support to low income households on both St. Kitts and Nevis. The demand for economic citizenship in our country resulted in increased expenditure for Background Checks and other expenditure associated with the maintenance of a robust CBI Programme.

25. Mr. Speaker, Capital Expenditure for 2018 was \$252.6 million. This amount was 72.4% above the Approved Budget and 307.7% over the level of expenditure for 2017. Mr. Speaker, my Team Unity Administration believes that a strong future comes from all people, particularly young people having more opportunities and more jobs. This is apparent from the execution of the Public Sector Investment Programme during 2018 which included major infrastructural developments. Work continued on developments such as the Upgrade of the Island Main Road, the Road Improvement Project, the Rehabilitation of Old Road Bay and the Construction of the East Bus Terminal. The outturn of Capital Expenditure was also influenced by other deliberate actions of my Government. I speak specifically of the Hurricane Relief Programme for which \$38.5 million was expended in 2018. This Programme provided assistance to a vast number of our citizens whose properties were damaged by the 2017 hurricanes and who could ill afford to undertake the necessary repairs on their own. Moreover, you would recall, Mr. Speaker, that in my last Budget Address I indicated that this Government would redeem a portion of the lands that were committed under the Land for Debt Swap arrangement starting with lands in the Sandy Point, Cayon and Lodge areas. This was a promise to our people that the Team Unity Administration has kept. By the end of December 2018, a cheque for \$101.0 million was passed to the Special Land Sales Company to buy back 200 acres of land that would allow for the natural expansion of the communities in Sandy Point, Brighton, Hermitage and Lodge. In terms

of the source of funds for the capital projects that were undertaken in 2018, approximately 98.6% of the funding was derived from revenue while 1.2% was financed from Development Aid and 0.2% from loans.

26. Capital and Budgetary Grants that were received in 2018 totalled \$5.8 million. The major donor was the Republic of China (Taiwan) which provided support for a Media Expansion project and a Social Intervention Programme. Mr. Speaker, we are extremely grateful for the assistance that we have received over the years from our development partners and look forward to their continued support.

MAKING A DIFFERENCE AND MEETING THE CHALLENGE OF MOVING OUR NATION FORWARD

ECONOMIC EXPANSION

Construction

27. Mr. Speaker, data provided by the Department of Statistics in the Ministry of Sustainable Development revealed that the Construction Sector has contributed an average of 18.3% to GDP during the period 2015-2018. This stellar performance was a direct result of the financial support by my Government for constructing the much needed infrastructure and fostering the enabling environment which has attracted local, regional and international investments. The Rehabilitation of the Island Main Road is one of the largest projects undertaken by any Administration in this Federation and has been a big contributor to the performance in the Construction Sector over the past year. Phase I of this Project was completed on schedule in February 2019. The works completed included the rehabilitation of 6.3 miles of roadway from Camps to Challengers going west and Conaree to Keys Village going east. It also included the construction of drains, sidewalks and slippers as well as the realignment and widening of the main road to remove dangerous corners. During Phase I, the Government invested in the region of \$21.0 million on this project with approximately 28.0% or \$6.0 million injected into the pockets of local contractors.

28. Moreover, in an effort to promote transparency and accountability, my Government commenced a tendering process for Phase II of the Island Main Road Project in November 2018. Tenders were returned in December of that year and the main contract was awarded in March 2019 to Surrey Paving and Aggregate Caribbean Co. Ltd. During March of this year, tenders were issued for small contractors and, upon completion of the process, work on Phase II of this initiative started on May 1st 2019 for an implementation period of 365 days. This component includes the area of the Island Main Road extending from Keys to Challengers via

Dieppe Bay and the Airport roundabout to the Camps roundabout via Wellington Road, a distance of 24 miles.

29. My Team Unity Administration continues to create the climate for more jobs by delivering on our commitment to stakeholders in the Tourism Sector and the wider community at large with the construction of the second cruise pier at Port Zante. The construction of the pier structure has been completed. Phase II of the project will facilitate finishing and upland works. Such works will include the construction of a second terminal building to provide additional facilities to better accommodate the increasing numbers of cruise passengers.

30. Mr. Speaker, last year I reported that work was being undertaken at the Robert L Bradshaw (RLB) International Airport to enhance the operations and quality of service at that facility. Significant progress has been made resulting in the completion of works on the runway and taxiway and the installation of new runway lighting. To date, the works completed on the runway have the potential to improve the efficiency of flight departures at the RLB International Airport. One such improvement is the Alpha taxiway which now has the physical space to queue airplanes. Those of us who have travelled to major airports have seen this type of efficiency and now, through the efforts of my Government, this will be achieved right here in our small island Federation. The rehabilitation of the Apron is approximately 50% complete and is anticipated to conclude during the first quarter of 2020. In addition to the physical works to the runway, several upgrades to the interior of the terminal building have been undertaken to further enhance the traveller experience.

31. Mr. Speaker, this Administration is committed to not just delivering more homes, but bigger and better homes for all our people. Home construction is our priority through initiatives such as the UNITY Housing 300 Programme. Phase I of the Programme is complete with approximately 148 homes having been built and allocated. We are now in Phase II of the Programme which is facilitating the construction of 185 homes to be comprised of 170 two (2) bedroom and 15 three (3) bedroom units. As part of its mandate to provide homes for the most vulnerable in the society, in 2018, the National Housing Corporation (NHC) built five (5) homes - four (4) studio apartments and one (1) two (2) bedroom apartment in Parry Housing. The NHC

also provided assistance to over 100 individuals under the Housing Enhancement Loan Programme (HELP) to improve bathroom facilities and provide roof repairs. Additionally, the Corporation constructed four (4) homes for the differently abled in the Cayon, Stapleton, Keys and Sandy Point communities. It is important to note that the construction of these specially designed homes came well ahead of us acceding to the UN Convention on the Rights of Persons with Disabilities which we signed in September of this year. This is a testimony to our commitment to assist the vulnerable members of our societies. In this regard, we are providing our differently abled citizens and residents with more opportunities and a stronger future than they had before.

32. In 2018, the NHC also constructed 60 homes while utilising a sustainable approach to land use through the construction of townhouses and duplexes in order to meet the housing demand. Presently, the Corporation is constructing two (2), 12 unit townhouses in Stapleton Village and one (1) eight (8) unit duplex in Conaree which are scheduled to be completed in the first quarter of 2020. My Government has kept its word to the people of East Basseterre as we commenced work in 2018 on the East Street Condominiums which are well advanced having completed buildings one (1) and two (2) in October 2019. There is a total of ten (10) apartments. Buildings three (3) and four (4) are at the structural finishing phase. These buildings are expected to be completed by the end of this year. After the completion of Phase I of the project, my Government will commence the construction of the West Street Condominiums in 2020. This Phase will include the construction of six (6) additional buildings, two (2) on the East Street lot and four (4) on the West Street lot. As previously done, consultations will be held with the current residents and the matter will be handled with the utmost delicacy to ensure that individuals are not displaced. The residents relocated during the first phase of the project can attest to this, as they are currently being housed in comfortable accommodations and are paying a rental fee commensurate with their economic means. I must give thanks to the Bolivarian Republic of Venezuela which, through the social initiative of the PetroCaribe arrangement, had pledged US\$4 million for the construction of these homes.

Agriculture

33. Mr. Speaker, a strong Agriculture Sector is needed as we build a strong future. The Sector is not, however, without some challenges. Less than optimal climatic conditions and land preparation issues resulted in a decline in output of 6.3% in the Agriculture Sector in 2018. The performance of the Sector during the first half of 2019 is, nonetheless, more encouraging and signals the potential for the Sector to make a greater contribution to growth in the economy. It is estimated that, among other things, the improved weather conditions contributed to an increase in crop production by 80.6% and livestock production by 51.2% when compared to the same period in 2018. The challenges that face the Sector are not insurmountable but require strong, focused partnerships and improved institutional arrangements to meet the demands of our citizens and residents. In this regard, a Technical Cooperation Agreement was formalised in August of this year between the International Cooperation and Development Fund and the Inter-American Institute for Cooperation on Agriculture. The Agreement will assist in boosting socio-economic development by enhancing agricultural production and productivity. Priority will be given to exploiting untapped potential in the development of agri-businesses. The reinvigoration of this sub-sector will be focused on local production, processing and marketing, technology transfer and innovation in the development of agri-food systems. This should ultimately strengthen the capacity of producers thereby contributing to the national economy while creating sustainable livelihoods.
34. In 2018, the livestock sub-sector recorded a notable rebound with value added expanding by 5.9% when compared to a contraction of 4.2% in 2017. To further bolster the continued growth within the sub-sector, the Goat Breeding Programme was placed into full operation in March of this year. As highlighted earlier, the sub-sector has continued to record a robust performance with production expanding by 51.2%. The increase in the livestock sub-sector can be attributed to the increase in demand for products by the hotels and residents. We encourage one and all to buy local and eat local.

Tourism

35. Mr. Speaker, the Tourism Sector is a critical component of our long term plan to build a stronger and safer future. I am proud to report that for the period January to November 2019, we welcomed 914,959 cruise passengers and recorded 139,550 air passenger arrivals. To date, over 1 million persons have visited St. Kitts and Nevis and 7,249 flights have been recorded by the end of November 2019 compared to 7,118 over the same period in 2018. Inbound flights have increased in 2019 and this is very welcomed news. More tourists translate in to increased jobs and opportunities for our young people to reach their full potential. A more robust Tourism Sector means a prosperous St. Kitts and Nevis and we look forward to welcoming more tourists.
36. To enhance tourist safety, we introduced Tourism Island Constables. They were trained and strategically placed at tourist attractions like Port Zante, St George's Anglican Church, and Independence Square. They have enhanced the peace and safety at these tourist attractions. As a testament to the successes we have attained over the last several months, our destination has been recognised by a number of prestigious publications. During 2019, St. Kitts and Nevis was ranked #3 by US News & World Report on the list of the Best Caribbean Honeymoons and #5 on the list of the Best Family Vacations in the Caribbean.
37. Our Federation continues to be recognised and rewarded by our counterparts in the tourism industry. In April of this year, the St. Kitts and Nevis Sustainable Destination Council was the recipient of the coveted Destination Stewardship Award at the World Travel and Tourism Council Tourism For Tomorrow Awards. This is a remarkable accomplishment for St. Kitts and Nevis, the smallest country in the Western Hemisphere. Achieving this highly coveted award signals a stamp of approval by the World Travel and Tourism Council that stated, "Our 2019 winners promote inclusive growth and illustrate a strong commitment to supporting change and transformation in business practices and consumer behavior towards a more environmentally conscious sector." I again use this opportunity to commend the Ministry of Tourism, the St. Christopher Tourism Authority and our partners in the Private Sector for their commitment to excellence.

38. Mr. Speaker, our global status as a premier destination has translated into the continued expansion in airlift resulting in increased stay-over arrivals. During the first six (6) months of 2019, stay-over visitor arrivals expanded by 9.4% when compared to the same period in 2018. North America remains our largest source market recording an increase in air arrivals of 9.9% when both periods were compared. This can be attributed to expanded capacity into the Federation through increased non-stop service by United and American Airlines during the peak travel period. The partnership with American Airlines continues to derive tangible benefits which resulted in the launch of a non-stop service from Dallas - Fortworth for the first time in our history. The flight schedule was undertaken during the summer from May 25th to August 17th of this year. In addition, the Airline will be commencing its second weekly non-stop flight from New York's John F Kennedy International Airport to RLB International Airport on Wednesdays starting on December 18th 2019. We remain committed to opening new gateways into North America through the continued expansion of existing partnerships and the creation of new alliances.

39. The performance of the Cruise Sector is a source of great pride. We are elated that for two (2) consecutive cruise seasons St. Kitts and Nevis has exceeded the one million cruise passenger milestone maintaining our Marquee Port status. During the 2018-2019 season, we recorded a total of seven (7) inaugural cruise calls including the Symphony of the Seas – the world's largest cruise ship. We anticipate continued expansion in cruise arrivals with the completion of the second cruise pier. This new facility will enable the Federation to host up to three (3) Oasis class ships at Port Zante simultaneously while significantly improving the arrival experience for passengers. The completion of the new arrival terminal inclusive of a taxi dispatch area will further enhance Port Zante as cruise travelers follow their heart inland.

40. St. Kitts and Nevis is also advancing in the Yachting Sector. The Federation remains an ideal destination for those engaged in yachting events resulting in an expansion of calls by 92.0% when the first six (6) months of 2019 was compared to the same period in 2018. In January 2019, the St. Christopher Tourism Authority, in collaboration with the Christophe Harbour Development, hosted two (2) major yachting events namely, the 4th Edition of the ACREW "Caribbean Crewfest" and the yacht challenge - The Panerai Transat Classique 2019. As the

Yachting Sector continues to expand, there will be increased opportunities for investment by citizens and residents translating into decent work and livelihoods as they provide goods and services. Cognisant of the benefits that can be derived from a robust Yachting Sector, the St. Christopher Tourism Authority will roll out a new marketing strategy which will identify the month of January as “Yachting Time”. The aim here is to bring awareness to the related activities and opportunities for growth within the Sector.

Information Communication Technology (ICT)

41. Mr. Speaker, it is Team Unity’s vision for our Federation to become a world leader in the provision of Information Communication Technology (ICT). We are taking real action to make this a reality.
42. A Broadband Strategy is currently being developed with technical assistance from the International Telecommunications Union and the Commonwealth Telecommunications Organisation. This Strategy will drive the use of ICTs in the education curriculum and the widespread use of e-government services, including e-licensing, e-payments, digital crime management and traffic management systems, and the expansion of the Closed Circuit Television to make our streets and communities even safer. I applaud our Private Sector partners, in particular, the telecommunications companies, who have recognized the importance of broadband in our development and continue to invest in fixed and mobile upgrades, such as the latest 4G LTE technologies.
43. We invest in ICT solutions, Mr. Speaker, to give our young people more opportunities than they had before. It is through these solutions they can reach their full potential, using it to advance their careers, create new business ventures or to improve processes and provide solutions to daily problems.
44. We relaunched the National ICT Centre in 2018. The Innovation Hub, which is the Department of Technology’s Training Unit within the Centre, has delivered several initiatives and events to educate our young people about the potential of ICTs. The annual Future Skills Summer Camp,

which targets participants aged 10 – 15, provides lessons in 3D printing, augmented reality and robotics. The Hub has hosted internship programmes which introduce young females to web application development, mobile development and user interface design which we hope will encourage them to pursue studies and careers in digital technologies.

45. Mr. Speaker, continued development of ICT can help to enhance efficiency, effectiveness, competitiveness and transparency within the Public and Private Sectors. That is why my Government continues to make significant investment in the build out of the Government Wide Area Network to establish secure access and integrated connectivity across Government Departments to deliver digital services. In 2020, we will establish the St. Kitts and Nevis Internet Exchange Point which will facilitate local peering between internet service providers, network operators and content providers. This initiative is expected to increase network resiliency and reduce telecommunications costs while providing a central point at which critical national information technology services can be delivered. Some of these services would be e-government services, cybersecurity protection, emergency management, financial or digital currency services and distribution of content including educational content. This initiative will not only strengthen the Government Wide Area Network, but will also provide an opportunity for IT personnel within the Public Sector and local technology service providers to develop new capabilities and offer a new range of network infrastructure services to St. Kitts and Nevis.
46. This Team Unity Government recognizes the importance of cybersecurity to ensure confidence, integrity and protection of our vital information infrastructure. It is critical to help us build a safer future. We have established strategic partnerships with the International Telecommunications Union, Commonwealth Telecommunications Organisation, Organisation of American States and the Get Safe Online Organization to build the capacity of our technical staff across Government. The ‘Get Safe Online Commonwealth Project’, made possible with the financial support of the United Kingdom Foreign Office, the Commonwealth Secretariat and the European Commission, has allowed the Federation to benefit from the best in cybersecurity expertise from the United Kingdom.

Energy and Water

47. Mr. Speaker, the development of the Energy and Water Sectors are crucial to our long term plan to deliver a stronger, safer future. In September 2019, the Federal Government, in collaboration with St. Kitts Electricity Company Limited (SKELEC), signed an agreement with Leclanché SA, one of the world's leading energy storage companies based in Switzerland. This agreement will facilitate the construction of the largest solar generation and energy storage project ever to be built in the Caribbean. A project of this magnitude would result in a notable reduction in our dependence on fossil fuels and in turn reduce our country's greenhouse emissions. It is also envisaged that once the project is operational we would be able to improve the long term financial viability of SKELEC. The 35.6 megawatt solar energy plant and 44.2 megawatt-hour battery storage facility will be built on 100 acres of crown land located in the Royal Basseterre Valley National Park utilising a lease agreement. The plant will be constructed in close proximity to the SKELEC Power Station to facilitate the cost effective transfer of energy. A 20 year Power Purchase Agreement has been established between SKELEC and Leclanché SA.
48. Mr. Speaker, during the 2019 budget session, we indicated that two (2) energy saving initiatives were being undertaken by the Government, namely, the Energy Audits of Selected Public Buildings and Water Pumping Stations and the Street and Flood Light Retrofitting Projects. I am happy to report that the Energy Audits were completed and finalised in July of this year for the facilities selected on both islands. The related documentation gives the Government a strategic pathway to systematically upgrade Government buildings and facilities to promote energy efficiency. We are already conceptualising an implementation and financing plan which will be advanced during the upcoming year. Significant progress has also been made on the Street and Flood Light Retrofitting Project which was launched in December 2018. With support from the Caribbean Development Bank (CDB), a contract was signed with Acuity Brand Lighting Inc of Georgia USA for the supply of LED street lights. I am equally pleased to report that we have received the complete shipment of 10,017 luminaires in two (2) shipments which arrived in September and October 2019 respectively. As a result, the Nevis Electricity Company Limited (NEVLEC) is now in position of 4,661 LED street lights to advance their replacement plan. Similarly, SKELEC will be undertaking a replacement plan having received 5,356 LED luminaires. It is anticipated that the replacement of the High Pressure Sodium and

Mercury Vapour Lighting will reduce our energy consumption for street lighting by 30%, thereby decreasing the Government's energy bill. It will also enhance our safety and the viability of the natural environment. To advance the second component of this Project, a contract was signed in November of this year with MUSCO Lighting out of Iowa USA to supply LED Flood Lights for select sporting facilities on both islands. We anticipate that the shipments would arrive during the first and second quarters of 2020.

49. Mr. Speaker, the rise in global temperatures has intensified the incidence of drought across the globe. Our Federation is not immune to these adverse impacts. In recent years, extended periods of very low or absence of precipitation has become commonplace thereby impacting the availability of water. As in all other aspects of governance, a strategic approach has been undertaken by my Team Unity Government to alleviate the water challenges being experienced in some parts of the island. The Water Services Department continued efforts during the second and third quarters of this year to install new water transmission lines as part of an initiative to upgrade the ring main pipeline around the island. This is being done in tandem with Phase II of the Rehabilitation of the Island Main Road Project. As a result, we are making a big difference with the additional connections that are being laid in several areas namely Cayon, Brighton to Bourryeau, Molineux, and Belle Vue to Lavington. The upgrading of the ring main system is a critical initiative that augments the water supply infrastructure. In addition, when the works are completed it would allow for the automated distribution of water to any source around St. Kitts without requiring manpower to physically redirect the water supply.

50. Notwithstanding these efforts, we continue to look to the future development of the Water Sector in the Federation. As a result, my Government, through the Ministry of Sustainable Development, in collaboration with the CDB, has taken proactive steps to develop a Concept Note as the first stage in the development of an initiative aptly named, 'Building Resiliency in the Water Supply in St. Kitts and Nevis'. The vital areas that will be addressed by the project include the development of a reliable and resilient water supply infrastructure, enhancement of the organisational capacity of water supply service providers for effective and efficient management, and fostering an enabling legal, regulatory and institutional environment for the efficient performance of water service providers. We intend to submit this project for consideration for funding by the Global Climate Fund. In 2020, we would continue to work

with the CDB to complete the process and bring us closer to a transformational change in the Water Sector.

SOCIAL DEVELOPMENT

Social Services

51. In 1990, St. Kitts and Nevis became the first country in the OECS and the second in CARICOM to ratify the United Nations Convention on the Rights of the Child (UNCRC) having been adopted by the United Nations in 1989. This Convention includes 54 articles that outline the rights of children and how governments should work nationally and collaboratively to meet children's basic needs and help them reach their full potential. Our leadership as a nation in advancing the rights of our children resulted in the Federation being selected to partner with the United Nations Children's Fund (UNICEF) to undertake a National Children's Summit during the period July 23rd – 24th 2019. The Summit was convened under the theme 'CRC 30 Years - Convention on the Rights of the Child'. This important exchange will be used to inform the development of programmes and projects to further strengthen the existing mechanisms and create new opportunities to ensure the four (4) guiding principles of the CRC remain foremost in the development agenda. The principles are to be non-discriminatory and treat all children fairly and with respect, to ensure the right to basic things to live, survive and develop, to always act in the best interest of the child, and to respect the views of children and youth.

52. In keeping with our commitment to the 2030 Agenda for Sustainable Development, specifically Sustainable Development Goal #5 which focuses on gender equality, my Team Unity Government, through the Department of Gender Affairs, in collaboration with the United Nations Educational, Scientific and Cultural Organisation (UNESCO), has continued to engage stakeholders in order to facilitate the development of the St. Kitts and Nevis Gender Equality Policy and Action Plan. My Government believes that equal access to resources, participation

in national development and elimination of cultural barriers based on gender will translate into significant gains for our children, families and communities. The policy document is expected to be completed in the second quarter of 2020 and will be presented to Cabinet for approval thereafter.

53. Mr. Speaker, our Team Unity Government continues to deliver a better future for our people. One such example is the Poverty Alleviation Programme (PAP) which was launched in December 2018 to provide support to the most vulnerable among our citizens. This Programme is an important response to the plight of those who work but still cannot make ends meet in providing for themselves and their families. We believe it is a critical factor as we strive to achieve equality and progress in regard to Sustainable Development Goal #1 which focuses on the elimination of poverty. As at September 2019, 40,000 transactions were processed totalling approximately \$20 million. The multidimensional nature of poverty requires agile actions that will be impactful on the daily lives of our citizens and residents. The Country Poverty Assessment 2007/2008 identified our female headed households as being amongst the most vulnerable in our society. Fortunately, with 63% of the 3,000 recipients being female, we know that the PAP has been able to provide relief to this group. I would like to commend the Department of Statistics within the Ministry of Sustainable Development, the Ministry of Community Development, Gender Affairs and Social Services, and the Accountant General's Department within the Ministry of Finance, as well as the Ministry of Statistics and Economic Planning and the Ministry of Social Development in the Nevis Island Administration for their continued commitment to ensuring the smooth operation of the Programme.
54. To ascertain the real impact of the PAP and to make meaningful decisions on what other initiatives might be necessary to bring about the kind of change we want to see, it is critically important that we have the requisite data. Presently, activities are taking place in preparation for the 2020/2021 Population and Housing Census. I urge the cooperation of all citizens and residents as we prepare for the Census. Having concluded the last Census in 2011, this exercise will allow us to capture up-to-date data on variables such as, location, age, gender, ethnicity and composition of households. This would be critical to support evidenced-based policies as we endeavour to improve access to essential services and infrastructure.

Skills Development and Human Capital Expansion

55. Mr. Speaker, the education, training and development of our young people is crucial to help them take full advantage of the opportunities before them. We must invest early in our children as we build a stronger and safer future. High quality stimuli through formal and informal learning is vital during the formative years of our children's lives. That is why the Early Childhood Unit commenced the pilot phase of the Developmental Milestone Checklist at the start of the 2018/2019 academic year. The Checklist is an instrument used to support the High Scope Curriculum which has the following objectives: (i) to evaluate the effective implementation of the curriculum; (ii) to gather information about children's overall progress and growth across eight (8) developmental domains; (iii) to identify children with potential difficulties who would benefit from added support or intervention; and (iv) to prevent failure and to inform parents and kindergarten teachers on the progress of children in the pre-schools. The pilot has continued into the 2019/2020 academic year. In order to improve the developmental and educational state of our young children, early childhood caregivers and teachers across the Federation would be trained in the use of the Development Milestone Checklist guide during the second quarter of 2020.
56. As our children grow so too do their educational needs. St. Kitts and Nevis has always been a leader in education, being the first in the region to achieve universal education. As we continue to implement the Education Sector Plan 2017-2021, we are again taking a leadership role as we align our objectives in the Sector with the OECS Education Sector Strategy for 2012-2021 and the CARICOM Human Resource Development Strategy 2030. The Ministry of Education continues to chart the way forward through the implementation of several reforms including the execution of a Curriculum and Assessment Consultancy and the outfitting of schools with internet infrastructure and hardware. Improving internet access for all public schools will help to create the enabling environment necessary to support ICT integration in teaching, learning and data management.
57. The integration of ICT into all aspects of education is an important element to build a stronger and better future through our Digital Government Strategy. The process of upgrading the infrastructure to improve the connectivity of our primary and secondary schools advanced

further in 2019 with physical upgrades and the provision of WIFI enabled devices. The access to wireless internet connectivity enables our teachers and students to readily access information that can enhance the learning environment not only through the ability to download information but the transmission of assignments and the implementation of interactive learning programmes. To further enhance the integration of ICT, a related ICT Education Policy and Strategy is being developed with the assistance of a consultant from the Catholic Universities of America in Washington D.C. The strategy is slated for completion in 2021. The Policy will inform how ICT will be used to add value to the education system and serve as the foundation for the development of projects and programmes which will translate the Policy into outputs and outcomes.

58. Mr. Speaker, this Team Unity Government has improved the delivery of skills development. Through the Ministry of Education, work continues in the advancement of our Technical Vocational Education and Training (TVET) Programme. A key component of this Programme is the implementation of the CDB funded TVET Project where our efforts are focused on the enhancement of the learning environment. This will effectively contribute to increased access to quality TVET training of our young people. During 2019, the working drawings to advance the civil works component under this initiative were completed, which include the construction of an ICT lab, TVET multi-purpose workshops and a SMART classroom block.

59. In order to provide the required leadership of the TVET Programme, a new TVET Council was installed in May of this year. The Council will guide and oversee the work of the TVET Secretariat to ensure that the TVET Sector provides high quality and relevant TVET programmes and to ensure delivery of the greatest benefits to the people of St. Kitts and Nevis. The TVET Council has been working conscientiously and is on schedule to be assessed with the view to receive accreditation through the Council for Human and Social Development by 2021. The Council's achievement of this accreditation status would give it the authority to issue Caribbean Vocational Qualification (CVQ) certificates right here in St. Kitts and Nevis. The ability of our TVET Council to issue certificates for both our National Qualifications Framework and the CVQ will ensure that our citizens and residents are marketable at the national and regional levels. During 2019, the TVET Secretariat reviewed the TVET Policy and prepared a Draft TVET Strategy for 2019-2025. At the core of this Strategy is the objective

of a “high quality, relevant and gender responsive TVET System in St. Kitts and Nevis”. This document will aid in the development of practical approaches to enhance critical elements in the modernisation of the delivery mechanism of the TVET programme. This would be achieved, in part, through the conduct of ongoing monitoring and evaluation of career guidance services, development and implementation of monitoring systems to improve quality assurance of TVET providers, development of a Quality Policy, and accreditation of the TVET programmes and institutions.

Health Care

60. Mr. Speaker, our future will be stronger and safer if our population is healthy. To ensure this, my Government continues to build on the gains achieved in combatting Non-Communicable Diseases (NCDs). The National Multi-Sectorial Plan for the Prevention and Control of Non-Communicable Diseases in St. Christopher and Nevis (2018-2022) would be completed in 2020 with the support of the Pan-American Health Organisation (PAHO). The Ministry will also continue its collaboration with Stanford University Diabetes Self-Management Programme which has facilitated the training of a total of 42 persons since this partnership was started in September 2015.
61. Our continued partnership with the Republic of China (Taiwan), through the local-based Taiwanese Renal/Kidney Programme, has resulted in the Federation benefiting from the ongoing services of a Diabetes Educator who works meticulously with persons living with this illness. One community outreach activity which has been very successful is the launch of the SKN Moves initiative in August 2019. This initiative is part of the regional ‘Caribbean Moves’ campaign used to re-energise and intensify health promotion through creative and innovative multi-sectoral collaboration. The objective of the initiative is to promote increased physical activity and exercise, making healthier food choices and undertaking regular medical/health checks. The Ministry of Health, in collaboration with SKN Moves, will be undertaking public-private partnerships that will promote health and wellness.

62. Mr. Speaker, in October of this year, the Ministry of Health began the process of a second STEPS survey. During the assessment, a sample of 4,300 households across the Federation will be randomly selected and one (1) person between the age of 18-69 in each home will also be selected at random to participate in the survey. The assessment will seek (i) to determine the current levels of chronic disease risk factors in the Federation; (ii) predict future caseloads of chronic diseases; (iii) help health services plan and implement public health interventions to prevent chronic disease epidemics; (iv) provide a baseline for evaluation of future public health interventions; and (v) develop standardised tools to enable comparisons over time within country and across countries both regionally and internationally. The process will be undertaken using a three (3) step phased approach. This information will serve to inform the decision-making process in regard to financing of public health interventions to combat NCDs. The engagement of our capable health care professionals will be key to the success of this initiative. With the able assistance of our partners at PAHO, a cadre of 99 health personnel were trained in data collection and analysis. This survey is expected to be completed by March 2020.
63. My Government continues to take steps to strengthen the prevention, management and control of HIV/AIDS and other Sexually Transmitted Infections. We are committed to maintaining our historic and outstanding record of being the first country in the OECS to have eliminated mother to child transmission of HIV/AIDS. We will continue working hard to achieve the 90-90-90 treatment for all targets, namely (i) 90% of all people living with HIV will know their HIV status; (ii) 90% of all people with diagnosed HIV infection will receive sustained antiretroviral therapy; and (iii) 90% of all people receiving antiretroviral therapy will have viral suppression. The Ministry of Health undertook a situational analysis of our HIV/AIDS programme during the last quarter of 2018. This analysis will inform the development of a plan of action to guide interventions that would enable us to build on the gains made in these areas towards the 2030 reporting period.
64. Our attention has also been concentrated on the Human Papilloma Virus (HPV), a group of viruses that are extremely common worldwide. The Ministry of Health, in collaboration with the PAHO, undertook an extensive public awareness programme during the second quarter of 2019 which not only focused on adolescents but also their parents making them aware of the serious consequences of these viruses. Having completed this exercise, the Ministry

successfully launched the administration of the Human Papilloma Virus Vaccine to all females leaving the grade six (6) level at all Primary Schools within the Federation. The administration of this vaccine has been evidenced to drastically mitigate against the incidence of cancer of the reproductive tract and is improving upon its already stellar immunization rate of 97%.

65. In an effort to satisfy the commitments given under the Port of Spain Declaration of 2007 and our Federation's obligations in respect of the World Health Organization framework on prevention and tobacco control, the Government will work towards passing relevant Tobacco Control Legislation to prohibit smoking in public spaces. This legislation would also include control measures regarding the use of e-cigarettes which are proven to be hazardous to human health.
66. Mr. Speaker, the issue of disaster preparation especially in light of the scientific reports which present a picture of unprecedented global warming, is a critical one for this Government. The Ministry of Health is taking action to address disaster risk management with the finalization of the Health Disaster Management Plan. The Plan outlines the response that would be activated within the Health Sector to manage the impact of disasters. One of the core aims is to ensure that all entities within the Public and Private Sectors are prepared to respond to natural hazards and health emergencies that may impact the Federation.
67. Mr. Speaker, this Government remains steadfast in its commitment to deliver universal health coverage. We know how important this is to the people of St. Kitts and Nevis and we are determined to get it right. Already, substantial work has been conducted in cooperation with experts in this field. I commend the University of the West Indies for the hard work and expertise they are providing us. An office for the programme has been established and in the New Year consultations with key stakeholders, such as the Chamber of Industry and Commerce and Civil Society will be expedited. We will develop this programme together with the people because only a Team Unity Government of inclusion can ensure that no one will be left behind.
68. Our commitment to deliver a stronger health system for a better future is evident by our record in this field. It was a Team Unity Administration that rebuilt the Mary Charles Hospital in Molyneux with new and expanded health services including dental services. For years no ambulance was attached to that hospital. Mr. Speaker, this Administration has also opened a

Mental Health Day Treatment Centre which allows us to provide greater support to people who need care and attention. This Centre also provides some respite for the families and those who look after people with those health issues. We are mindful that no one is left behind in education, health and poverty. Systematically, we are doing what is right by our people.

Public Safety and Security

69. Mr. Speaker, this Budget continues to deliver a safer future for our people. The statistics show that the number of homicides, particularly homicides related to gang violence, as well as other major crimes, is at the lowest for the last 14 years. This historic success vindicates the significant and targeted increases in budgetary allocation to National Security in 2016, 2017, 2018, 2019 and the increase that would be proposed for the 2020 Budget. Thus far we have prioritised training, forensics, CCTV Programmes, improvement in the physical environment for the Security Forces, psychological support and security gadgets. It validates the robust Social Intervention Framework that is being deployed by the Ministry of National Security as part of the multi-dimensional response to the phenomenon of crime and violence in the country. This increased investment, Mr. Speaker, has truly helped keep our streets and our communities safer through better equipped law enforcement officers. We plan to increase the CCTV coverage beyond the city and urban areas into the rural parts of St. Kitts and Nevis.
70. The Royal St. Christopher and Nevis Police Force, with the support of the National Security Advisor, has enlisted the help of persons from Civil Society to engage “gang members” and determine ways in which they can be assisted to stop the cycle of violence and become more productive citizens in nation building. The resulting Alternative Lifestyle Pathway Project, which is funded by the Government and executed through the agency of the Development Bank of St. Kitts and Nevis, has provided support to a broad cross section of troubled youths. It enables individuals to receive financing and technical support for the establishment of entrepreneurial projects, or for their involvement in community development initiatives. These young people have indicated a willingness to transform their lives and have made a commitment to being a positive agent in curbing violence in our communities. Since March 2019 to the

present time, there has not been any significant violent activity and no “gang related” homicides.

71. Let us make no mistake, Mr. Speaker. This is their initiative. It was the At Risk youths who approached our Security Forces saying they wanted a better way. They were tired of the deaths, tired of the murders, tired of the violence, tired of hearing the cries of the mothers who had lost their children. They knew there was a better way, a better future could be had. It is therefore vital that we, as a community, provide them the means to secure long term employment, develop their entrepreneurial ambitions and explore educational opportunities which can result in sustained commitment to change. My Government will endeavour to provide counselling to provide these young persons with the relevant coping skills to readjust to an alternative path of responsible and productive life, free of violence and crimes.
72. In order to lock in the gains we have achieved to date, a new Programme will be established under the Ministry of National Security to support existing and future social interventions that will be included in the medium to long term framework. To advance the development of the framework, the Ministry of National Security has sought input from expert psychologists to develop a Multi-Systems Model to eradicate the social disease of crime in our communities. This initiative will see the establishment of community teams in all major communities on both St. Kitts and Nevis which would provide the necessary support structure for individuals who have the desire to pursue an alternative pathway. The implementation of this initiative will form a major component of the Social Interventions Programme. Cognisant that crime has taken a toll on the families of victims as well as the wider community, the Team Unity Government, through the Ministry of National Security, intends to conduct a Crime Victimization and Perception Survey during the first half of 2020. The primary objective is to measure reported and unreported crime in order to accurately ascertain the magnitude of the impact of criminal activity within the Federation. This Survey will also provide critical data to guide evidenced-based National Security policies, projects and programmes as we strive to improve citizen security.

73. The continued upgrade of the Forensic Department and training of personnel will ensure that the outcome of police investigations continue to improve thereby increasing the crime detection rate. Building on the successful introduction of the Forensic Laboratory in 2018, in-service forensic education will intensify for an expanded cadre of police officers as a means of strengthening the evidence presentation which is necessary to secure convictions. The Crime Scenes Unit and Criminal Investigation Department (CID) have already begun conducting two-week courses in Crime Scene Processing as well as CID Case Presentation Familiarization Sessions with officers from the outlying stations. The aim is to empower these officers to conduct initial investigations, thereby reducing over reliance on the Criminal Investigation Department. In addition, through the CariSECURE Project financed by the United States Agency for International Development (USAID) and United Nations Development Programme (UNDP), a Police Records Management Information System was officially handed over to the Royal St. Christopher and Nevis Police Force in September 2019. The System will completely digitize the manual processes currently undertaken by the police. This advancement in technology is expected to dramatically improve the speed of information-sharing among law enforcement agencies and boost crime detection and prosecution capabilities as the Police Prosecution Unit works more closely with the Office of the Director of Public Prosecutions (DPP).

74. Mr. Speaker, this Team Unity Government is determined to provide opportunities for all. We are determined that no one is left behind. We are investing in training and rehabilitation of our prisoners to reduce the number of reoffenders and have introduced scanners into prisons to reduce the amount of contraband. Innovative initiatives, such as the prison farm in Nevis working to supply most of the fresh food for the prison population, are being pursued. We are also aware that the current site of the prison has served its time and a new site will soon be chosen. We are also modernising the administrative and legal structures of Her Majesty's Prison and St. Kitts and Nevis Fire and Rescue Services. The Prison (Amendment) Act, 2019 introduced the new positions of Commissioner of Corrections and Deputy Commissioner of Corrections.

75. The Fire and Rescue Services Act, 1999, and related Statutory Rules and Orders, are also under review with the aim of introducing new legislation in 2020. This review has become necessary to address identified gaps such as those related to pensions and other entitlements for non-gazetted officers, and to provide the management of the Fire and Rescue Services with the necessary clarity to establish strategic policies for the effective progress and governance of the organization. Officers of the Fire and Rescue Services have continued to benefit from training opportunities which have proved integral to achieving their mandate.

CROSS-CUTTING ISSUES

Climate Change

76. Mr. Speaker, climate change is an emergency that we need to face frontally. We in the Caribbean stand on the frontline of this climate emergency. In this regard, my Team Unity Government, through the Department of Environment, commenced the development of a Climate Change Adaption Strategy in 2018. This document outlines the plan of action for the Public and Private Sectors to achieve our overarching climate change goals. The Strategy was completed in July 2019 and will be supported by the Third National Communication and the First Biennial Update Report on Climate Change which were presented in November.

77. Environmental preservation is one of the core elements to combating the effects of climate change. The Department of Environment continues the work in managing protected areas through the development and implementation of sustainable financing plans for the respective protected areas in the Federation. The goal of these financing plans is to allow each National Park to attain financial independence, with a view to removing the reliance on public funds. The development of the Central Forest Reserve National Park, the Royal Basseterre Valley National Park, and the Booby Island Reserve will be the priorities in 2020. GPS trackers have

been installed in the Central Forest Reserve National Park and mapping of trails are being undertaken on both islands, in particular, the Central Forest Reserve National Park, Camps Watershed, Nevis Peak and Waterfalls in Maddens. This is being done through the use of satellite and LIDAR imagery. Upon completion descriptions and names will be given to the trails in order to provide necessary information to our citizens, residents and visitors to ensure their safety while enjoying the natural wonders of our twin-island Federation.

78. Mr. Speaker, an important aspect in regard to building climate resilience and sustainable development in the Federation is a collaborative coordinating and monitoring mechanism. As such, my Government has established a National Sustainable Development Coordinating Committee which will include representatives from entities within the Public and Private Sectors and academia. This Committee will provide guidance on potential areas for the development of climate-resilient projects for submission to our development partners. This mechanism was developed cognisant that building resilience is not only the role of government but requires strong, proactive partnerships to meet our commitments and make the transformative changes required.

Financial Services

79. Mr. Speaker, the Financial Services Sector continues to undergo important changes, most of which are responding to external developments in the wider global financial space. Many of these changes would not only impact the Sector here in St. Kitts and Nevis but also the other member states of the ECCU. Just last month, we witnessed the departure of the Bank of Nova Scotia from our jurisdiction after a period of 36 years of profitable operations in the Federation. In this case, we have fared well in that, having completed all the legal and regulatory requirements, the Republic Financial Holdings Limited has taken over the operation of the banking business. From all reports, the transition has been smooth thus far with no loss of jobs and no diminution of services to customers. It is our hope that the Republic Bank would bring valuable expertise to help boost development of small and medium size enterprises in the Federation and broaden our access to the international network of correspondent banks.

80. We are also closely following the developments related to the transaction between the Canadian Imperial Bank of Commerce (CIBC) and the GNB Financial Group Ltd. This proposed transaction will facilitate the substantial sale of shares in CIBC FirstCaribbean International Bank across the Caribbean region. In the world of international banking, transactions like these are considered normal as businesses make decisions about investments and the direction of their business. In considering the recent and emerging developments in the Banking Sector, we must not lose focus on the opportunities that can arise from change. In the ECCU, we have a good chance to further strengthen the Banking Sector fundamentals by building stronger indigenous banks, and by embracing consolidation and shared services. Looking ahead, we anticipate that the ECCB's pilot Fintech project would yield additional benefits to the Currency Union with the eventual introduction of the digital Eastern Caribbean dollar. Equally important would be the operationalization of the credit bureau in 2020 to serve the ECCU states. We have already passed legislation in 2018 to facilitate the operations of the bureau in the Federation.

81. Mr. Speaker, as we embrace the changes that are being made to operational activities in the Financial Services Sector, we remain cognisant of our regulatory obligations to ensure that we have a robust and stable Sector that protects consumers. We are also cognisant of the fact that our legislative and regulatory frameworks and practices will be reviewed from time to time. In my last Budget Address, I alerted this Honourable House to the fact that St. Kitts and Nevis will be undergoing a Fourth Round of Mutual Evaluations by the Caribbean Financial Action Task Force (CFATF) during the first quarter of 2020. As such, we have heightened our preparations for the upcoming assessment to ensure that when the evaluation is concluded it would be determined that St. Kitts and Nevis is compliant with the international standards. Part of the Mutual Evaluation will entail an onsite visit by the assessors which we have now been informed will take place during the first half of 2020. During the visit, the assessment team will engage key stakeholders in the Financial Services Sector as they gather the facts that would speak to the level of compliance and effectiveness in the Federation's implementation of the 40 Recommendations of the Financial Action Task Force.

82. The National Risk Assessment Working Group that was established to identify the primary money laundering and terrorism financing risks in the Federation has been working assiduously. The Risk Assessment has resulted in a comprehensive analysis that will enable St. Kitts and

Nevis to design a fitting strategy and action plan to mitigate the identified risks. Additionally, Private Sector officials were invited in July of this year to give input in the National Risk Assessment as their involvement in the process is vital to ensuring that appropriate measures are in place to identify and understand the risks of money laundering and terrorist financing in the Private Sector. I solicit the cooperation of all concerned to ensure that, as we as a Nation move forward, our reputation as a jurisdiction that is highly compliant with international standards will be maintained.

International Tax Governance

83. Mr. Speaker, as in previous years, we continue to meet the challenges of international tax governance. I assure the people of this country that we are working assiduously to ensure that we make a difference in protecting the good name of St. Kitts and Nevis in the international arena. We are working assiduously to ensure compliance with the ever-changing standards that are set by the Organization for Economic Co-operation and Development (OECD) and other similar organizations.
84. One of the key aspects central to our work in the area of international tax governance is related to the OECD's Inclusive Framework on Base Erosion and Profit Shifting (BEPS). In the past, I would have informed this august body that St. Kitts and Nevis became a member of the Inclusive Framework on BEPS in November 2017. Since then, technical officers have been working diligently to ensure that the Government delivers on its commitments to implement the BEPS minimum standards. The standards that, at a minimum, must be complied with relate to harmful tax practices, treaty abuse, transfer pricing documentation and dispute resolution. My Administration has taken these commitments very seriously and continues to make the necessary legislative adjustments to bring our laws in conformity with the international standards and best practices. For instance, on September 3rd 2019, this Honourable House passed additional amendments to the Companies Act to ensure full compliance with the minimum standard that pertains to harmful tax practices. The OECD Secretariat in November 2019 confirmed that the amendments are in keeping with the OECD's Forum on Harmful Tax

Practices (FHTP) minimum standard. In addition to the amendments that were made by this Honourable House to the Companies Act, the Nevis Island Assembly further amended the Nevis Limited Liability Company Ordinance and the Nevis Business Corporation Ordinance on November 19th 2019. With these amendments having been made, our Federation is well on its way to ensuring full compliance with FHTP minimum standard.

85. Mr. Speaker, a jurisdiction's implementation of an international standard is usually reviewed by a recognized body to ensure that the standard has been properly implemented and is effective. Our implementation of the BEPS minimum standards will be no different. It is therefore no surprise that the Federation of St. Kitts and Nevis is scheduled to undergo a review by the OECD's Forum on Harmful Tax Practices in January 2020. The review will determine whether the Federation has delivered on its commitments to amend and abolish preferential tax regimes in our legislation which have been deemed by the OECD to be harmful. Preparations for the review are progressing well and we are optimistic that the results will be favourable.

86. Our focus on matters related to international tax governance has not only been on the BEPS minimum standards but also on issues that have been raised by the European Union's Code of Conduct Group. The Code of Conduct Group is of the view that some aspects of our Fiscal Incentives Act target non-residents and are ring-fenced from the domestic economy. My Government therefore made a pledge to amend the Fiscal Incentives Act to bring it into compliance with the Code of Conduct Group's criteria. The necessary amendments are currently being drafted and should be passed before the December 2019 deadline. This will ensure that St. Kitts and Nevis is removed from the European Union's Grey List of non-cooperative Nations and would not end up on the EU's notorious blacklist. Mr. Speaker, the Team Unity Government continues to deliver on its commitments and continues to work hard on behalf of the citizens of St. Kitts and Nevis.

87. Mr. Speaker, I turn now to Public Finance.

MEDIUM TERM ECONOMIC MANAGEMENT STRATEGY

Medium Term Fiscal Outlook and Growth Targets

88. Mr. Speaker, as we keep building a stronger, better and safer future, we envisage a solid fiscal and debt performance as well as positive economic growth over the medium term. A review of the fiscal performance suggests that by the end of the 2019 fiscal year, the Recurrent Account Surplus will be in the region of \$348.8 million. Recurrent Revenue is projected to be \$994.3 million.
89. Recurrent Expenditure is projected to reach \$645.5 million or 9.1% above the 2019 Estimates. The expected increase in expenditure reflects my Government's decision to reward all Civil Servants, auxiliary workers and pensioners in both St. Kitts and Nevis with the payment of a bonus salary for the fourth consecutive year. Additionally, as the demand for economic citizenship grows, so too will the due diligence, marketing and other associated costs related to the Programme. These costs, as well as increasing pay-outs for the Poverty Alleviation Programme, will contribute to a higher level of Recurrent Expenditure than what was budgeted.
90. Capital and Budgetary Grants are projected to amount to \$18.1 million by the end of this year. This would be 48.0% lower than the estimate. On the other hand, by the end of 2019, Capital Expenditure and Net Lending would reach approximately \$247.9 million or 63.9% more than the 2019 Approved Estimates. The projected expansion would be due, in part, to my Government's plan to execute another phase of our land redemption initiative thereby ensuring that even more of the lands that were captured in the Land for Debt Swap would be returned to the ordinary citizen. With these results, we are anticipating we would realize an Overall Surplus of about \$118.9 million and a Primary Surplus of approximately \$141.3 million by the end of this fiscal year.
91. Mr. Speaker, my Government's Fiscal Strategy for the medium term has two (2) main objectives. Firstly, to ensure the sustainability of the public finances by maintaining fiscal surpluses and secondly, to reduce Central Government's debt to 19.5% of GDP by 2022. With

respect to the 2020 to 2022 period, it is anticipated that the fiscal operations of the Government would result, on average, in a Recurrent Account Surplus of \$152.4 million, an Overall Surplus of \$32.8 million and a Primary Surplus of \$51.6 million. Recurrent Revenue is projected to be approximately \$773.5 million per annum while the average annual amount for Recurrent Expenditure would likely reach about \$621.1 million. Our medium term Capital Expenditure projections, which would average about \$146.3 million, are consistent with another aspect of our Fiscal Strategy; that of ensuring that the execution of the Public Sector Investment Programme would effectively support sustainable and inclusive growth. This projected medium term fiscal outlook would be contingent on the expected increase in economic activity, the efficient administration of our tax system and our continued fiscal discipline.

92. Mr. Speaker, the Ministry of Sustainable Development has indicated that the economy of St. Kitts and Nevis is expected to record growth of 2.9% in 2019 and an average growth of 3.6% over the period 2020 to 2022. This positive trend in economic growth will be driven by continued developments in the Construction, Tourism, Distributive Trade and Transportation Sectors. Increased activities in the Storage and Communication, Financial Services and Public Administration Sectors will also influence the overall growth in the economy. Construction activity, the largest contributor to economic growth, is forecast to continue to expand in 2019 and, on average, 3.1% over the medium term. It is anticipated that the Construction Sector will continue to show a strong performance as residential construction projects that are financed through the Government Employees Mortgage Facility at the Development Bank of St. Kitts and Nevis and initiatives being undertaken by the National Housing Corporation continue. The performance of the Construction Sector will be further bolstered by ongoing investments in public infrastructure and planned hotel and condo developments such as the Ramada Resort and the T-Loft Hotel. The Tourism Sector is also expected to show positive returns. With the prospects of increased airlift into the Federation and significantly increased room stock, this Sector is expected to grow by 9.2% in 2019 and, on average, by 2.8% over the medium term.

Public Sector Debt and Medium Term Debt Outlook

93. Mr. Speaker, our strong economic management is being noticed. Recently, we were applauded by the ECCB for being the first independent country in the ECCU to achieve the 60% Debt-to-GDP benchmark. With discipline and proper debt management, this was realized well ahead of the stipulated 2030 timeframe. Our mandate has been and continues to be to reduce the stock of debt to a level that could be sustained by our small open economy. At the end of the 2018 fiscal year, the Total Public Sector Debt was recorded at \$1.6 billion or 57.3% of GDP. This reflects a further reduction by 2 percentage points when compared to the revised ratio of 59.3% in December 2017. In comparing the portfolios at the end of 2018 with the previous fiscal year, the External debt portfolio declined by 5.2% while Domestic debt decreased marginally by 0.8%.
94. A significant achievement with respect to debt management in 2018 was the successful negotiation for a 50.0% debt relief on one of our debt instruments with a bilateral creditor. This reduced our obligation to that creditor by US\$17.9 million and we are indeed most grateful for the cooperation. Due to our steadfast approach to debt management, the medium term debt outlook looks promising. The Total Public Sector Debt is projected to stand at \$1.7 billion at the end of 2019 then decrease by 3.6% by the end of 2020. The stock of debt is expected to fall further to \$1.5 billion by the end of 2021. It is also anticipated that the Debt-to-GDP ratio will increase slightly to 59.7% at the end of 2019 before moving in concert with the reduction in the Total Public Sector Debt Stock over the medium term. By the end of 2020, the Debt-to-GDP ratio is expected to decline to 54.6% and continue its downward trajectory to stand at 49.7% in 2021 and 45.1% in 2022.
95. The downward trajectory of the Public Sector Debt is a testament of the diligent work my Government has done with respect to properly managing our finances. Our actions continue to be guided by the objectives outlined in the 2018 – 2020 Medium Term Debt Management Strategy which includes ensuring the overall reduction of the Government's debt portfolio and procuring any new debt at the lowest possible cost and with a prudent degree of risk. Mr. Speaker, money that is not wasted on paying off reckless debt can instead be used to invest in

our people, invest in our infrastructure and invest in a stronger, safer future, as we are doing today.

Fiscal Prospects

96. Mr. Speaker, Recurrent Revenue for the 2020 fiscal year is projected to be \$821.1 million. Taxes on Income are expected to generate \$150.4 million which would be higher than the 2019 Estimates by \$16.3 million or 12.2%. Taxes on Property are expected to reach \$15.3 million. Also, we anticipate that Taxes on Domestic Goods and Consumption would be \$100.4 million while Taxes on International Trade and Transactions, the largest subcategory of Tax Revenue, would generate \$198.7 million. Additionally, a total of \$25.0 million is estimated for Capital Grants and \$10.2 million for Budgetary Grants. All of these categories are expected to yield Total Revenue and Grants of \$856.3 million.

97. On the expenditure side, an amount of \$617.3 million is proposed for Recurrent Expenditure for 2020, an increase of 4.3% over the 2019 Estimates. This would result in a Recurrent Account Surplus of \$203.8 million for 2020. A total of \$192.0 million is also being proposed for Capital Expenditure and Net Lending. An Overall Surplus of \$47.0 million and a Primary Surplus of \$66.9 million are therefore anticipated for 2020. The 2020 Draft Estimates provide the details on the various programmes, projects and activities that would be carried out by the line Ministries. The general public can therefore look forward with much hope and expectation that we would deliver more public goods and services in 2020. Based on the respective plans presented and proposed budget allocations, allow me to highlight some of the major programmes and activities planned for implementation in 2020.

98. Mr. Speaker, the Ministry of Justice, Legal Affairs and Communications would be allocated \$13.3 million to support its Recurrent activities in 2020. This would represent a 6.7% increase over the \$12.4 million that was allocated in 2019. This Ministry continues to make a difference in building the institutions of Government.

99. We have long been committed to the development of a highly efficient and responsive justice system in the Federation. We have recently acted on this commitment by replacing the Court

of Justice Fees Act Cap. 3.10 which was first passed into law in 1880 with the introduction of new legislation, the Court of Justice Fees Act (2019). The new law was passed in September of this year. This new Act allows for payment of court fees electronically rather than the traditional use of stamps only. From this time forward, persons interacting with the Court system would realise the marked difference and ease of conducting their individual business with the Court.

100. Mr. Speaker, the High Court in St. Kitts and Nevis, in collaboration with the Eastern Caribbean Supreme Court (ECSC), held a series of trainings locally during the month of September 2019 to train all Attorneys and their staff in E-Litigation. This is a new method of filing Civil and Court of Appeal matters with the Supreme Court with effect from September 20th 2019. Paper based filings will no longer be accepted and stamps will no longer be used as payment as this will now be done online. The progressive momentum of the Court system is also evidenced by the rollout of the ECSC's Sentencing Guidelines which was launched simultaneously across OECS countries in September 2019. These guidelines will enhance the quality of decisions made by Magistrates and Judges, ensure consistency in approach, promote transparency and confidence in decision making, and improve the way judgments are administered.

101. Moreover, to support the continued updating of our legislative framework, the Ministry of Justice and Legal Affairs has appointed a Law Reform Commissioner and will seek to appoint the other members of the Law Commission in 2020. The role of the Law Reform Commission would be to spearhead the review of our laws and make recommendations for changes. This would assist greatly in ensuring our legal framework is current and in keeping with the needs of our society and international norms.

102. Mr. Speaker, our earlier decision to appoint a new Registrar of Lands and establish a dedicated Land Registry in 2017 has continued to generate good results for the people of St. Kitts and Nevis. This decision has led to notable improvements in terms of the efficiency of property registration. For the period January 2018 to September 2019, a total of 3,848 Certificates of Title and other documents were processed in St. Kitts and approximately 1,810 in Nevis. This has made a difference in significantly reducing the backlog that previously

existed. In the coming months, we anticipate that we would be able to accomplish the physical separation of the Land Registry from the Supreme Court. This would be facilitated through the acquisition of new premises earmarked to house the Land Registry early in 2020. The new office accommodation would provide adequate space to support expanded service and improved responsiveness to the increasing demands from the Private Sector clients.

103. As we embark on the digital transformation of business processes, the Ministry will play a key role in helping to move the Public Sector and, by extension, our country forward. This would be evidenced by the implementation of meaningful changes that would allow for greater efficiency and productivity across the Public Service. The Department of Technology would continue to play a lead role in the development of relevant ICT policies and the implementation of the Government's Digital Strategy.

104. Mr. Speaker, the Office of the Prime Minister would be allocated \$44.7 million for its Recurrent activities planned for 2020. This amount is more or less in line with the allocation granted in 2019. During 2020, the Office will continue to implement various reform initiatives aimed at improving the efficiency and responsiveness of the Government and at promoting good governance. The Human Resource Management Department will continue to develop and implement various programmes to build capacity in the Public Service at all levels. The Department is continuing the work to operationalize the Defined Contribution Pension Plan which would be finalized and implemented in 2020.

105. Mr. Speaker, adequate resources would also be provided to support our very successful Citizenship by Investment Programme which continues to be ranked best in the region and one of the best in the industry worldwide. Our Platinum Brand is considered the most attractive and that is demonstrated by the confidence of our clients and agents. Our due diligence processes remain robust and unwavering, a view that is supported by the near perfect ranking that was published in the Financial Times CBI Index. As we continuously seek ways to enhance our Programme, a new Biometric feature is being considered for implementation in 2020 as part of our identity validation process. This will ensure that only persons of highest character are considered for economic citizenship here in St. Kitts and Nevis. Additionally, we will reap the benefits of new marketing expertise contracted to guide the forward

development of our CBI Programme which is strong on due diligence, strong on integrity, and strong on timely delivery.

106. An amount of \$7.9 million is proposed for Capital Expenditure in 2020. This would be \$3.8 million or 92% more than the allocation for 2019. The funds would facilitate the Renovation of Government Headquarters, the continuation of the Hurricane Assistance Programme and other Constituency Empowerment Programmes.

107. Mr. Speaker, I now turn to the Ministry of National Security. Our efforts have helped us build safer streets and communities. I am happy to report that major crimes in the Federation continue to trend significantly downward. In this regard, major crimes have fallen by a significant 27% over the period January to December 7th 2019 when compared to the comparative period in 2018. Most importantly, homicides in the Federation have fallen most dramatically by 48%. To God be the Glory. Remarkably, since March 2019 up to the present day we have not had one single gang related homicide. The budget for fiscal year 2020 proposes that \$63.5 million be allocated for Recurrent activities. This would represent an increase of 5.0% over the 2019 allocation. In addition to the allocation for Recurrent programmes, the proposed 2020 allocation for Capital Expenditure is \$35.7 million. The continued increases in the budgetary resources earmarked for national security is to sustain, modernize and strengthen the security apparatus of the Federation. It is anticipated that some of the resources would support additional training across the various units that make up the National Security System. The Ministry of National Security will continue to roll out programmes that would be targeted at increasing crime detection rates, enhancing investigative capacity and reducing all categories of crime in the country. Mr. Speaker, this investment is a core part of our long term plan to build a safer future.

108. The highly successful Explorers Community Youth Clubs Programme will receive further financial support, building on the establishment of a permanent Explorers Camp Site and Headquarters at Mol Phil Extension, Phillips Village. The Explorers Programme continues to meet its objectives of bringing young persons from various communities together in partnership with Community Policing, parents and schools. It is giving our young people more opportunities. It is designed to build camaraderie, provide a safe haven for children, to teach

them skills to enable them to engage in acceptable social and educational development activities. They learn discipline and desirable behaviours and develop a sense of pride in community development, as well as strong support and respect for law and order. To date, 789 young persons make up the Explorers Youth Club, making it the single largest youth organisation in the Federation. We care for our young people. This social intervention model in the enhancement of law and order is now being seen as a model within the OECS and is drawing international attention as a best practice with institutions such as the North Eastern University in Boston.

109. Mr. Speaker, substantial investment in infrastructure remains a critical element in keeping our people safe. To further address safety in our Nation, in 2020 we will be expanding the Closed-Circuit Television (CCTV) Surveillance System to Nevis and the rural areas of St. Kitts. This Team Unity Government will continue to provide improved facilities for the benefit of our Security Forces, a factor which is essential for enhancing productivity. The long overdue construction of a new police station in Sandy Point commenced in March of this year. The facility will make available accommodation for the Police Force, Fire and Rescue Services, Customs and Excise and a Magistrate's Court thereby providing improved security and judicial services to the people of Sandy Point and the surrounding communities. It is anticipated that this facility will be completed during the first quarter of 2020. My Team Unity Government recognised that the conditions at the Fire Hall at the Vance Amory International Airport needs significant overhaul. In that regard, we would work with the NIA to expeditiously resolve the situation. Our Special Service Unit (SSU) will experience the comfort when early next year they take residence in their new, beautiful headquarters in upscale Fortlands.

110. Mr. Speaker, the Ministry of International Trade, Industry and Commerce would be provided with \$4.5 million to carry out its Recurrent programmes and activities for 2020. This would represent an 12.5% increase over the 2019 allocation of \$4.0 million. During 2020, this Ministry will continue to take a proactive approach to creating an environment that facilitates commerce and business in general. The Ministry is transitioning to the operation of the Small Business Development Centre which is expected to improve the delivery of services to the expanding Small and Medium Enterprises Sector.

111. The Ministry continues to work assiduously to fulfil the requirements of trade agreements which would place the Federation in a strategic position to undertake negotiations with the rest of the world. We have made strides in advancing the process to facilitate the implementation of the World Trade Organisation Trade Facilitation Agreement. This document outlines measures to expedite the movement, release and clearance of goods across borders, as well as the reduction of the related costs thereby improving how we do business. The work of this Ministry has resulted in this Government being among the nine (9) Caribbean countries which signed an agreement to preserve existing preferential trade terms with the United Kingdom post BREXIT at the 25th CARIFORUM Council of Ministers held in March of this year.

112. Another arm of the Ministry, the St. Kitts and Nevis Bureau of Standards, will focus its efforts on building its capacity to provide the scientific evidence required in support of the maintenance of health and safety, access to high quality products and the provision of metrology services in weights and measures to ensure accuracy in supply. Standards play a vital role in the Federation's National Quality Infrastructure as each category specifies how products are made, services are carried out and the necessary criteria that are mutually beneficial to the consumer and supplier. In 2020, the Bureau of Standards will commence enforcement on Labelling of Goods. This action will help to extend our market access as we strive to ensure that the products originating from the Federation are compliant with recognised international standards. The Department of Consumer Affairs continues to forge ahead with its mandate to inform, educate and empower consumers. In 2020, the Department will continue its restructuring process which will coincide with our adoption of the CARICOM Consumer Protection legislation. We propose to provide funds to upgrade the Multi-Purpose Laboratory to deliver enhanced services to the citizens and residents, in particular businesses that rely on the Lab to certify the quality of their products.

113. The Ministry of Finance would be allocated \$215.5 million for Recurrent Expenditure for 2020. This would represent an increase of 5.7% over the allocation for 2019. The main activity contributing to the proposed growth is a \$15 million increase in budget support to the Nevis Island Administration effectively moving the amount of this support from \$30 million to \$45 million in 2020. The other major areas that would be provided for are Retiring Benefits

and Debt Interest Payments which are projected at \$40.0 million and \$19.8 million respectively. The Ministry would also be provided with \$15.0 million for electricity consumption across the Government and \$17.4 million for the Government's Group Health, property and catastrophe insurance. In addition to the provision for Recurrent Expenditure, a total of \$16.8 million would be allocated to the Ministry of Finance for Capital Expenditure for 2020. The Ministry would be the executing agency for key projects including the rehabilitation of certain Government buildings and the construction of a new building to house the Government Printery. In collaboration with the Ministry of Justice, Legal Affairs and Communications, the Ministry would also oversee the Government's Digital Transformation Project as we strive towards improving the delivery of Government services in a modern and efficient way. This would help to create the enabling environment that would better facilitate the development of the Digital Economy in St. Kitts and Nevis.

114. Mr. Speaker, the Ministry of Social Services, Community Development and Gender Affairs would be provided with \$34.1 million for Recurrent Expenditure for 2020. This would represent a 1.8% increase over the previous year. In 2020, we will maintain the vital support for households under the life enhancing Poverty Alleviation Programme. By the first quarter next year, the Ministry expects to have fully transitioned from the issuance of cheques to the use of a debit card system for the monthly disbursements to recipients. This will make it easier for beneficiaries to use the PAP support to pay for groceries and services such as electricity, water, and mortgage payments to the NHC. It is also consistent with our quest to move our country forward to a Digital Economy thereby eliminating long lines at the Treasury Department and building efficiency in delivery of this essential service. This is another example of our Government making a difference and moving our country in the right direction.

115. For the good people of Lodge/Ottleys and the surrounding communities, we are making a difference through the construction of the Lodge Multi-Purpose Community Centre. With the financial assistance of the Republic of China (Taiwan) we would provide the necessary financing to complete the construction of the Centre in 2020. With a proposed allocation of \$3.6 million for Capital Expenditure, the Ministry would also oversee a number of other capital projects including the upgrade of Community Centres, Upgrade of the Administration Building and improving Internet Connectivity at the New Horizons Rehabilitation Centre.

116. Mr. Speaker, the Agriculture Sector remains an important Sector in our long term plan to build a stronger and safer future. In this regard, the Ministry of Agriculture, Marine Resources, Cooperatives and Environment would be allocated \$10.9 million for its Recurrent activities for 2020. This would be a 7.7% increase over the \$10.2 million that was allocated in 2019. The degree of success we achieve in building the Agriculture Sector will influence our prospects for economic growth and our achievements in food security and the maintenance of good health in the population. As such, my Team Unity Government continues to ensure that the Sector is supported whether it is crop, livestock farming or fisheries.
117. We are aware of the challenges experienced with the severe outbreak of the Amblyomma tick infestation among the livestock population on both islands. The Ministry of Agriculture is playing an important role in the efforts to control and limit the negative impact of the tick which has the potential to seriously reduce livestock production. In 2020, the Ministry will continue to combat the Amblyomma tick with the eradication programme which commenced in 2019. Special resources are being proposed in this Budget for the purchase of Bayticol which is an essential ingredient in the treatment of this deadly pest.
118. In addition to the resources for Recurrent Expenditure, it is proposed that \$5.0 million be allocated for Capital Expenditure. The Capital Projects to be implemented during the coming year includes the completion of the Veterinary Diagnostic Lab, completion of the rehabilitation work on the breakwater at Old Road Fisheries Complex, Upgrade of Small Farmers Machinery Pool, Expansion of the Basseterre Abattoir and the Improvement of Fisheries Management. We are also aware of the damage caused by other pests including feral animals. Over the past year there have been increased efforts in trapping these animals. Funds in the amount of \$750,000 would be provided under a Pest Control Programme to assist in protecting our crops from feral animals. Resources are also provided to support the implementation of the National Health Insurance Scheme for which we are taking time out to complete the necessary due diligence before moving to actual implementation. This Health Scheme will fundamentally transform our people's ability to access affordable health care. The lady at Earle Morne in Bird Rock, the fisherman from Old Road or the student in Phillips Village will be assured that in the event of illness, their health needs will be taken care of.

119. Mr. Speaker, in 2020, the Ministry of Tourism would be allocated \$25.1 million to carry out its Recurrent programmes and activities. The Tourism Sector is one of the most notable areas where my Team Unity Government has made a difference and which still holds tremendous potential for expansion in ways that can move our country forward. The increased support for the work of the Ministry of Tourism and the Tourism Authority would go a long way in advancing the implementation of the planned strategic interventions. The focus would continue in the areas of marketing, airlift and improving the tourism product here in St. Kitts. So far, the outturn for 2019 suggests that the strategy is already delivering successful results. In terms of Cruise Tourism, we are also delivering the best outcomes this country has seen in our history of developing the Cruise Tourism segment of this Sector. By August 2019, for the second consecutive cruise season, we welcomed one million cruise passengers to our shores. This historic achievement consolidates our destination as a Marquee Port. In addition, St. Kitts and Nevis is ranked as having the 3rd highest cruise spend among all Caribbean destinations. Mr. Speaker, again, this is what we continue to deliver. We are definitely making a difference and moving the Tourism Sector forward.

120. With respect to Capital Expenditure for this Ministry, we are proposing that a total of \$10.1 million be allocated for 2020. The Capital projects to be implemented by the Ministry of Tourism would include: the Coastal Erosion Mitigation Project, the South Frigate Bay Beach Enhancement Project, and the Support for ECO Park Project. In addition to these projects, funds would be provided to support airlift into the Federation in 2020.

121. Mr. Speaker, the provision of public infrastructure is important to the development of any country, in particular Small Island Developing States like St. Kitts and Nevis. Public infrastructure is yet another area where my Team Unity Government is making a difference in the lives of our people, in the development of business and in attracting investments. To continue with the good work, the Ministry of Public Infrastructure, Post, Urban Development and Transport would be allocated \$21.9 million to carry out its Recurrent programmes and activities for 2020. This would represent an increase of 2.4% over the allocation for the previous year.

122. This Ministry has been very active over the last two (2) years. It is expected that work would continue at an intense pace in 2020. It is proposed that the provision for Capital Expenditure be \$61.7 million. During 2020, we anticipate the completion of Phase II of the Island Main Road, the Rehabilitation of Old Road Bay and the Road Improvement Project which includes the construction of roads in Garvey's Westland Housing Development and Mattingley.
123. Mr. Speaker, the Ministry of Education would be provided with \$74.7 million in 2020 for carrying out its Recurrent programmes and activities. This would be a 2.2% increase over the allocation for 2019. The Ministry would be provided with a Capital Expenditure Budget of \$15.3 million for 2020. These resources would assist the Ministry to continue to improve on the delivery of quality education for all our children and young people.
124. During 2020, the Ministry of Education will continue to implement the 2017-2021 Education Sector Plan which seeks to improve the quality and relevance of teaching and learning across the education system. The main area of focus for next year would be the development of an enhanced National Curriculum and Assessment System and a Quality, Teaching, Learning and Leadership Framework. At the end of this process, we expect to improve student learning outcomes and raise the level of the Education Sector's contribution to Nation building and the overall sustainable development of the Federation.
125. We are also making a tangible difference for teachers as the Ministry continues the drive to professionalize the teaching vocation. This is a historic investment in our teachers. We are enhancing teacher quality which leads to better preparation of our students for the world of work and for living. This is demonstrated by the level of financial support provided to almost 60 Educators, covering up to 50% tuition to pursue post-graduate qualifications in Counselling, Literacy and Leadership.
126. In addition, the Ministry, in collaboration with the Caribbean Disaster Emergency Management Agency (CDEMA), is implementing the Model Safe School Programme, an initiative designed to enhance capacity and mainstream comprehensive risk and disaster management consideration in Education Sector policies, planning and operations. Furthermore, in 2020, the Draft National Safe School Policy will be finalized. Several improvements are

being made in the School Farm Programme where four (4) pilot schools namely Joshua Obadiah Williams, Beach Allen, Saddlers and St. Paul's Primary Schools now have the capacity to provide approximately 20% increase in the supply of fresh vegetables to the School Meals Programme. In support of literacy development, the Ministry will continue to focus on the implementation of various activities to enhance literacy skills of students. These activities include continued support for Literacy Week, the library summer programmes and expansion of library programmes in pre-schools, kindergarten and Grade two (2) in primary schools.

127. The Ministry of Health would be provided with \$55.5 million to support Recurrent Expenditure for 2020, a 4.2% increase over the comparative figure for 2019. In addition, it would be provided with \$6.5 million for Capital Expenditure. The health care programme in 2020 will be centred on enhancing our response to the increasing threat posed by Non-Communicable Diseases (NCDs). NCDs have evolved into a socio-economic challenge as they are now responsible for about 83% of all deaths in the Federation. These types of diseases continue to impact persons in the age group 15 to 45 years which primarily constitutes the most productive segment of our workforce.

128. Greater emphasis will be placed on Health Promotion and Health Education as the Ministry of Health advances its Public Education and sensitization efforts to trigger behaviour modification among our citizens, especially those who suffer from disease and illness due to family history, diet, obesity or other lifestyle traits. The goals are to give our citizens the tools to educate themselves about their health, make full use of our Community-based Health services, and to make lasting behaviour change to improve longevity and the quality of health.

129. Mr. Speaker, we are also making a difference in the lives of the Nation's autistic children. We have determined that they too must be served with the best care and attention to their special needs. In this regard, my Team Unity Government is stepping up to the challenge of addressing the needs of these children. The Government has therefore made provision for a permanent home to be established for the Spectrum Centre. The Centre has outgrown the temporary space allocated for this programme which caters to the needs of 65 children and their parents/guardians. The new facility which started as a joint initiative between the Ministries of Education and Health has received strong support from the Private Sector. Today, we recognise

the value of this strong partnership and say thank you to those who continue to support this worthy endeavour on behalf of our Nation's children.

130. On the capital side, work would continue at the Joseph N. France General Hospital towards the establishment of the Federation's first ever Cardiac Catheterization Laboratory. This is another area where Team Unity is making a difference by moving the Health Sector forward and by extension moving our country forward. The Lab would be instrumental in rendering emergency care to patients suffering from or at risk of developing strokes and/or heart attacks. Final arrangements are currently being made for the introduction of this new facility and the services it would provide to our people and residents of neighbouring islands. We are also set to make a difference for the good people of the St. Peters area as they would see the commencement of construction of a state-of-the art new Health Centre in the upcoming year.

131. Mr. Speaker, the Ministry of Youth, Sports and Culture would be provided with an allocation of \$8.7 million for its Recurrent programmes and activities for 2020. This would be a 21.7% increase over its 2019 allocation. During 2020, the Ministry would place emphasis on the completion of the Youth Strategic Plan and the development of a National Sports Policy. It would also focus on the creation of a Culture Sector Strategic Plan, design of a Creative and Cultural Sector Economic Plan and the introduction of a National Folk Arts Festival. The Ministry would utilise an inter-generational engagement approach to sports and culture to enhance delivery of its programme of activities at the community level.

132. In addition to the funds for Recurrent activities, the Ministry of Youth, Sports and Culture would be allocated \$7.0 million for the implementation of a number of Capital Projects. These projects include: Upgrading Sporting Facilities Phase II, the development of the Trinity/Boyds and Tabernacle Playing Fields, and Upgrade of the Sandy Point Recreational Grounds. Other projects would be the Upgrade of the Conaree Playing Field, Youth Entrepreneurship Development and Upgrade of the Kim Collins Athletic Stadium.

133. Mr. Speaker, I now turn to the Ministry of Sustainable Development which would be allocated \$6.5 million for Recurrent programmes and activities for 2020. This would be a 2.4% increase over the comparative allocation for the previous year. Additionally, an amount of \$12.7 million would be provided to this Ministry for Capital Expenditure. Capital Projects to

be implemented include the provision of basic infrastructure to support the Special Land Distribution Initiative and the completion of the Street Lighting Project. The Enhanced Country Poverty Assessment would be supported to conclusion in 2020. When the report is completed it will provide timely, reliable data which will inform the design of policies for the strengthening of the social protection system. The results of the Enhanced Country Poverty Assessment will be published in 2020. The Ministry will formulate a communication plan and national advocacy for the successful implementation of the 2020 to 2021 Population and Household Census activities. The Ministry would also continue to ensure that adequate infrastructure is provided through the Commercial Infrastructure Development Project which will redound to the benefit of various small and medium sized businesses around the island.

134. Mr. Speaker, the Ministry of Foreign Affairs and Aviation would be allocated \$19.2 million for its Recurrent programmes and activities for 2020. In addition, an amount of \$1.4 million would be provided to this Ministry for Capital Expenditure. In the upcoming year, the Ministry would continue to deliver on its mandate and therefore seek to expand our partnerships with friendly governments around the world. The work of this Ministry is invaluable as it relates to the recent increase in the number of countries to which St. Kitts and Nevis citizens now have visa free entry. This has improved the strength of the St. Kitts and Nevis passport making it one of the strongest and most desirable in the region. Mention must also be made of our successful diplomatic efforts in the Canadian Itinerant Biometrics collection exercise where about 230 residents and citizens were able to access the services right here in the Federation. There is significant cost savings to the visa applicant and the time and inconvenience of travel for visa processing is now obviated. The general public is therefore encouraged to take advantage of this opportunity when the service will once again be offered in 2020.

135. Mr. Speaker, the Office of the Attorney General would be provided with \$12.6 million for its Recurrent programmes and activities for 2020 and \$1.3 million for Capital Expenditure. Through this Office, support for the Integrity in Public Life Commission would be provided.

136. The Ministry of Nevis Affairs, Labour, Social Security, and Ecclesiastical Affairs would be provided with \$1.9 million in 2020 for Recurrent Expenditure. An additional \$1.5 million would be allocated for Capital Expenditure.

Building our Future

137. Mr. Speaker, it is clear that my Team Unity Administration has done very well in a short space of time. We are ready to do more to move St. Kitts and Nevis forward. As we look towards building a stronger and safer St. Kitts and Nevis, we commit to provide more support for housing programmes. Already, 562 persons have benefitted from the First Time Homeowners Programme over the past five (5) years. We recognise decent and affordable housing as one of the felt needs of our people and will continue to create innovative avenues to fulfil this need. To augment our existing housing programmes, we will make a further \$30 million available to spur housing construction at low cost interest. Building a stronger and safer St. Kitts and Nevis also requires sustained support for small and medium sized enterprise development. This is an area where we will continue to provide the much needed support so that our young persons can be given the opportunity to start new businesses or expand their existing small business. Building on the experience of the Fresh Start Programme, my Government will launch another low cost financing programme.

138. Mr. Speaker, Team Unity is implementing its Good Governance Agenda. Good governance contemplates the idea that the State will conduct its processes and the business of governance of its citizenry in an atmosphere that strives to be transparent, just and fair whilst at the same time respecting the rights of the individual. These rights may embrace the right to be kept abreast about matters fundamentally affecting his or her livelihood, the way the State is managed, the right to privacy and, of course, the right to approach the Courts in the event that there is a fundamental breach of one of these rights. Our international obligations as a State have demanded that key procedural mechanisms on exchange of taxation information and strengthening our compliance structure in respect of Financial Services are commensurate with the increasing demands for transparency within the domestic sphere. Our success in this area of good governance includes regular meetings of the National Assembly, legislation specifying timeframes for the debate of the Motion of No Confidence, and the passage of the Public Accounts Committee Act, the Data Protection Act and the Freedom of Information Act. We have advanced the Integrity in Public Life Agenda by the appointment of a Commission and provided funding for its operations. We have also operationalized the Procurement and

Contract (Administration) Act, 2012. A lot has been done on the Good Governance Agenda. We are cognisant that much more work has to be done in our second term as we strive to make St. Kitts and Nevis the model of the best managed Small Island Developing State.

139. Mr. Speaker, we have covered a lot of ground over the past year to develop public policy surrounding the use of Cannabis in the Federation. The Drugs (Prevention & Abatement of the Misuse and Abuse of Drugs) (Amendment) Act, 2019, has directly addressed the issues of unconstitutionality raised by the Court. In that connection, the Act generally reflects the views of the Court in relation to our Constitutional rights and obligations. The Act is intended to be the very first step in a complex process to properly strike a balance within our society and to continue making laws that promote peace, order and good governance.

140. Beyond this issue, my Government sees reasonably good prospects for the development of a Cannabis Industry here in the Federation. In that vein, the Government would continue the extensive consultation process and the work on bolstering the legislative framework to provide for more effective mechanisms which would seek to secure the rights of all of the people and facilitate the development of the industry. Thus far, with the work of the Marijuana Commission and the amendment to the Drugs Act, we have begun the process of ushering in what is anticipated would be a new approach to Cannabis. More work would be required to ensure that the legal framework is updated and the right protocols are developed to support a medical Cannabis industry. We also anticipate that this approach would satisfy our international obligations whilst at the same time allow for a well regulated industry to develop and increase the contribution of the Agriculture Sector to the economy.

141. Mr. Speaker, I wholeheartedly recommend to the Honourable House our proposal for funding the activities of the Government in 2020. We will not introduce any new taxes. We, however, encourage taxpayers to make their contribution to the development of our country by complying with the requirements to pay the relevant taxes when due. On the recurrent side, we believe that every dollar proposed for expenditure, particularly on social services, education and health care, would be money well spent. We are proposing one of the highest levels of Capital Expenditure in 2020 which would help us to satisfactorily complete some of the major

projects started in 2018 and 2019. We believe that each project proposed for support in 2020 would help to make a difference in the lives of many of our citizens. There is no question about our ability to implement this ambitious capital programme because our fiscal position remains strong.

142. Mr. Speaker, I say 2020 looks bright. In addition to the Public Sector investments, the planned Private Sector developments are set to boost growth in the economy in 2020. I especially applaud the plans by TDC to implement the TDC Dewars Garden Project, a new housing development being facilitated with the purchase of land from the Government in the West Basseterre area. Over the years, TDC has been known for implementing quality developments and therefore we look forward to the full build out of this new project. Many more opportunities abound and more room is available for our Nationals and our businesses to step up and help to move St. Kitts and Nevis forward.

143. We commend several projects that have been proposed by Nationals including:

- A new Marina and residential development in the South East Frigate Bay area;
- The construction of a high-end property development on the South East Peninsula; and
- The construction of a hotel in the North Eastern area of St. Kitts

All of these projects have come from the sons and daughters of St. Kitts and Nevis. They have stepped forward to make investments in building a stronger Federation. This is our land. We must step forward to develop it for ourselves and the generations after us.

144. We shall work out a special suite of support to incentivize locals to invest more in this land of their birth. The incentives package will be broad and will include special prices on land to be used for hotel and hospitality industry, and bringing development to rural areas. Investments by our Nationals are just as important to us as those by foreign investors. We will ensure that there is a level playing field and our Nationals have no real cause to feel disadvantaged. We are encouraged by the pace of construction at Hillsboro Suites and Residences. I commend the developer on this important project and for the jobs, wages and salaries this project will continue to provide. We are encouraged by the recent ground breaking,

signaling the imminent start of the ERA Development Hotel at Brighton Estate, the progress of Phase I at Seaview Gardens Hotel in West Basseterre and we anticipate the opening of Koi, T-Loft at Wyndham and the Ramada Hotels.

145. Throughout 2019, we have continued our consultation with key groups in our society including the Private Sector. We have maintained a healthy relationship with the Chamber of Industry and Commerce through regular meetings to discuss areas of mutual interest and active participation in several important committees including, but not limited to, the Committee to consider issues related to LIAT, the Committee for the review of salaries for Parliamentarians, the National Sustainable Development Coordinating Committee and the Marijuana Core Committee. We thank the Chamber for its strong support over the years and look forward to continued collaboration as we seek to build a stronger and safer St. Kitts and Nevis.

146. The future looks bright and encouraging. Team Unity is indeed delivering a better, safer and more prosperous St. Kitts and Nevis. We have done so by eliminating harmful taxes on food, educational supplies and funeral expenses. We have done so without introducing any new taxes – a remarkable achievement that for five (5) years in a row now our budget remains tax free. No new taxes and yet in surplus.

Threats to a Stronger, Safer Future

147. Mr. Speaker, the future we are building is not guaranteed, and we cannot assume it will happen automatically. The sound financial management of this Team Unity Administration has set St. Kitts and Nevis in the right direction. But there are many threats that can stop us from realising our potential. As part of the global economy we too can be impacted by global slowdowns.

148. Internally, Mr. Speaker, it is imperative our economy continues to be managed in a focused, disciplined and sound manner. Unfunded promises, reckless spending, unnecessary

hand outs, all add up and lead to only one thing –high levels of unsustainable debt. Let us make no mistake – the biggest threat to St. Kitts and Nevis achieving a stronger and safer future is high debt. If we allow the debt level to increase uncontrollably again, there will be no money to pay double salaries, no money to keep our streets and communities safe, no money to build bigger and better homes, no money for Fresh Start Programmes, no money to create more jobs and certainly no money to provide real opportunities for our young people. High debt would drive away investment, tourists and positive sentiments from our Federation and send us back to the past. Should the Public Sector’s debt rise to such high levels again, all the gains we have made would be obliterated.

149. Only a Team Unity Government has the plan, the people and the policies to deliver that stronger, better, and safer future for all of us.

Conclusion

150. Team Unity will continue delivering on its long term plan.
151. Its implementation will see our streets become safer; more homes being built; they will be bigger and better. More jobs will be created; more business licenses will be issued to spur local entrepreneurship and enterprise. We will see more hotels being built and St. Kitts and Nevis will take on the leadership role in this new postmodern world of ICTs.
152. Our young people will be provided with new opportunities and more opportunities to fulfil their potential and make a meaningful contribution to our Federation. We will continue to craft the necessary policies to expand our cultural and creative industries which have great potential for job and wealth creation. Our approach to the development of the creative industries includes opportunities for our young persons who have an interest in the performing arts, music, visual arts, audio and visual interactive media, design, and sports. We will continue to invest in the build out of our sporting facilities as well as new facilities to support the performing, audio and visual arts so that more of our young people will shine and actualise their dreams.

153. The gains we are making as a Nation and the economic benefits they are delivering for our people need to be consolidated. Now is not the time to put our future at risk. St. Kitts and Nevis cannot afford to go back to the high indebtedness of the past. This Budget will keep building a stronger and safer future for all of us.
154. In submitting this 2020 Budget, I pledge my unwavering commitment to our people.
155. Mr. Speaker, I commend this Bill to the Assembly.