

ST. CHRISTOPHER AND NEVIS

2019

BUDGET ADDRESS

1. Mr. Speaker, I beg leave to move the second reading of the Bill shortly entitled The Appropriation (2019) Bill, 2018.

INTRODUCTION

2. Mr. Speaker, we have created a momentum for sustaining growth and prosperity. The year 2018 has been a momentous year during which our young Nation marked 35 years of independence and we can confidently declare the many blessings that God has bestowed on our country. Reflecting on our independence brings with it a feeling of pride especially when we pause to consider the achievements we have made over the past 35 years and contemplate the potential for attaining higher heights in terms of the economic and social development of this beautiful twin island Federation. My Team Unity Administration is particularly proud to reflect on the record achievements since taking the reins of Government in February 2015. The impact of the various policy initiatives, programmes and projects of this Administration has been far-reaching and is being felt throughout our communities. We have delivered solutions in many areas to improve the lives of our people. We have delivered solutions in education, health care, housing, water and sanitation, roads and other public infrastructure. No investment in our people is too great. Accordingly, we will continue to invest in these areas in order to achieve our goal of sustainable and inclusive development and our vision for a shared prosperity for all citizens.
3. The 2019 Budget is therefore being presented under the theme “Sustaining Growth and Prosperity”. This theme is rooted in my Government’s determination to deliver on the mandates given by the people. The achievements of my Administration are well known to our citizens and residents and many across the region who continue to marvel at the progress we have made to date. While I would not attempt to recall all of our achievements here, Mr. Speaker, permit me to remind the public of two of our major achievements namely, the gratuitous payment of \$16 million to former sugar workers and

the removal of VAT from all food and funeral expenses. We are determined to take action where possible to move our society closer to one that reflects greater equity across the population. As we continue to implement our prosperity agenda, we will continue to do all that is possible to ensure a fair share for all citizens.

4. Mr. Speaker, we have demonstrated a clear commitment to fulfilling every promise we made to the citizens of our country. We have introduced a pragmatic approach to Government business and have been forthright and honest about what we can do and what we will do. Consequently, during my last budget presentation, my Administration gave a commitment to the Government Auxiliary Employees who since 2008 lost the benefit of the payment of their holiday pay at the end of each year. We promised to restore this payment if the Government had not been successful in setting up the new Contributory Pension Scheme by December 2018. In the spirit of fairness and in keeping with our promise, all Government Auxiliary Employees would be paid holiday pay this December, for the first time in ten years. A Promise Made! A Promise Kept! Over the past twelve months, we have made good progress with our efforts to establish the Contributory Pension Scheme. Early in 2019, we hope to receive the final report from the actuary who has been contracted to assess and make recommendations, that would be critical to the final design of the new Contributory Pension Scheme. The long awaited Pension Scheme would therefore be fully implemented in 2019, relieving the anxiety of numerous Government employees. This Pension Scheme would provide sustained financial security to our workers after their retirement. As a people centered Government we would have it no other way.

5. Mr. Speaker, it gives me great pleasure to report that in June of this year, we successfully launched the Government Employees Mortgage Scheme where the Government has invested \$30.0 million for the purpose of funding mortgages for employees of the Government of St. Kitts and Nevis. This Mortgage Scheme is being implemented via the Development Bank of St. Kitts and Nevis. Government Employees accessing this Facility can benefit from a mortgage loan valued up to \$300,000 in the case of a single applicant, at five percent on the reducing balance for up to thirty years. Where there is a joint application, the borrowers can access a mortgage loan up to \$450,000. The Mortgage

Scheme has supported qualifying Government employees with the purchase and/or construction of a first home or refurbishment of their primary residence. We continue to be a Government of solutions – improving the quality of life for all of our citizens. In addition, our housing solutions include 450 households assisted through the HELP of the National Housing Corporation (NHC), under the Hurricane Repair Housing Assistance Programme 2,034 households, under the FIRST 430 households, FREESH 80, under GRASP 30, and NHC 223 between the years 2015 to 2018. Over 3000 families have benefitted in some way by our Team Unity most expansive housing programme in history.

6. Mr. Speaker, we heard the concerns of our farmers and fishers after the passage of two category 5 hurricanes in 2017. We note that the damage sustained threatened the recent improvements in output of the Agriculture Sector. In response, we pledged to bring relief to the farmers and fishers in ways that would help to increase the contribution of Agriculture to economic growth. Here again, we made a commitment and we have fulfilled this commitment. In this regard, we established the Agriculture Support Fund in collaboration with the Development Bank to provide both grant and loan financing. I am elated to update this Honourable House that our deserving farmers and fishers have been accessing these grant and loan resources to replenish their stock, purchase inputs and fishing gear, replace livestock, repair and construct new shade houses and other infrastructure, and purchase implements for land preparation. On the 6 December 2018, the Honourable Minister of Agriculture and I participated in a grand handing over ceremony at which 230 farmers and fishers received cheques totalling in aggregate \$1.0 million in grant support. We are not only interested in ensuring that farmers and fishers return to prior levels of operation but are providing a means that would enable them to achieve more, to produce more and contribute more to the economy and food security for our people.
7. Mr. Speaker, it is clear that our actions are all geared towards building momentum in delivering on the mandates given by our people and by so doing we are also building momentum in moving our country to a higher level of growth and prosperity. Members of this Honourable House and indeed the public would remember that in my last Budget presentation, I spoke passionately about one of Team Unity’s primary missions, that is, to

arrest poverty in all its forms in all our communities. This is the underlying impetus for my Team Unity Government's emphasis on strengthening the social safety net and protection system. We have determined to reduce the number of our families falling through the cracks and succumbing to poverty. We have also determined that there should be more equity in the distribution of our Nation's wealth. In this regard, my Team Unity Administration is delivering on its commitment to implement the Poverty Alleviation Programme which will provide support for households with a gross income below \$3,000 per month.

8. Mr. Speaker, we thank God for the inspiration he gives us to manage the affairs of this country and to develop policies and programmes that are fit for purpose and effectively empower our people. The policies implemented over the last three (3) years are undoubtedly yielding positive results. We are building an economy with very strong fundamentals – low debt, low inflation, job creation, and fiscal surpluses. The efforts of the Government must be supported by the Private Sector to achieve the desired level of growth in the economy, to secure full employment and sustained development. The contribution of the Private Sector therefore would continue to be an essential building block for accelerating economic growth and expanding prosperity beyond the levels already attained. Our Private Sector partners must then take advantage of the myriad of opportunities for innovation and enlargement. We are optimistic that the Private Sector would seize these opportunities and contribute even more to the growth and prosperity agenda. We will continue to be creative and implement initiatives which would bring sustained economic growth as well as hope and prosperity to our people. To date, our various policies, initiatives, programmes and projects have made a positive difference in the lives of our people and can be felt throughout our communities.
9. I now take a brief look at the most recent international and regional economic developments.

INTERNATIONAL AND REGIONAL ECONOMIC DEVELOPMENTS

10. Mr. Speaker, the expansion of economic activity in the global economy continues to be steady. The International Monetary Fund (IMF) in the latest edition of the World Economic Outlook (WEO) reported that global growth is projected to expand by 3.7% for 2018 and 2019. The risks to growth in the global economy skew to the downside in an environment of policy uncertainty in regard to escalating trade tensions and the potential shift away from a multilateral, rules-based trading system. Increased risks also exist due to the possibility that the accommodating global financial conditions could tighten sharply as a result of more aggressive monetary policy tightening in advanced economies. All of these factors have the potential to affect growth as a consequence of their impact on tourism, trade and other inflows.

11. The advanced economies are projected to record an increase in economic activity expanding by 2.4% in 2018. Economic activity in the United States is projected to expand by 2.9% in 2018, a steady expansion of 0.7 percentage points when compared to 2017, while economic output in the Euro area and the United Kingdom is projected to slow to 2.0% and 1.4% respectively.

12. On the regional scene, the economies in the Eastern Caribbean Currency Union (ECCU) recorded a slowdown in Gross Value Added to 1.3% in 2017 when compared to 2.7% in 2016. This can be attributed primarily to a decline 10.0% in the Agriculture, Livestock and Forestry Sector when compared to a contraction of 0.7% in 2016 as crop production continued to be constrained among member states as a result of adverse weather events. The effect of this contraction was stymied by expansions in value added in the Construction Sector by 12.3%; the Mining and Quarrying Sector by 9.7% and; the Transport, Storage and Communications Sector by 3.7%. Growth within the member countries of the Organisation of Eastern Caribbean States (OECS) in 2017 ranged from a contraction of 10.5% to an expansion of 4.7%. Preliminary data for January to June 2018 has indicated that economic activity within the ECCU expanded by 3.3%.

13. I will now give attention to the Domestic Economy.

THE DOMESTIC ECONOMY

Output and Prices

14. Mr. Speaker, during 2017 the economy of St. Kitts and Nevis continued to demonstrate resilience amidst prevailing downside risks in the international and regional economic environment. Gross Domestic Product (GDP) in the Federation increased by 2.1% which is on par with the growth rate of 2.3% recorded by the advanced economies. This outturn also surpassed the economic output of the ECCU of 1.3% for the same period. The growth in the local economy was underpinned by expansions of 11.4% in the Agriculture Sector; 6.0% in the Transport, Storage and Communication Sector; and 4.7% in the Construction Sector. The growth trend in the economy continued in 2018 resulting in a positive outturn during the first half of the year. I am advised that the growth we are currently witnessing is attributed mainly to activities in the Tourism Sector which grew by 8.5%.

15. The Manufacturing Sector also rebounded during the first six (6) months of 2018 recording an expansion in economic activity of 3.7% after declining by 10.0% during the same period in 2017. This upturn in the Sector is influenced by an increase in the production of electronic components of 5.0%. The Agriculture Sector also contributed positively to the overall performance of the economy by recording a 5.0% increase in output, in line with very good growth performance of the Livestock and Fishing Subsectors which recorded increases in output of 11.3% and 9.7% respectively. The Real Estate, Renting and Business Activities Sector expanded by 2.7% while the Wholesale and Retail; and Financial Intermediation Sectors expanded by 1.0% respectively.

16. The average rate of inflation as measured by the Consumer Price Index (CPI) deflated by 0.6% in the first half of 2018 in line with the deceleration in prices in the Non-food and

Services Indices of 1.6% and 1.2% respectively. Price levels in the Food and Beverages Index however, increased by 2.6% over the period under review as a result of the steady increase in international food prices. My Administration will continue to monitor this situation and work to improve food security in the Federation so that we could limit the negative impacts of these international trends.

The External Account

17. Mr. Speaker, I turn my attention now to the External Sector Accounts – a statistic that measures the transactions and flows of capital between the Federation of St. Kitts and Nevis and the rest of the world. In 2017, the Current Account deficit improved by 28.3% to \$233.3 million or 8.9% of GDP at market prices. This improvement is mainly attributed to the decline in the net import of goods by 8.2% to \$768.8 million or 29.3% of GDP. The Services Account surplus increased by 4.5% to \$755.9 million or 28.8% of GDP primarily as a result of an increase of 9.2% in net tourism receipts. The receipt of capital transfers on the Capital Account is estimated to have increased by 3.5% to \$91.7 million. These inflows have led to an improvement in the Balance of Payments position for the Federation in 2017.

Performance Review 2017 Fiscal Operations

18. Mr. Speaker, as the Team Unity Administration continued to build on its past achievements, we have made strides in the proper management of the public finances. You would be aware that, in my capacity as Minister of Finance, I have dutifully kept the public informed of the results of the Government's fiscal operations which have consistently reflected surpluses for the three main fiscal indicators. For instance, for the 2017 fiscal year, a surplus of \$88.2 million was realized on the Recurrent Account, a surplus of \$62.8 million was recorded for the Overall Balance and the Primary Balance reflected a surplus of \$86.0 million.

19. For 2017, Recurrent Revenue totalled \$622.8 million. Of the total amount received for Recurrent Revenue, \$401.5 million was derived from taxes while \$221.3 million was generated from Non-Tax Revenue. The largest tax category was Taxes on International Trade and Transactions which represented 42.9% of Tax Revenue while inflows from the Citizenship by Investment (CBI) Programme was the most significant component of Non-Tax Revenue contributing 67.5%.
20. Turning to Expenditure, Recurrent Expenditure for 2017 amounted to \$534.5 million. This was \$25.3 million or 5.0% over the approved Estimates as Transfers exceeded the budgeted amount by \$33.8 million or 25.4%. The overage was on account of the Team Unity's continued financial support of the fiscal operations of the Nevis Island Administration and some of our State Owned Enterprises. In addition, Personal Emoluments, Wages and Allowances surpassed the budget by \$8.8 million or 4.0% mainly due to the bonus salary that was paid to Civil Servants in December 2017. These overages were offset by savings on expenditure for Goods and Services and Interest Payments which were less than the budget by 11.8% and 6.7% respectively.
21. Mr. Speaker, regarding our Public Sector Investment Programme, \$62.0 million was spent in 2017 on various capital projects with approximately 88.4% of what was expended being financed from the Government's revenue. The remaining 11.6% of total Capital Expenditure was funded from Development Aid, mainly from the Republic of China (Taiwan), the Sugar Industry Diversification Foundation (SIDF), the Eastern Caribbean Telecommunications Authority (ECTEL) and the Whitegate Development Corporation. Progress was made on a number of projects including the Upgrade of Sporting Facilities, Road Improvements, the Safety and Security Improvement Programme and the Construction of the National Heroes Park.
22. Capital Grants of \$18.6 million were received in 2017 to support activities such as the Cayon and Tabernacle Field Lighting Project, the Rehabilitation of the Old Road Fisheries Complex, Renovation of an Outreach Centre and the Construction of the brand new Tabernacle Health Centre. Budgetary Grants were also received, mainly from the SIDF,

for budgetary support. I take this opportunity to express our appreciation and thank all of our development partners for their contributions and continued support over the years.

MEETING THE CHALLENGE OF SUSTAINING GROWTH AND PROSPERITY

ECONOMIC EXPANSION

Construction

23. Mr. Speaker, my Team Unity Government continues to champion investments in sound and resilient infrastructure to facilitate economic growth and development. As a result, in 2017 the Construction Sector contributed 18.3% to GDP, an increase of 0.5 percentage points when compared to 2016. In 2017, the Sector grew by 4.7% and this growth momentum is projected to continue with an expansion by 3.2% in 2018 and 9.9% in 2019. The projection for a strong medium term performance is indicative of increased momentum in the progression of construction activity in the Federation. Success here would depend on continued Private Sector investments and completion of the ongoing work on major development projects in the hotel industry which are all at an advanced stage of development. Likewise, the Public Sector is also playing a significant role in the performance of the Sector with the commencement of high impact investments. These include the Upgrade of the Island Main Road, the Construction of the Second Cruise Pier and the construction of the East Bus Terminal, as well as the continued expansion of the Housing Sector through the activities of the National Housing Corporation (NHC) and the Development Bank of St. Kitts and Nevis.

24. Mr. Speaker, please allow me to say a little more about the Upgrade of the Island Main Road Project because it is to my mind a special Project that gives particular emphasis to my Administration's approach to inclusive growth and prosperity. The main purpose for

pursuing this Project is well established. It is to provide a safe and resilient main carriageway for both pedestrian and vehicular traffic while ensuring adequate drainage to reduce the possibility of flooding and road degradation. Phase I of the works undertaken in 2018 commenced in March with a focus on the resurfacing and realignment of the road network and the construction of sidewalks extending east from the Robert L. Bradshaw International Airport round-about to Keys Village and extending west from the Camps round-about to Challengers. For the first time, local contractors are engaged to provide significant input into road construction works of this magnitude. A total of five (5) local construction companies have been awarded contracts to construct drains and sidewalks. **This approach has fulfilled a promise of this Team Unity Government to empower our local businesses to be key players in the advancement of the national development agenda.** A competitive tendering process was undertaken to select the contractor for the resurfacing of the road, and to this end, Surrey Paving and Aggregate Company Limited submitted the most economically advantageous tender. As at November 2018, approximately \$15.0 million had been expended and work was substantially complete. Citizens are already praising the efficiency and the quality of the work being undertaken. This Phase is on schedule to be completed by the end of this year, after which the second Phase of construction of the remainder of the road will begin.

25. In keeping with another promise of this Administration to provide an appropriate facility for the passengers and operators on the eastern bus route, our local experts within the Public Works Department were assigned the responsibility of designing the East Bus Terminal. In order to facilitate the construction phase of the initiative, the Vehicle Maintenance Section of the Public Works Department was relocated to the former St. Kitts Sugar Manufacturing Corporation compound at Kittstodart. Construction of the bus terminal commenced in earnest in June of this year under contractual arrangements with a small local construction business. As at November, an estimated \$3.5 million had been expended to facilitate the construction of a two (2) lane bus terminal, vendor booths to accommodate a number of small businesses and other amenities for the patrons of the facility. The construction works on Phase I of the Terminal have been completed and yesterday afternoon we had the distinct pleasure in participating in the official opening. Another promise delivered.

26. Mr. Speaker, we all have to admit that a lot of positive things are happening here in the Federation. As promised, this Team Unity Government commenced the construction of the second cruise pier in May of this year with the breaking of the seabed rock at Port Zante. The Project is scheduled to take eighteen (18) months for completion of construction works. Since initiating construction, the Project has advanced at a good pace with Phase I, which involved dredging of the site, being completed in June. The Project has since successfully moved to Phase II which includes the driving of construction piles. Given the intricacy and expertise needed for this process, American Bridge, an American based company that is renowned worldwide for the development of this type of infrastructure, was contracted to perform the task. A significant number of piles have already been erected and work is progressing on schedule. In addition, work has commenced to facilitate the joining of the new pier to Port Zante with the clearing of the designated area. In keeping with our efforts to ensure local technicians are involved in the development process, approximately fifty (50) of our nationals are currently employed on this Project with the potential for an additional fifty (50) persons to obtain employment as the work progresses.

27. The Construction Sector is also being bolstered by investments being made by the St. Christopher Air and Sea Ports Authority (SCASPA). In August of this year, work commenced on the resurfacing of the main runway at the Robert L. Bradshaw (RLB) International Airport. This important project is scheduled for completion by the end of this year. SCASPA is also investing in the resurfacing of the Taxi Ways and Apron. These initiatives would be implemented at a cost of approximately \$34.0 million. The completion of this work would greatly improve operations at the RLB International Airport which in turn would help to build momentum for the expansion in airlift thus contributing to positive gains in terms of economic growth. It is our expectation that these and other projects of our Administration would contribute significantly to sustaining growth and prosperity in our Federation.

Agriculture

28. Mr. Speaker, international experts have already confirmed that global warming is a key contributor to the decline in agriculture production experienced in several economies across the globe. In our Federation, recent data from our MET office for the past few years has shown that we have experienced below average rainfall, long dry seasons and high night time temperatures. These factors have presented challenges which have resulted in mixed results within the Sector. We count it a blessing when, in spite of adverse weather conditions in 2017, the Sector showed resilience and recorded an increase of 11.4%. Had it not been for the hurricanes, the growth would have been higher. This expansion was primarily as a result of increased output within the Crops and Fishing Subsectors which recorded growth rates of 25.1% and 31.1% respectively.
29. It is against this backdrop that my Government approached the Republic of China (Taiwan) to develop a mechanism to mitigate the effects of climate change on agriculture production. An initial assessment of the Sector's vulnerability revealed the core problem as the lack of capacity to respond and adapt to early warning information on climate variability. Three (3) recommendations were made to increase the resilience of the agricultural system: (i) establish a data collection mechanism for early warnings; (ii) develop and/or introduce crop disaster mitigation and prevention techniques; and (iii) increase the availability of agricultural information. In 2019, we will begin work to address these three (3) programmatic areas to link agricultural activity with weather data, and provide crop and livestock farmers with early warnings of weather variations. The information and data derived from the mechanisms established will enable farmers to immediately receive technical information and recommendations to facilitate adjustments to their cultivation models. It is envisaged that improved information would also help to reduce damage and losses in the Agriculture Sector over time.
30. Mr. Speaker, in our continued efforts to combat the effects of climate change in the Sector, the Ministry of Agriculture et. al. created twenty-three (23) maps in 2017 that specifically pinpoint the ideal locations where crops can be produced. Building on this foundation, in 2018, a grid using data from the Geographical Information System was

created and technical officers are now sampling the soil in nine (9) parishes on St Kitts and five (5) on Nevis. The analysis is being conducted by the St. Kitts and Nevis Bureau of Standards and the Needsmust Laboratories. Field trials have already commenced to determine which crops will grow best in the different locations on both islands. Nevis has already established one sweet pepper trial at the Prospect Field Station while the technicians on St. Kitts have selected carrots and tomato. Preparations are being made to establish three (3) experimental areas at the Department of Agriculture Field Station at La Guerite, the Caribbean Agricultural Research and Development Institute Field Station in Mansion and the Tabernacle Outreach Centre to test the cultivation of carrots.

31. My Government is cognisant of the fact that if we are to excel in agriculture production, we must change how it is viewed among our people particularly the very young. Consequently, in 2017, the Ministry of Agriculture et. al. and the Ministry of Education undertook a consultative process to develop an Agriculture Science syllabus geared towards inculcating an interest, among young persons at the primary school level in a career in agriculture. The aim of this course of learning is to create a new cadre of farmers that will take the Sector forward, increase agricultural contribution to GDP and enhance our food security. The new curriculum was piloted in four schools namely: Beach Allen, Joshua Obadiah Williams, Saddlers and St. Pauls Primary Schools during the period January to July 2018. The Programme was a success and the new curriculum was fully included in the timetables for these schools for the 2018/2019 school year for grades two to six. Mr. Speaker, this Administration thinks of the long term impact of our decisions, not merely along a five year time line. We are committed to sustaining growth and prosperity in our Federation. In fact, we want to create a framework to ensure that this objective in relation to food security is achieved and, in this regard, we wish to foster more effective teaching of Agriculture and Agriculture Science in our schools.

Tourism

32. Mr. Speaker, the strategies are being implemented by this Team Unity Government to improve our tourism infrastructure, product development and marketing, are yielding positive results. The resources invested in the development of the Sector have not gone

unnoticed by our colleagues in the industry, both regionally and internationally, as evidenced by the accolades that continue to be bestowed upon the destination. During 2018, a number of reputable media publications including the Robb Report, Caribbean Journal, and Conde Nast Traveler acknowledged St. Kitts and Nevis as a destination with natural appeal ideal for a getaway. Most notable is the recognition of St. Kitts on the 2018 Bloomberg list of twenty-two (22) highly recommended luxurious getaways, the only Caribbean island to receive that distinction.

33. Additionally, last December, the Caribbean Tourism Organisation (CTO) recognised St. Kitts and Nevis as a destination with outstanding achievements in Tourism. The Federation distinguished itself by the CTO's top prize – the *Excellence in Sustainable Tourism* Award. To be celebrated by our Caribbean colleagues is a distinct honour which will help to boost our image and reputation as a leader in holistic destination management. **Following this achievement, the St. Kitts Tourism Authority's website was recognized by Travel Weekly in September of this year receiving the coveted Magellan Award and was the only Gold Award winner in its category for 2018.** The website, which was launched in 2017, features a mobile-first design, and presents a user-friendly virtual experience of what potential visitors can expect when they follow their heart to our shores. As one of the smallest destinations worldwide, capturing such an award is indeed a remarkable accomplishment. Our efforts to expand and market our airlift have also garnered recognition from the fraternity of decision makers in the airline industry. In February, St. Kitts became the proud recipient of the '*Highly Commended Award*' in the Destination category of the Routes Americas 2018 Marketing Awards by the votes of Airline Network Planners for the Americas region. The annual Routes Marketing Awards recognise excellence in airport and destination marketing. It is considered the most prestigious award in the aviation industry. I use this opportunity to commend the Ministry of Tourism, the St. Kitts Tourism Authority, SCASPA, Ministry of Aviation and our industry partners in the Private Sector for their commitment to excellence in the Sector.

34. Mr. Speaker, our marketing strategies and strong business relationships developed over time with several airlines have translated into an expansion in stay-over arrivals by 15.6% during the first half of 2018 when compared to the same period in 2017. An increase of 16.5% was also recorded for stay-over arrivals from North America which is our largest source market. This improved outturn can be attributed to the expanded airlift capacity provided by Delta Airlines during the 2017/2018 peak season with the addition of non-stop service to St. Kitts from John F. Kennedy (JFK) International Airport on Saturdays and a second weekly non-stop flight from its Atlanta hub. **For the first time in the island's history, Air Canada will serve St. Kitts for a full six (6) months for the upcoming peak season accommodating an additional six (6) weeks of service compared to the previous arrangement.** United Airlines will also increase its flight offerings with a second weekly non-stop flight from its New York hub to St. Kitts on Wednesdays during the period 9 January to 6 March 2019. In addition, we are pleased to welcome Sun Country Airlines which is based in Minneapolis as it commences operations of a non-stop service from the Upper Midwestern region of the United States to St. Kitts. This service will operate once per week on Saturdays commencing on 22 December 2018 and concluding on 20 April 2019.

35. **The Cruise Sector remains buoyant recording an increase in cruise ship calls of 35.7% during the peak period of October 2017 to June 2018** when compared to the corresponding period of **October 2016 to June 2017**. The actual number of cruise ship calls increased from 358 to 486 calls. **In July of this year, St. Kitts and Nevis stood tall when our captivating destination achieved a historic milestone of welcoming our one millionth cruise visitor to our shores. This achievement has gained the Federation the coveted international status of being** designated as a marquee port. The profile of the Federation has changed as we are now placed in the same elite port category as much larger destinations in the region and across the world. Now that our port has attained the marquee status, it is vital that we remain competitive and that is why we need to complete our investment in upgrading our port facilities and other tourism related amenities. Our strong relationship within the cruise industry and continued partnership with key

stakeholders in the Private Sector continue to pay dividends and have placed us on the path to become the best cruise destination in the region.

36. Mr. Speaker, the Yachting Sector also continues to gain momentum which is evidenced by the good performance recorded over the last year. The Christophe Harbour marina alone recorded over 5,000 overnight stays in the marina, an increase of 20.0% in the average length of stay and the arrival of the largest yacht to date, the M/Y Limitless. Christophe Harbour continues to be a major partner as we keep on working diligently to attract increased interest in our destination as a yachting port of call. The Yachting Sector remains a source of relatively untapped potential for socio-economic growth and development, with a myriad of opportunities for the launch of new careers in service businesses and industries.
37. Increased investor confidence in our stable economy, a platinum Citizenship by Investment Programme and a world-class tourism product have resulted in an increased number of hotel and condominium developers showing keen interest and establishing properties in St. Kitts and Nevis. The Ritz Carlton has chosen to expand its brand in the region to the shores of St. Kitts on the lush South-East Peninsula with a one hundred and twenty-five (125) suite resort which will include twenty-five (25) branded villas and residences, a luxury spa, swimming pools and, in-door and out-door dining facilities. It is expected to generate significant employment during the construction phase. Upon completion, there will be opportunities for permanent employment as well as individuals and businesses providing ancillary goods and services. The new developments will serve to complement the expanding room stock which will be provided by more advanced investments such as the Ramada Hotel, Koi Resort, the Kings Pavilion Hotel located in the heart of Basseterre and the Royal Mist Hotel in Sea View Gardens. The successful completion of these projects would ensure that the destination is ready to welcome the increased number of stay-over visitors as we continue to expand our airlift and marketing campaigns.

38. Our people will remain the most vital element in the development of the tourism industry as we rely on their skills, charm, ideas and efforts to gain momentum in building a more sustainable and competitive tourism industry. As such, we continue to promote training and certification of all persons who are responsible for the delivery of services in the industry. To this end, a series of training workshops in customer service delivery were held throughout the year for all front-line workers, from the traditional services such as taxi operators to the non-traditional such as primate-petting and aloe-rub vendors. Mr. Speaker, it is clear that my Administration is taking a holistic approach to the development of the Tourism Sector. We believe that our Team Unity approach is the best option for building momentum in expanding our country's share in a globally competitive tourism market. This Team Unity Administration will continue to improve our tourism product so that our people can continue to enjoy the fruits of this endeavour.

Information Communication Technology (ICT)

39. Mr. Speaker, my Team Unity Government believes that innovations in the area of Information and Communication Technology (ICT) can help to build momentum in achieving our growth and prosperity agenda. ICT can enhance efficiency, effectiveness, competitiveness and transparency within the Public and Private Sectors. **It is against this backdrop that the Government, in March of this year, took the bold move by becoming the first country in the Caribbean to have its own Autonomous System Number.** This is a unique identifier on the global internet assigned by the American Registry for Internet Numbers that enables the identification of a computer network and the exchange of data between the various networks worldwide. The designation of the Autonomous System Number resolves the need for the Government to connect to the internet utilising a number assigned by a commercial internet service provider. This is an important step forward as we strive to establish our Government Wide Area Network (GWAN). It would help tremendously in building resilience and independence into the GWAN and can facilitate alternative international connectivity in the event that there are interruptions to the traditional connections to the outside world.

40. Mr. Speaker, it is the objective of my Team Unity Government to promote the use and development of ICT solutions to enable the people of St. Kitts and Nevis to unlock and achieve their potential. In February of this year, we re-launched the National ICT Centre at the C. A. Paul Southwell Industrial Park which now includes a Technology Innovation Hub. The Hub is designed as a vehicle to assist with the development of the creative skills of our citizens and residents in the ever evolving field of information technology. **In addition, the Centre has now been re-authorized as a Pearson Vue Test Centre, which provides nationals and residents with computer-based testing facilities for several internationally recognized certification examinations from vendors such as Microsoft, CISCO and CompTIA.** For some time, these examinations were only accessible by our residents through travel to other jurisdictions at significant cost to the perspective candidates. **The re-authorization now provides a more economical avenue to acquire these highly marketable qualifications. Moreover, we believe that in order to sustain growth and prosperity, we must invest more in ICT.**
41. Notably, the most recent ICT Development Index compiled in 2017 ranked St. Kitts and Nevis 37th among one hundred and seventy-six (176) countries, placing the Federation second in the Caribbean, second to Barbados which ranked 34th. This performance can be attributed to the continued investment in modern infrastructure and growth in the penetration of ICTs in public and private enterprise. In the Public Sector, our continued investment and integration of ICTs underscores an important factor in our plans to modernize Government operations and service delivery to the public.
42. The Republic of China (Taiwan), a longstanding development partner, has agreed to support two (2) very important ICT driven initiatives in partnership with the Government. The improved Hospital Information System was handed over to my Government in December 2017 and is expected to be fully implemented by the end of 2018. The project aims to establish digitalized medical record storage at the Joseph N France General Hospital in St. Kitts and the Alexandra Hospital in Nevis with provisions being made to facilitate the issuance of medical ID cards to patients. The updated system allows for real time updates, remote access by doctors and is designed with a high level of security to protect patients' confidential information. Complimentary efforts are ongoing to have all

of our health centres fully computerized. Similarly, an agreement was signed in July of this year for the implementation of a dedicated Land Administration Information System at a cost of approximately US\$2.0 million. The digitisation of land documents such as Certificates of Title will enable persons to conduct business more efficiently and effectively with the Land Registry. The System will facilitate e-filing and online searches and it will also be designed with enhanced security features to enable safe storage and retrieval of information. The development of such a System is an important part of the Government's commitment to improving how we do business in the Federation. This will also help the Federation to improve its ranking in the World Bank's Doing Business Index.

Micro, Small and Medium Sized Enterprise Development

43. Mr. Speaker, with an aim to increase economic growth and improve the socio-economic conditions in the country, my Government continues to painstakingly work to empower more of our citizens to establish and sustain micro, small and medium sized enterprises. To advance this goal, the Ministry of International Trade, Industry, and Commerce launched its new interactive website and continues to facilitate the creation of new enterprises and the expansion of existing businesses. In this regard, the National Entrepreneurial Development Division has now transitioned into the Small Business Development Centre St. Kitts (SBDC St. Kitts) following its official launch in November of this year. The Centre will provide valuable network support, management, and technical assistance through extensive one-on-one long-term professional business advice, training, and other specialized interventions. The Small Business Development Centre is also the avenue through which the Ministry of Youth, Sports and Culture has sought to restructure and implement its ongoing Youth Entrepreneurship Programme. The initiative seeks to facilitate the mentoring of approximately twenty-five (25) young prospective business owners. An incubation phase is being proposed for a thirty (30) month duration after which the business ventures should be ready for operation in the regular business environment. It is also envisioned that this Programme will provide the

motivation for non-registered youth operated businesses to become formalized under this structured support system.

SUSTAINING GROWTH AND PROSPERITY

Challenges and Opportunities

44. Mr. Speaker, since taking office we have implemented a mix of domestic policies with the objective of improving the lives of our people. We have made special efforts to improve the lives of the most vulnerable of our population. We will continue to put our people first and ensure that every citizen and resident experience an improved quality of life that is sustainable. As we seek to operationalize our plans, we are prepared to confront the numerous challenges to raising growth levels and increasing wealth and prosperity for all. We recognize that these challenges demand the concerted efforts of the Public and Private Sectors to do more to consolidate our past efforts that are bearing fruit. Moreover, these Sectors should unite to tackle emerging challenges in a more proactive way. In order to sustain growth and prosperity, we must evaluate and improve our current business models, financial regulatory framework, our ICT infrastructure and capabilities, and rise to the challenges of the ever increasing threats of climate change.

45. Mr. Speaker, the Paris Agreement, to which St. Kitts and Nevis is a signatory, has the central aim to strengthen the global response to the threat of climate change by keeping global temperature rise well below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit temperature increase even further to 1.5 degrees Celsius. The latest Report by the United Nations Intergovernmental Panel on Climate Change revealed that human activities are estimated to have caused an increase of approximately 1.0 degree Celsius of global warming above pre-industrial levels. Given this trajectory, the targets established in the Paris Agreement will not be attainable by 2030, resulting in a global temperature rise above 1.5 degrees Celsius. This increase can be damaging to communities, economies and ecosystems across the world with the most severe impacts

being experienced by Small Island Developing States (SIDS) such as St. Kitts and Nevis, which do not contribute significantly to climate change. For this reason, we must make significant strides towards transforming St. Kitts and Nevis into a climate resilient state. In 2019, our main focus would be to build resilience in the Agriculture, Transportation, Energy and Water Sectors.

46. Mr. Speaker, the Financial Services Sector continues to be a mainstay in the national economy and represents an important pillar in the development agenda of my Team Unity Administration. We know that the Sector is impacted by relentless requirements for change and shifting goal posts in terms of the international standards to be met. We consider the Sector as a viable area to generate lucrative economic activity. Based on the developing trends in the world of finance, the development of Fintech is widely viewed as the solution to many of the challenges currently being encountered in the Financial Services Sector. In St. Kitts and Nevis, we need to adapt quickly in order to capitalise on the opportunities to revitalize the Financial Services Sector so that our economy and citizens may benefit from the transformational developments that are rapidly unfolding internationally.
47. Across the Caribbean region, banking institutions continue to deal with the threat of de-risking and the withdrawal of correspondent banking relationships and our financial architecture needs to be better equipped to assimilate Fintech innovations such as block chain technology, crypto currencies and other technology based financial services and solutions. My Team Unity Government recognizes the integration of Fintech as a possible alternative solution to address some of the challenges being encountered in the Financial Services Sector. We believe that St. Kitts and Nevis must make the right decisions at this critical juncture to avoid being left behind. The Government will therefore intensify its efforts to create an enabling environment for the development of financial technology to support innovation in financial services and the introduction of new and innovative products. This will be done in line with international standards.
48. Mr. Speaker, while we push ahead with the reform agenda set for the enhancement of the Financial Services Sector we are also ensuring that St. Kitts and Nevis remains a

responsible jurisdiction that stays engaged with the relevant major regional and international financial services regulatory bodies. That being so, the Financial Services Regulatory Commission (FSRC) continues to prepare for the Caribbean Financial Action Task Force's Fourth Round of Mutual Evaluations. St. Kitts and Nevis would be subjected to this very robust evaluation process during the first quarter of 2020. This evaluation will assess our Federation's level of compliance with the forty (40) recommendations of the Financial Action Task Force. We have come a long way in overcoming the multiplicity of challenges in our compliance regime which were revealed in an earlier assessment of the Federation that took place over a decade ago. This Team Unity Government continues to take the necessary steps in order for our jurisdiction to operate in line with the increasingly rigorous international standards. As part of our preparations for this evaluation, a Working Group consisting of members from the FSRC and other competent authorities has initiated a National Risk Assessment exercise. This internal assessment seeks to identify the strengths and weaknesses of our systems to detect and prevent money laundering and terrorist financing. As the process intensifies, my Government will continue to seek the full cooperation of stakeholder entities to provide the information required by the members of the National Risk Assessment Working Group. The outcome of this exercise is expected to identify any areas in our Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime which are in need of strengthening to ensure a high level of compliance.

Tax Transparency and Exchange of Information for Tax Purposes

49. Mr. Speaker, as it relates to our international commitments to promote tax transparency, the Federation of St. Kitts and Nevis has risen to the many challenges put before it and has demonstrated time and time again that our laws, regulatory framework and practices are indeed credible. This was the conclusion of the Organization for Economic Cooperation and Development's (OECD's) Global Forum on Transparency and Exchange of Information for Tax Purposes that once again assigned St. Kitts and Nevis a rating of Largely Compliant following a second round of peer reviews earlier this year. St Kitts

and Nevis, the smallest country in our hemisphere received the same rating as the USA, UK, Australia and Canada. This is a monumental achievement. Something good is happening in our Country! The review assessed our legal and regulatory frameworks and practical implementation of the international standards on Exchange of Information on Request. We are proud of this achievement, but we cannot rest on our laurels. In the near future, our implementation of the recently developed standard for Automatic Exchange of Information, the Common Reporting Standard (CRS), will also be evaluated. The CRS is a new Standard for which we made a commitment to exchange the first set of information in 2018. This is a commitment that we upheld, thanks to the staff of the Inland Revenue Department who worked assiduously to make it happen. The process will continue with future exchanges being made by the end of September each year from here on.

50. Just as we have brought to fruition one commitment, we have had to concentrate on another – our obligations to the OECD’s Base Erosion and Profit Shifting (BEPS) Inclusive Framework, particularly as it relates to what are deemed to be harmful tax practices. In the context of St. Kitts and Nevis, our tax regime that applies to companies that are exempt from taxes is under scrutiny and our implementation of the related BEPS minimum standard will be subject to a peer review by the OECD’s Forum on Harmful Tax Practices during 2019.

51. Amidst the various peer reviews and other assessments, the OECD continues its quest to eradicate tax evasion practices. In October of this year, the OECD published a list of jurisdictions with Citizenship and/or Residence by Investment Schemes that are deemed to potentially pose a high risk to the integrity of the CRS. Most unfortunately, our Federation was placed on this list. The OECD is of the view that documentation obtained through Citizenship and Residence by Investment Programmes could be used by persons to misrepresent the country or countries for which they are a tax resident and consequently a means by which such persons could hide their assets in a foreign country in order to pay less taxes in the rightful jurisdictions. Mr. Speaker, St. Kitts and Nevis is not a country that encourages illegal practices. Our Federation has been a long standing supporter of the work of the Global Forum and has complied with its established standards as evidenced by our Largely Compliant ratings. We do not wish for the name of our country to be

tarnished and as such I strongly encourage our Financial Institutions to ensure that their due diligence procedures are sufficiently robust to accurately ascertain the tax residences of their clients.

Energy and Water

52. Mr. Speaker, my Team Unity Government is conscious of the herculean task that is before us to transition the Federation into a sustainable island state. In 2019, we will continue to implement programmes that would help to reduce greenhouse gas emissions through the integration of renewable and energy efficient technology. Towards this end, we have partnered with the Caribbean Development Bank (CDB) to implement two important initiatives namely, the Energy Audits of Selected Public Buildings and Water Pumping Stations and the Street and Flood Light Retrofitting Projects. The objective of the energy audits is to assess the current energy performance and identify cost effective, feasible and viable renewable energy and energy efficient measures in order to inform and prioritise investment decisions to reduce the cost of energy consumption. The energy audits commenced in May of this year and were conducted on various public buildings and water pumps on both St. Kitts and Nevis. Based on the findings of the assessments and input from stakeholders, my Government will roll out appropriate investment activities starting in the coming year. The Street and Flood Light Retrofitting Project is intended to replace the remaining High Pressure Sodium and Mercury Vapour Lights to Light Emitting Diode (LED) on both St. Kitts and Nevis.

53. Our investment in geothermal energy development remains critical to ensuring a sustained renewable source of base load energy which will redound to cost savings for our people. Therefore, this Team Unity Government continues its exploration of geothermal on both St. Kitts and Nevis. The exploration activities in Nevis recommenced in November 2017 with the geothermal confirmation “Test Well” drilling to confirm geothermal reservoir properties including flow rate, temperature and sustainability. In the meantime, work continues to advance geothermal development here on St. Kitts with the guidance of our key development partners.

54. Mr. Speaker, my Team Unity Government is aware of the importance of building resilience in the Water Sector. We know that the country faces increasing unpredictability and changes in rainfall patterns that could have adverse impacts on our ability to continue to provide an adequate supply of potable water. My Government is therefore seeking opportunities to ensure that we can continue to supply water on demand by our residents. One such action was for us to join the Planning for the Integration for Climate Resilience in the Water Sector in the Caribbean Project sponsored by the CDB. St. Kitts and Nevis was selected as the pilot country for the assessment of ground water. This initiative was concluded in July 2018 and as a result we now have a Water Sector Investment Plan to help guide our decisions for investments in the Water Sector over the medium term. The Plan takes a multi-sectorial cross-cutting approach to promote the integration of climate resilience in the Water Sector by addressing the operational risk associated with climate variability and change with the ultimate goal of increasing access to a safe, reliable and resilient water supply. The Plan will be used to conceptualize projects and programmes in order to attract climate financing to build a more resilient Water Sector in the Federation.
55. In order to modernise the water distribution system on St. Kitts, my Team Unity Administration commenced the Upgrade of Water Piping System initiative in June of this year. This initiative connects pipelines around the island within a single Water Ring Main System. Under the new System, the Water Services Department would be able to remotely move water from redundant supply lines to address water shortage issues in other locations around the island. The installation commenced in line with the implementation of Phase I of the Island Main Road Project. To date, we have installed water distribution lines in the communities of Challengers, Keys, Trinity and Conaree. In addition, water quality and safe yield testing commenced in August on the two (2) wells delivered by Bedrock Exploration and Development Technologies (BEAD) in the Shadwell area. Testing has been completed on the well at Shadwell 1 and the well is fully operational and should provide 500,000 gallons of water per day into the system. My Government will remain vigilant to ensure that our people continue to have access to a safe, reliable water supply.

Social Development

56. Mr. Speaker, Franklin Delano Roosevelt stated, “The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.” This Team Unity Government has heeded these words and taken the actions required to address the needs of the proportion of our population that are most in need of assistance. The Poverty Alleviation Programme that I mentioned earlier represents a substantial allocation of Government resources but we consider it a worthwhile investment in our people. It is not a handout but a hand up that can truly enhance the welfare and quality of life of the most vulnerable of our population. No one will be excluded from our prosperity agenda. We will continue to seek the most sustainable approaches to improve the living conditions of all of our citizens and to ultimately eradicate poverty.

57. My Government is cognisant that the formulation of projects and programmes that will make an impact on our citizens and residents is dependent upon the availability of reliable data. In this regard, the outcome of the Enhanced Country Poverty Assessment will lend credence to the continued transformation of our social protection programmes. Three (3) phases of the Survey of Living Conditions/Household Budget Survey component were undertaken between the months of June to the first week of December of this year. The fourth and final phase of the Survey will be undertaken during the first quarter of 2019. The Institutional Assessment was undertaken during the period 1 October to 30 November 2018. This component required the members of the National Assessment Team to undertake interviews with both Public and Private Sector institutions to ascertain involvement in areas such as poverty alleviation, disaster risk reduction and climate change adaptation. Institutional arrangements and policy matters relating to thematic areas such as social development, accountability and transparency and effectiveness and efficiency of service delivery were also discussed.

58. The Participatory Poverty Assessment commenced on 29 October and ended on 30 November. This aspect of the Enhanced Country Poverty Assessment complements the data derived from the other components by elaborating the multi-dimensional nature of

poverty and vulnerability, and the environment in which residents in communities live and make decisions. A total of ten (10) communities were identified namely; Conaree, Saddlers, St. Pauls, Irish Town, Old Road, Cayon, Molineaux, Fig Tree, Newtown and Tabernacle. The selection was based on the outcome of the 2007/2008 Country Poverty Assessment that would have indicated specific communities to have high incidence of poverty or at risk of falling below the poverty line in the event of an exogenous shock. Focus group discussions were also convened with key stakeholders from each community which include young people, sporting organizations and churches to garner their perspectives on the issues impacting their specific communities and their recommended solutions. My Team Unity Government looks forward to the presentation of the final document which will help to inform future interventions geared towards achieving social transformation in the Federation. This will contribute significantly to our achieving the goal of sustaining growth and prosperity.

Skills Development and Human Capital Expansion

59. Mr. Speaker, the continued development of the Education Sector remains a priority as this Team Unity Government continues to advance the implementation of the Education Sector Plan 2017 – 2021. The Policy Goal to Improve Equitable Access to and Participation in Education at all Levels remains a priority as we work to ensure equitable access to high-quality and inclusive learning environments. An important aspect in achieving this goal is ensuring that students with special education needs are able to access teaching and learning in the least restrictive school environment. To ensure that the appropriate teaching methods and a child friendly environment are created, early diagnosis is critical. Consequently, my Team Unity Government, through **the Ministry of Education, has been partnering with a leading Speech and Language Pathologist over the past four (4) years to assist children who exhibit characteristics found to be aligned with those identified on the autism spectrum.** On 4 September 2018, the vision of this Government came to fruition through the extension of educational services with the opening of the St. Kitts Autism Services Centre which is located at the Industrial Site Pre-School. **This development is indeed historic, as for the first time in St. Kitts and**

Nevis, a Unit has been dedicated for the screening and provision of social, emotional and educational wellbeing of children with autism and their families. To date, fifty-eight (58) children have been diagnosed illustrating the need for this type of facility.

60. Mr. Speaker, in the words of Nelson Mandela “Education is the most powerful weapon which you can use to change the world”. My Team Unity Government identifies with this statement and appreciates that education can have a transformative impact on the macro-economic and social development of our twin island Federation. Technical and Vocational Education and Training (TVET) has been identified as a vehicle for continued human and sustainable development. As such, the Ministry of Education continues to advance activities under the CDB financed TVET Enhancement Project. An important component of this Project is the mainstreaming of TVET education in our educational institutions and enabling those institutions to provide Caribbean Vocational Qualification (CVQ) training. The CVQ is a competency based approach to training, assessment and certification in which candidates are expected to demonstrate competence in attaining occupational standards developed by practitioners, industry experts and employers. TVET has been identified as an important avenue for empowering our people and providing a steady supply of qualified workers to match the jobs being created in the economy. **We are prepared to make the necessary investment to ensure that the laboratories and workshops in the education system on both St. Kitts and Nevis are in a state of readiness to take our training programmes to a level where we can compete with the best performers. Beginning in 2019, our TVET institutions would be ready to deliver CVQ training up to Level III.**

61. Information and Communication Technology continues to be incorporated into the teaching and learning environment to provide ease of access to a myriad of resources and distance education programmes. In keeping with our plans to modernise the Education Sector and in response to the decision of the Caribbean Examination Council (CXC) to introduce paperless examinations online, the Government has stepped up the integration of technology in secondary schools. To date, we have purchased 450 desktops and 160 laptops for use in the secondary schools across the Federation. Similarly, **in 2018 my Team Unity Government expended resources to begin the technological**

transformation at the primary school level through the purchase of computers and furniture for the computer laboratories at the Newton Ground, Sandy Point, Estridge, Edgar T. Morris and Violet Petty Primary Schools. In our efforts to modernise the Education Sector, we are also ensuring that our students are taught by qualified and experienced teaching professionals. It is for this reason that we are providing opportunities for our teachers to access advanced training to upgrade their qualifications. This would help to ensure that the delivery of teaching services remain relevant and of a high quality. I use this opportunity to encourage our present and prospective teachers to seize the opportunities being provided to upgrade their qualifications, in order to be at the forefront of the development of the next generation of professionals in our country.

62. With assistance from the European Union (EU), the Ministry of Education was successful in finalizing the development of the National Qualifications Register in June of this year. The Register provides employers, students and teachers/instructors access to learning resources, information related to vocational competency assessments and a framework for the recognition of vocational qualifications. As we aim to strengthen delivery and expand our educational services, it is equally important that the Department of Labour be ready to provide the necessary support required, as our people become more qualified in their respective fields. In this regard, the EU provided support for the design, development and delivery of a National Occupational Classification System for St. Kitts and Nevis. This system will enhance the ability of the Department of Labour to provide relevant, timely and accurate labour market information that would inform decision making and contribute to effective planning. National Occupational Classification System Sector Councils have been established on both islands and will provide guidance for the strategic education planning and training programmes in line with the current labour market trends. **I therefore use this opportunity to express our appreciation to our development partners, including the CDB, EU and OAS for their continued support as we make strides to revolutionise the Education Sector in St. Kitts and Nevis.**

Health Care

63. Mr. Speaker, from inception, my Team Unity Administration has embarked on an ambitious reform agenda in the Health Sector. Guided by the National Strategic Plan for Health 2017-2021, the Ministry of Health has continued to take proactive steps to address the increasing threat and burden of Non-Communicable Diseases (NCDs) which have a profound effect on both personal and national budgets. **In order to curb the proliferation of these diseases, several NCD related initiatives have been undertaken which include the development of a National Multi-sectoral Plan for the Prevention and Control of Non-Communicable Diseases in St. Christopher and Nevis for the period 2018-2022.** The formulation of this document was undertaken with the assistance of the Pan-American Health Organization (PAHO). **The Plan aims to achieve a 10.0% relative reduction in preventable, premature deaths as a result of NCDs in St. Kitts and Nevis by 2021.** This would be accomplished through a collaborative approach between the Public and Private Sectors inclusive of Civil Society Organisations. This approach will ensure that resources, both financial and human, are used efficiently and minimize the incidence of duplication of initiatives. The document is currently under review by PAHO and it is anticipated that it will be presented to the Cabinet for approval during the first quarter of 2019.

64. To ensure success in achieving the outcomes outlined in the Plan, the NCD Commission was re-instated in November of this year. The Commission will be the coordinating mechanism that will facilitate information sharing and collaboration creating an enabling environment for the promotion of health and wellness through the prevention, control and management of these diseases. The mandate of this body will include, inter alia:

- The provision of a multi-sectoral mechanism for collaboration, dialogue and networking, resource mobilisation, performance monitoring and evaluation, and health communication;
- The positioning of NCDs as a priority on the national agenda by increasing the level of awareness amongst decision-makers and the general public; mobilising and scaling up the efforts that civil society undertake individually and collectively to prevent NCDs;

- The identification and promotion of the use of evidence-based strategies and support, and expand health initiatives for NCD related issues and;
- The advocacy and engagement of stakeholders to conduct relevant research and submit project proposals.

65. This Team Unity Government has recognized the importance of addressing what ails our communities before the situation manifests into something dire. Consequently, during the past years there has been increased focus on the construction and rehabilitation of our primary health care facilities. These institutions are vital to ensuring the delivery of quality health care. Therefore, **we have prioritised the eleven (11) health centres that are strategically located throughout St. Kitts for refurbishment or, where necessary, complete reconstruction. In keeping with the announcement in this Honourable House** approximately one (1) year ago, this Team Unity Government is pleased to report that with the support of the Republic of China (Taiwan) **the construction of a state-of-the-art health centre which will serve the community of Tabernacle and the surrounding population is nearing completion.** This modern facility will allow for evidenced-based primary health care which will ensure a proactive approach to the delivery of services based on changes in the health profile in the relevant communities. **I would like to use this opportunity to thank the Republic of China (Taiwan) for their continued partnership in the development of the Health Sector.**

66. It is an undisputed fact that these centres have provided an effective health delivery system at the grassroots level, helping to attain and maintain achievements such as our 98.0% immunization coverage that have garnered acclaim across the Caribbean region and internationally. This is evidenced by **the Federation being ranked 2nd in the Caribbean Region for Immunisation Surveillance and having been awarded the Henry C. Smith Cup for having the most improved Expanded Programme on Immunisation in the region during the past year.**

67. Attention has also been given to the complementary services that are provided within the centres in the community. The quality of an individual's health can be impacted by unmonitored and unaddressed oral disease. A strong correlation has been found between

unchecked dental issues and incidences of NCDs. To ensure that all our citizens have ease of access to vital services a dental clinic was commissioned at the Mary Charles Hospital in July of this year. Similarly, work commenced in October 2018 to refurbish the dental clinic at the Newtown Health Centre to provide a more hygienic environment for the administration of dental care. The facility will soon be reopened to the public to ensure this essential service remains accessible to all, particularly the residents of Newtown and New Pond Site.

68. Mr. Speaker, **the transformation of the primary health care sector will continue with the construction of a modern health facility in the community of St. Peter's.** This new centre will incorporate elements of the design used for the construction of the facility in Tabernacle with the necessary structural design to ensure ease of access by the differently abled. Approximately 2,000 residents will benefit from the improved infrastructure and services at that location. The Basseterre Health Centre will also be refurbished and a new building will be constructed at the current location to facilitate the operations of Community Nursing and Environmental Health. In addition to the infrastructural upgrades, it is vital that essential equipment such as ECG machines, monitoring machines and defibrillators are available in our primary health care facilities. It is important that our primary health care sector provides adequate response to and management of emerging health concerns that may arise within the communities. This is important to ensure that there is adequate response and management of emergency health concerns that may arise in the communities they serve. In addition, as our tourism product continues to expand, it is important that these facilities are ready to provide cross-sectoral support if medical assistance is required by visitors as they traverse our communities visiting the historical and cultural sites. In this regard, a phased equipment procurement plan will be implemented over the medium term.

Housing and Human Settlements

69. Mr. Speaker, since its initial investments to complete 84 Housing Units during our very first year, the National Housing Corporation (NHC) continues to play an important role in

the development and implementation of our housing programmes. We are delivering an exciting mix of housing solutions. The NHC has invested roughly \$18.0 million in the construction of one hundred and thirty-nine (139) homes and currently another fifty-seven (57) are under construction. The Programme has also made provisions for the design and construction of homes for the differently abled upon request. To date, the NHC has received six (6) applications from individuals in the Sandy Point, Tabernacle, Central Basseterre, Challengers and Cayon communities. The first home of this type in the Federation is currently under construction in Cayon and the remaining homes will be completed in 2019. **This Team Unity Government considers modern housing to be a vital component of urban revitalization.** To this end, the construction of twelve (12) units have been undertaken within the East Street environs to facilitate families that have been housed in unacceptable conditions in the existing East Street housing complex. These units were completed in November of this year and are equipped with all of the modern amenities. In 2019, the construction of the new East Street Condominiums will further boost the Construction Sector. This initiative is a collaboration between my Government and the Government of the Bolivarian Republic of Venezuela which has provided \$4.3 million to implement this important initiative. The housing solution will be comprised of ten (10) new buildings providing housing solutions to 60 households.

Public Safety and Security

70. Mr. Speaker, my Team Unity Government recognises that peace and security are prerequisites for achieving our prosperity agenda. We have therefore approved a record high investment in the security apparatus having significantly increased the budgetary allocation to the Ministry of National Security every year for the last three years and we are set to do so again in 2019. These resources will ensure the ongoing execution of the comprehensive strategies already articulated by the Ministry of National Security and documented in the Police Strategic and Service Improvement Plan (2016-2019) and the National Crime Reduction and Prevention Strategy. We intend to intensify our efforts in 2019 to address violent crimes particularly gang-related crimes and homicides. My

Government is focused on achieving results and will work tirelessly to achieve the peaceful existence the residents of St. Kitts and Nevis so rightly deserve.

71. The Royal St. Christopher and Nevis Police Force continues to collaborate strategically with the St. Kitts and Nevis Defence Force and Customs and Excise Department as part of a high visibility and targeted operational strategy. Our Security Forces are determined to arrest and suppress major crimes such as homicides and gun-related crimes as well as crimes of opportunity such as property break-ins. These collaborative efforts have yielded significant success including the removal of illegal firearms from the Federation's streets. To further bolster these efforts, His Excellency the Governor General, acting on the advice of the Cabinet, granted the Defence Force full policing powers for a period of six (6) months effective 24 August 2018. My Government will continue to utilise all available security assets to ensure the safety and security of the people of St. Kitts and Nevis. That is why we went further, in acting on the advice of the Police High Command and the senior management of the Ministry of National Security, to invite the Regional Security System (RSS) to deploy operations in St. Kitts and Nevis to support the strategic initiatives currently being implemented. In October, 30 RSS officers arrived in the Federation and will maintain a presence here as necessary. I must add my sincere gratitude to my colleague Heads who willingly agreed to our request for Officers to supplement our own. The officers of RSS have been assiduously working alongside our Officers since their arrival and we extend gratitude to them as well.

72. We recognize the increased mental and physical toll that working extra hours to protect our people can have on the men and women of the Security Forces. As a result, we continue to provide tangible support for these men and women through improvements in human resource management, increasing the number of officers in the various branches of the Security Forces, and enhancement to remuneration packages. As a follow up to the revision of the Extra Duty Payment Policy undertaken in 2017, for the first time in ten (10) years **we have increased the travel and displacement allowances granted to security officers who traverse the Narrows between St. Kitts and Nevis to report for duty.** Taking into consideration all our efforts to upgrade the Security Forces and

acknowledge their special circumstances, we expect a high degree of productivity from our officers including the 40 new police recruits who are expected to graduate from Recruit Class 42 later this month.

73. This Team Unity Government is of the belief that the Security Forces must have access to modern infrastructure, equipment and technology in order to successfully fight the scourge of crime. In 2018, we completed, at a cost of approximately \$1.7 million, the state of the art Forensics Laboratory which is equipped with the latest technology. The Laboratory will facilitate the enhanced use of modern crime scene investigative techniques and has already played a critical role in the resolution of serious crimes, through the use of fingerprinting and ballistics testing. We also continue to collaborate with the Republic of China (Taiwan) in the implementation of Phase I of the Closed Circuit Television (CCTV) Surveillance System Project in which approximately \$5.25 million has been invested for the installation of over 345 cameras throughout Basseterre and its environs alone. The completion of this phase was symbolized by the handing over by the ROC of the CCTV Command Centre located at the Basseterre Police Station on 29 June 2018.

74. The report from the High Command has indicated that, in areas where cameras are installed, a number of serious crimes have been solved, serious crimes have been reduced and useful information provided due to the high evidentiary value of the cameras. This is supported by the statistics which indicate that gun related crimes in the referenced areas fell to 19 in 2017 from 33 in 2016, a decline of 42.4%, while at the end of June 2018, five (5) such incidences were recorded compared to ten (10) in the same period in 2017. **The CCTV acts as a secondary layer of the investigative process which can aid in corroborating or disproving allegations made, and increase response times for minor incidents, thereby preventing the risk of escalation. The Programme has also allowed for the redeployment of police manpower to communities not currently served by this technology. Discussions are ongoing in regard to the design of Phase II which will result in the expansion of this initiative to the rural areas beginning in 2019.**

75. Mr. Speaker, earlier this year we were fortunate to retain the services of two (2) retired and experienced officers from the Jamaica Constabulary Force to augment the investigative capabilities of the Police Force. One of these experts is a retired Senior Superintendent with over 40 years of policing experience. He is attached to the Violent Crimes Unit and the Criminal Investigations Department where he will serve as lead investigator and consultant on investigations involving major crimes. The other is a retired Detective Inspector of Police with over 37 years of experience in investigating sexual offences and child abuse and is assigned primarily to the Special Victims Unit as a lead investigator. In order to develop capacity in the area of investigations, a new Case Registry System has been introduced to improve the management of files resulting from criminal arrests and a new Criminal Investigative Unit has been established in Division B. We are convinced that these actions will help to enrich the Police Force and yield better results than previously recorded.

76. Mr. Speaker, the Ministry of National Security **believes that a sustained, focused, well managed and coordinated approach to the delivery of social intervention programmes, can positively influence the existing crime situation in the Federation.** The impressive build out of the Explorers Youth Groups epitomizes the awesome potential for changing communities through the moulding of young minds to engage in positive endeavours. We are a Government that cares about our young people and it is truly heart-warming to see the magnificent success of our efforts to establish the Explorers Youth Clubs. As a result of the investments made by my Team Unity Government, in collaboration with our partners in the Private Sector and Civil Society, over 300 children have been enrolled in the Explorers Youth Clubs from across the communities of Molineaux, Phillips, Shadwell, St. Peters and St. Pauls. These young people are now engaged in community development, social and educational activities geared toward strengthening their character and promoting positive behaviours. Given the success of the programme, in 2018, the Annual Police Summer Camp was expanded into a Youth Explorers Camp with over 400 participants.

77. Of note is that the Ministry of National Security has signed a Memorandum of Understanding (MOU) with the Ministry of Community Development, Gender Affairs and Social Services to register and support the Youth Explorers Clubs. This has resulted in the donation of sports and musical equipment sponsored by the Juvenile Justice Reform Project. **As part of the Ministry of National Security's broader community policing and social intervention programme, we will continue to give due support and attention to the Teens and Police Service (TAPS) Programme, as a means of fostering greater trust between teenagers and the police. Increased focus will be given to the Primary to Secondary School Transition Programme which mentors young children to enhance their ability to recognize and avoid social pitfalls such as peer pressure from unsavoury characters such as gangs.** We will also continue to support the SKN Gang Bridge which provides guidance to participants on the Skills Training Empowerment Programme (STEP) and residents in Her Majesty's Prison with needed coping skills to avoid social pitfalls.
78. In addition, **our Community Policing Team of nine (9) professionally trained and experienced police officers continue to be visible in the communities, including crime hotspots, as they seek to build community relationships.**
79. Mr. Speaker, **in order to advance the strengthening of the security apparatus, in-depth assessment is required. Therefore, under the dedicated guidance of the National Security Advisor, a strategic framework for addressing the security challenges of the Federation has been articulated.** As a result, we intend to undertake an extensive review of the national security architecture in 2019, including all agencies and other systems that impact on the security of the Federation. The areas for consideration will include the judicial system, the Customs and Excise Department, and the intelligence gathering mechanisms. Other strategic imperatives will include the dismantling of gangs, the expansion of community and youth policing initiatives, and the strengthening of the more peripheral security agencies such as the Immigration Department, National Emergency Management Agency (NEMA) and the National Council on Drug Abuse and Prevention. The establishment of the National Security

Strategy Formulation Committee in September 2018, was also an important first step in identifying the gaps in the security framework and developing a clear plan to address them. **As part of our strategic approach, new institutional structures will be established and will include a National Intelligence Coordination Centre to assist in the dismantling of gangs.**

80. Mr. Speaker, as we strengthen our security agencies we are cognisant that they must be supported by a modern legislative framework which provides protection to the human capacity therein, as well as provide the legal support to derive justice. Therefore, my Government has passed the Police (Amendment) Act 2018 which now makes it possible for non-gazetted police officers with critical skills and a desire to continue serving after the retirement age of 55, to do so up to age 60, with the approval of the competent authorities. The Amendment also makes provision for the Deputy Chief of Police, or if absent, a Magistrate to hear a principal charge for a Police Tribunal in the absence of a Chief of Police. The Magistrate Code of Procedure (Amendment) Act 2018 was also passed introducing Paper Committals to replace Preliminary Inquiries thereby improving the efficiency of the judicial system. As our infrastructural development continued to expand it became necessary to pass the Vehicles and Road Traffic (Amendment) Act 2018 in order to make provisions for the introduction of Traffic Lights, and to enhance procedures and increase penalties related to vehicle inspection and the presentation of Drivers Licences by vehicle operators. The legislative reform agenda will continue in 2019 to review relevant legislation to make them more responsive to the demands for law and order.

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

MEDIUM TERM ECONOMIC MANAGEMENT STRATEGY

Medium Term Fiscal Outlook and Growth Targets

82. Mr. Speaker, as we approach the end of the year, I am happy to share our expectations of the fiscal outturn for 2018. Recurrent Revenue is projected to be approximately \$866.4 million, an increase of 32.2% over the approved budget. Of this amount, \$435.2 million would represent receipts from Tax Revenue while Non-Tax Revenue is expected to be approximately \$431.2 million. It is anticipated that improvements in the administration of our tax regime would result in Taxes on Property, Taxes on Domestic Goods and Consumption and Taxes on International Trade and Transactions surpassing expectations by 16.0%, 2.9% and 1.1% respectively. I take this opportunity to remind property owners who are not up to date with their property taxes, that the Property Tax Amnesty initiative has been extended until the end of December 2018. This initiative is intended to provide some relief to taxpayers who are not up to date with their property tax payments. The forecasted expansion of Non-Tax Revenue would be largely on account of inflows from the CBI Programme.

83. With respect to Expenditure, it is anticipated that Recurrent Expenditure would reach about \$580.2 million by the end of 2018, an increase of \$63.4 million or 12.3% relative to the approved budget. The expected additional spending would be mainly attributable to budgetary support to the Nevis Island Administration and due diligence costs associated with the CBI Programme. Capital Expenditure is estimated to amount to \$96.0 million.

84. Mr. Speaker, with these results, it is projected that, for the 2018 fiscal year, fiscal surpluses would continue to be realized. The Recurrent Account is likely to reflect a surplus of \$286.3 million, an increase of 106.5% over the budget. It is also anticipated that an Overall Surplus of \$199.4 million, which would be 366.7% more than the budget and a Primary Surplus of about \$221.9 million which would be 231.5% above what was originally estimated would be realized. Mr. Speaker, as a result of our assessment of the

Government's fiscal performance coupled with the prevailing macroeconomic conditions, our Medium Term Fiscal Framework was developed with objectives aimed at accelerating economic growth, reducing reliance on the CBI inflows, building fiscal buffers and controlling Recurrent Expenditure. Another objective of the fiscal strategy is to maintain a Debt to GDP ratio below the 60.0% target for 2019 and beyond.

85. Mr. Speaker, I will now provide an update on the Public Sector Debt and the medium term debt outlook as we see it. My Government remains firm in its efforts at maintaining the Public Sector Debt stock at a sustainable level, while simultaneously attending to the needs of our people and pursuing the developmental goals of our country. At the end of the 2017 fiscal year, the Total Public Sector Debt was \$1.6 billion or 60.8% of GDP. This was comprised of debt held by the Federal Government in the amount of \$0.9 billion, \$0.4 billion held by the NIA and \$0.3 billion owed by the Public Corporations in St. Kitts and in Nevis. Domestic debt remained the larger share of the debt portfolio to the tune of \$1.2 billion or 75.0% while external debt amounted to \$0.4 billion or 25.0%.

86. The strides made in 2017 with respect to debt management and country developmental initiatives were continued in 2018. My Government has remained prudent with the management of the Public Sector Debt without foregoing our duties of providing substantial opportunities for our people and pursuing the developmental agenda of our Federation. The St. Christopher Air and Sea Ports Authority finalized a syndicated loan agreement of US\$48.0 million for the construction of a second cruise pier at Port Zante, which undoubtedly would increase the cruise ship berthing capacity and enhance the lives of our people through increased job opportunities. Additionally, we continued our quest to provide affordable housing solutions to the people of this country. This is being facilitated via a loan contracted by the National Housing Corporation to build a housing complex at Wellington Road that would bring modernized living conditions to about 60 households. The NIA also secured a loan of \$5.4 million to bring to fruition the water drilling project in Nevis which, when completed, would provide Nevisians with up to one million gallons of water per day. These undertakings are but a portion of what my Team Unity Government has supported and speaks to our prudent debt management practices.

In fact, the Federation met the ECCB's 2030 Debt-to-GDP target of 60.0% when at the end of June 2018, the Debt-to-GDP ratio stood at 59.3%. We are the first and only ECCU country to achieve this milestone and we have done so twelve (12) years ahead of the ECCU stated date of 2030. This was indeed a remarkable achievement for our small economy.

87. The debt stock is projected to stand at \$1.6 billion at the end of 2018, and increase slightly to \$1.7 billion by the end of 2019 as further drawdowns are made on the loans by the NHC and the Nevis Housing and Land Development Corporation to continue the Unity Housing Solutions in St Kitts. Disbursements for the construction of the 2nd Cruise Pier would be a factor in the projection. The stock of debt is however, expected to fall to \$1.6 billion by the end of 2021. Notwithstanding the projected growth in the Total Public Sector Debt Stock in 2019, it is anticipated that the Debt-to-GDP ratio would decline over the medium term. By the end of 2018, the Debt-to-GDP ratio is expected to decline to 59.6% and continue its downward trajectory to stand at 57.7% in 2019, 53.0% in 2020 and declining to an all-time low of 48.8% in 2021.
88. The achievements that my Government has made in managing the Public Sector debt are not coincidental. In fact, it is evidence of our commitment to the objectives set forth in the 2018 – 2020 Medium Term Debt Management Strategy which stipulates that the undertaking of any new debt be with the minimum risk possible and at the lowest cost to ensure debt servicing remains manageable.
89. With respect to the outlook for economic growth, the most recent data indicate that the economy of St. Kitts and Nevis is expected to remain positive in 2018 and forecasts show an average expansion of 4.9% over the medium term of 2019-2021. This positive outturn would be driven by continued developments in the Construction; Tourism; Transportation, Storage and Communication; Manufacturing; and Wholesale and Retail Sectors. It is anticipated that the Construction Sector would remain robust with an increase in residential construction as a result of increased private investment through the

Government Employee Mortgage Programme and initiatives undertaken by the National Housing Corporation. In addition, a number of investments in public infrastructure and planned hotel and condo developments such as the Ritz Carlton Hotel coupled with ongoing developments such as, the Ramada Resort, Koi Resort, the Radisson Hotel and the Royal Mist Hotel would further bolster the performance of the Sector. The Tourism Sector is expected to show positive returns as a result of the completion of the resorts and hotels increasing room stock, increased airlift, expansion in cruise ship calls and increased passenger arrivals. When the second cruise pier is completed, it is expected that there would be an expansion in the number of calls by vessels with large carrying capacity. This would have a positive effect on the Tourism Sector. These developments would result in spill-over effects in other sectors such as Transportation, Storage and Communication; and Wholesale and Retail.

Fiscal Prospects

90. Mr. Speaker, Recurrent Revenue for the 2019 fiscal year is projected to be \$749.3 million. Taxes on Income are expected to generate \$126.9 million. Taxes on Property are expected to reach \$16.6 million. Also, we anticipate that Taxes on Domestic Goods and Consumption would be \$108.7 million while Taxes on International Trade and Transactions, the largest subcategory of Tax Revenue, would generate \$203.0 million. Non-Tax Revenue, which is expected to be driven by CBI inflows, is projected to be \$294.1 million for 2019. Additionally, a total of \$24.9 million is estimated for Capital Grants and \$9.9 million for Budgetary Grants. All of these categories are expected to yield Total Revenue and Grants of \$784.1 million.
91. On the expenditure side, an amount of \$591.8 million is proposed for Recurrent Expenditure for 2019, a moderate increase of 14.5% over the 2018 Estimates. This would result in a Recurrent Account Surplus of \$157.5 million for 2019. A total of \$151.2 million is also being proposed for Capital Expenditure and Net Lending. An Overall Surplus of \$41.1 million and a Primary Surplus of \$63.4 million are therefore anticipated for 2019. The 2019 Draft Estimates provide comprehensive details of all the programmes

and activities that would be carried out by each Ministry and the details on what we expect to achieve in 2019 given the respective proposals for budget allocations. I will now highlight some of the major programmes and activities for the various Ministries.

92. Mr. Speaker, the Ministry of Justice, Legal Affairs and Communications would be allocated \$12.4 million to support its Recurrent activities in 2019. This would represent a 5.6% increase over the \$11.8 million that was allocated in 2018. This Ministry has already made much progress in upgrading the court system to make it more efficient and responsive. In 2019, this Ministry will continue to make significant investments in further upgrades that would help to advance plans to establish a mediation centre to facilitate resolution of civil matters and a third Magistrate's Court for addressing family and juvenile matters. Work will also continue on the development of the dedicated Land Registry. The relevant supporting legislation has already been passed and an experienced Registrar of Lands has been recruited. The 2019 Estimates would therefore provide resources for additional staff required to advance the work of the Land Registry.
93. The advancement of Information and Communications Technologies continues to be a high priority given its importance to economic and social development. In 2019, the focus will include areas such as cyber security, the establishment of an internet exchange point and the deployment of state-of-the-art software to protect Government's servers, desktops and mobile devices from viruses, malware, and other attacks.
94. Mr. Speaker, the Office of the Prime Minister, would be allocated \$44.5 million for its Recurrent activities planned for 2019. This amount represents a 31.4% increase over the allocation for 2018. During 2019, the Office will continue to implement various reform initiatives aimed at improving the efficiency and responsiveness of the Government and at promoting Good Governance. In this regard, the Human Resource Management Department will continue to develop and implement various programmes to build capacity in the Public Service at all levels. Significant amounts continue to be invested in the development of our human capital, especially in providing more assistance to those wishing to pursue tertiary level education.

95. During 2019, the Human Resource Management Department will complete the ongoing work related to the establishment of a new Pension Scheme. The Defined Contribution Pension Scheme established under the Pension (Amendment) Act No.13 of 2012 would cover Government Auxiliary Employees who hitherto were not pensionable. The establishment of this Pension Scheme would bring about improvements in equity by making all Government employees pensionable irrespective of their category of employment.
96. Mr Speaker, we are very pleased about the transformation we have brought to the CBI programme. These transformations have led to more professional management systems, the most robust due diligence programme anywhere and cooperation with international partners. Every challenge in the industry we confront responsibly with a view to maintain the integrity of the programme and consolidate the socio-economic development of our Country.

Mr Speaker, wherever evidence has been provided regarding unacceptable behaviour we have acted appropriately. When persons sought to sell below programme statutory thresholds, we have taken quick action to dissuade and to have them cease and desist. When persons maliciously generated letters purporting to come from our Citizenship by Investment Unit bearing false information, we have acted, including to seek the support of the relevant law enforcement authorities. We welcome those service providers who were implicated in any way in these spurious letters to come forward, so advise the Unit and be prepared to bring full, definitive and factual evidence of such malpractice and fraud so that such matters can be fully addressed and corrective action taken. CAPIS and BASSE, through its principals, has come forward and indicated an interest to help to deal with this matter.

97. Mr Speaker, our citizens can count on us to always act in the best interest of the Country. We will also do the right thing - not for convenience - but because it is the right and proper thing to do.

As we move forward, we will work even more closely with developers, service providers and agents to ensure the highest standards of integrity pervade all areas. The Programme is too important to allow the mischief and despicable agenda of anyone to destroy the good things which the programme has brought or discourage the participation of reputable entities.

98. In 2019, a further set of policies and legislative developments will further bolster our brand. Our Citizenship by Investment (CBI) programme continues to be a market leader, renowned for its integrity. There have been recent efforts to scandalize the programme by aggrieved parties with personal vendettas. Truth be told, it is the incredible success of our CBI programme that has provided the fiscal space for us to pay a double salary and introduce our poverty alleviation programme. These good developments are what the bitter-elements of the Opposition are hoping to undermine in their unfounded and malicious attacks on the CBI programme.

99. The Citizenship by Investment Unit continues to address matters thoughtfully and in the best interest of our Country. A series of meetings has been spearheaded by the CEO with agents, developers, etc to remind and warn persons to maintain highest standards of behaviour and conduct.

We acknowledge there is more work to be done. As a responsible member of the international community we are working with our international partners to achieve efficacious outcomes.

100. Mr. Speaker, the proposed 2019 Budget allocation for the Ministry of National Security for Recurrent activities is \$60.5 million, which would be an increase of 6.3% over the 2018 allocation. The proposed 2019 allocation for Capital Expenditure is \$19.4 million. As in past years, my Government continues to commit significant resources to support the efforts of the Security Forces to support crime reduction and prevention activities. To date, much has been done to build the capacity of the Police Force to detect and solve crimes. In addition, our Security Forces have been provided with numerous

vehicles and are now paid for extra duties in relation to patrols and operations. Efforts continue to be made to increase the current manpower of the Security Forces by recruiting nationals and personnel from OECS countries. This has been complemented with the recruitment of experienced security specialists to provide advice, assist with investigations and conduct training in various areas.

101. In 2019, the Ministry of National Security will continue to meet the present challenges with renewed vigour and commitment, to ensure the safety and security of residents and visitors to our beloved Federation. The Ministry will continue its ongoing priority projects and actions such as the use of forensics in crime detection, expansion of the CCTV Surveillance System to the rural areas, construction of a new Police Station in Sandy Point and commencement of the construction of a new prison. Another major initiative to be carried out in 2019 is the implementation of a strategic framework for addressing the security challenges that face our Nation to ensure that there is a functional Security Architecture. This will include the following:

- Development and implementation of a National Security Strategy
- A Strategic Review of all Security Agencies including the Royal St. Christopher and Nevis Police Force, the St. Christopher and Nevis Defence Force and the Correctional Services
- A Strategic Review of the State's Intelligence Gathering Mechanism
- Enhanced legislation to support crime fighting and deterrence of crime
- Social Intervention initiatives to reduce crime, protect the citizenry, improve social conditions, change mindsets and build and maintain safer communities
- Public Education Programmes to highlight the role of society in the fight against crime and foster an understanding and support for the National Security Strategy
- A determination of the role of private security companies in the National Security Architecture

- Training, education and development opportunities for law enforcement officers and persons from key Ministries that interface with National Security.

The dismantling of gangs is a high priority and will continue to be given focused attention by the Security Forces supported by the establishment of a National Coordinating Centre.

102. During 2019, there will be an aggressive expansion of community and youth policing initiatives, including the build-out of the Explorers Community Youth Club Movement established in 2018. It is the intention to provide buildings for an explorer campsite. The strengthening of the rehabilitation programmes at H.M.S. Prison, staffing and infrastructure issues would be addressed as a matter of priority. In addition, we will complete the construction of the new Coast Guard Barracks and provision has been made to fully equip and furnish the new building thereby allowing our officers in the Coast Guard to relocate early in 2019.

103. The modernization and strengthening of our long standing institutions is vital in order for them to confront the challenges in an era of increased vigilance from both man-made and natural threats. Consequently, the transition of the Immigration Department from the remit of the Royal St. Christopher and Nevis Police Force to a civilianized Department became a reality in 2018. The 2019 Estimates propose additional resources to ensure that the Department fulfils its mandate to reform border control and other related immigration issues.

104. Mr. Speaker, I now turn to the Ministry of International Trade, Industry and Commerce. This Ministry would be provided with \$4.0 million to carry out its Recurrent programmes and activities for 2019. This would represent a 5.7% increase over the 2018 allocation of \$3.8 million. During 2019, this Ministry will build on its achievements in 2018. It will continue its mandate in trade facilitation, enhancing Private Sector development by supporting small and medium enterprises, manufacturing, export development for services and consumer protection. The overarching objective is to facilitate economic growth, create jobs and empower our people. Entrepreneurial development is a major focus of this Ministry. Recognizing that a major challenge to

small business is gaining access to financing, my Government continues to provide financial assistance through the Development Bank of St. Kitts and Nevis to support small business development.

105. The St. Kitts and Nevis Bureau of Standards will continue to review the National Implementation Plan that would put in place measures to reduce and possibly eliminate the release of Persistent Organic Pollutants. Additionally, the Bureau of Standards would be participating in the Fish Mercury Biomonitoring project under the Minamata Convention. The project involves collecting and analysing samples of various species of fish to determine mercury levels. The Bureau will also acquire an Electricity Meter Test and Calibration System to verify the accuracy and reliability of power meter measurements. This would engender trust by both the electricity company and customers as to the accuracy of energy records and transactions.

106. The Ministry of Finance would be allocated \$203.9 million for Recurrent Expenditure for 2019. This would represent an increase of 22.7% over the allocation for 2018. The main activity contributing to this increase is the explicit recording of budget support to the Nevis Island Administration in the amount of \$30.0 million. The other major areas proposed for support include provisions for Retiring Benefits and debt interest payments which are projected at \$40.0 million and \$22.3 million respectively. The Ministry would also be provided with \$15.0 million for electricity services and \$17.4 million for the Government's Group Health Insurance, Property Insurance, and Catastrophe Insurance. A total of \$12.3 million would be allocated to the Ministry of Finance for Capital Expenditure for 2019. Capital projects to be implemented or continued include the Upgrade/Rehabilitation of Government Buildings, Construction of a Printery Building, and the Purchase of Pallet Scanners.

107. Mr. Speaker, the Ministry of Social Services, Community Development and Gender Affairs would be provided with \$33.5 million for Recurrent Expenditure for 2019. This would represent an 83.5% increase over the previous year and would be the most substantial increase allocated to any Ministry for 2019 Budget. For the most part, these resources are earmarked to support the implementation of the Poverty Alleviation

Programme. This reflects the priority my Government is giving to sustaining prosperity, by doing things that can help to improve the lives of our people especially the most vulnerable. In 2019, this Ministry, in collaboration with the Probation and Child Welfare Board, will be launching an intervention programme to detect or identify children at risk of abuse and neglect. Social workers will be assigned to such families to assist them in getting the support needed, teach them parenting strategies and promote healthy relationships between parents and children. Social Workers will continue to closely monitor foster families with a view to connecting them with the support services they may need, and ensuring the well-being of children in their care.

108. During 2019, it is envisioned that the regulations for the Child Justice Act and the Children (Care and Protection) Act will come into force. This would facilitate the work of the Child Justice Committee in diverting juvenile offenders from the Magistrate's Court. The Ministry will also continue the reforms to its Social Protection Programme. In this regard, debit cards would be introduced for food voucher recipients which will give them greater flexibility and choice of vendors. A National Household Registry has also been introduced and this would strengthen case management of persons receiving social assistance by linking them with other services that can build resilience and improve or reduce their vulnerability.

109. The Ministry of Agriculture, Marine Resources, Cooperatives and Environment would be allocated \$10.2 million for its Recurrent activities for 2019. This would be a 10.3% increase over the \$9.2 million that was allocated in 2018. Agriculture is a major sector of the economy. As such, my Team Unity Government continues to ensure that it receives the necessary financial and other resources to foster its growth and development to support livelihoods and achieve a greater measure of food security. During 2019, this Ministry will continue to tackle the challenges posed by monkeys and wild pigs that continue to negatively impact agricultural production. Every effort would be made to employ all methods available to reduce these threats.

110. The Purebred Line Programme would be expanded with regard to goat farmers. This would benefit small ruminant farmers by allowing them to bring their products to market

at a fast pace and greater rate than currently obtains. With respect to the large ruminants, there will be continued focus on controlling the Amblyomma tick utilizing a multiplicity of methods. During 2019, the Ministry will also collaborate with the Ministry of Tourism as well as other Public and Private Sector partners in the operation of the ECO Park. This objective is to make the Park a greater tourist attraction using agriculture and cultural activities as the main appeal.

111. The Department of Marine Resources will continue to pursue aquaculture both on land and sea as there is great potential for these to meet the high demand for seafood products. During 2019, the Department of Environment will continue its activities in areas such as water security, energy, reducing carbon emissions and preserving our biodiversity. The allocation for Capital Projects under the Ministry of Agriculture, Human Settlement, Cooperatives and Environment is \$4.2 million. Projects to be implemented include the Rehabilitation of Old Road Fisheries Complex, the Construction of a Veterinary Laboratory and the Upgrade of Small Farmers Machinery Pool.
112. Mr. Speaker, the Tourism Sector is one of the main drivers of economic growth in the economy and for employment. A recent survey has shown that a significant part of our workforce is employed in tourism-related jobs. It is therefore essential for the Ministry of Tourism to be provided with the necessary resources to facilitate further development of the Tourism Sector. In 2019, the Ministry would be allocated \$24.7 million to carry out its Recurrent programmes and activities. This amount would represent a slight increase of 1.1% over the allocation for 2018.
113. During 2019, the Ministry and the Tourism Authority will continue to focus on growing stay over visitors by increasing marketing activities and the number of flights into the Federation from North America. These efforts have already begun to bear fruit as evidenced by the Federation experiencing a 15.7% increase in air traffic so far in 2018. In addition to the resources that would be provided for the Ministry's Recurrent activities, a further \$5.9 million would be provided for Capital Expenditure. Capital projects to be implemented by the Ministry of Tourism include: the Black Rocks Enhancement Project, the Coastal Erosion Mitigation Project, the South Friars Bay Beach Enhancement Project,

the Tourism Development Project, and the Support for ECO Park Project. In addition to these projects, work on the second phase of the De Strip Development Project will begin.

114. Mr. Speaker, the Ministry of Public Infrastructure, Post, Urban Development and Transport plays a vital role in road construction and maintenance, water supply and development of energy policies and strategic direction for the Energy Sector. The Ministry would be allocated \$21.4 million to carry out its Recurrent programmes and activities for 2019. This would represent a slight increase of 1.4% over the allocation for the previous year.

115. This Ministry has been very active in 2018. Major work has been done on the Island Main Road Project, the Construction of the East Bus Terminal has been completed and the relocation of the Public Works Vehicle Maintenance Shop has also been completed. The Ministry will be required to continue the work that it has started and as such the provision for Capital Expenditure would be \$50.9 million. During 2019, Phase II of the Island Main Road Project would be initiated and the Rehabilitation of Old Road Bay Project would move from the design phase to the implementation phase. Concerning Water Services, the Construction of Reservoir at Boyd's View, Buckley's /Olivees would commence in order to meet the ever increasing demand for water as various communities expand. Other projects that will be implemented include Well Drilling and Extension of Water Lines and the Fencing of Reservoirs and Upgrade of Pump Houses.

116. The Ministry will continue to pursue its vision of St. Kitts and Nevis achieving sustainability in the Renewable Energy Sector ensuring that energy is clean, accessible and affordable. In this regard, several initiatives are being taken including exploring geothermal potential, and evaluating various Solar and Wind Energy proposals submitted by Private Sector entities. The intention is to diversify our Energy Sector and make our economy less vulnerable to external shocks such as increases in the price of fossil fuel.

117. Mr. Speaker, my Team Unity Government continues to make substantial investments in education recognizing that our people are our most valuable resource and that there can be no national development without the development of our people. It is with this in mind that the Ministry of Education would be provided with \$73.1 million in

2019 for carrying out its Recurrent programmes and activities. This would be a 1.9% increase over the allocation for 2018.

118. The Ministry will continue to pursue its plans to professionalize the teaching force and to ensure that all citizens and residents are provided with the tools and opportunities to access quality education. Special attention will be paid to a number of priorities including: expanding special education services, providing scholarships in TVET education and integrating ICT technologies in schools. The Ministry would be provided with a Capital Expenditure Budget of \$16.3 million for 2019.

119. Mr Speaker Sir, a major accomplishment by the people's Team Unity Government was to solve the perennial problems relating to the Basseterre High School (BHS) at its former compound in East Basseterre. Under the former regime, the BHS became a health hazard causing physical and emotional harm to students and teachers at the school. The problem clearly challenged the relevance of the outgoing administration and BHS became a locale of protest and protestation, sit-ins, and demonstration. The half baked response of the shift system and multi-school settings did little to calm the anxiety at the BHS. It heightened public awareness in the helplessness and incompetence of the Minister of Education.

120. The people responded rationally on 16 February 2015 and gave our people centred government the opportunity to solve the problem. And solve them we did in record time and with finesse. We brought the poorly managed shift system to an end to the relief of students, teachers, parents and guardians whose lives were returned to normal. We built a new temporary facility to house the Basseterre High School as a major campus at which teaching could be purveyed in a comfortable and safe environment. The chairperson on the occasion of the official opening signaled the new hope and relief when she said this is a fresh start. BHS has settled down well. The tensions and trauma of 2012, 2013, and 2014 are no more. To God Be the Glory!

121. We determined that we will create a state-of-the-art, ultra modern school with adequate space for learning and an extracurricular programme. We sought advice of

technical persons and development advisors and planners in the Government to assist in funding an adequate site for the High School. When the site in East Basseterre became the top choice of the professionals, we subjected it to a special group of respected and experienced water engineers, and they approved the location. The scientists and development planners are all satisfied with the location. They advised that the probability of aquifer contamination is literally non-existent given all the safeguards and due processes which we have followed and continue to follow.

122. Those who argue against this ultramodern facility being available to our student population of Basseterre, Conaree, St Peter's, etc. said that their concern is the aquifer. Based on the advice of experts, I say there is no need for concern. The irony though is the BHS between East Park Range and Victoria Road sits on the aquifer. Those who purport to defend the aquifer are comfortable with the BHS on the aquifer there but not at another location with all safeguards to treat with effluents off site further downstream and away from the wells.

123. This Government will pursue the mandate of the people.

124. Mr Speaker, we will build a state-of-the-art new high school for our students. The new ultramodern high school will be located on about 14 acres of land. It will provide thirty two (32) classrooms, a music centre with two (2) dedicated music rooms, at least four (4) science labs and six (6) computer labs, a dedicated lecture room, five (5) dedicated vocational workshops, teachers lounges, counselling and health service facilities and an auditorium with seating capacity for a minimum of 1,200 persons, upgraded sporting facilities to meet international standards. All floors and rooms of the new BHS will be accessible for wheelchair egress via code compliant ramps and the amenities will cater to those who are handicapped.

125. Our new BHS will be the model for all to look at and copy, as the standard for quality education delivery in the 21st Century and beyond. An ultramodern facility, thanks to Team Unity! This is progress. This will bring prosperity to the young people who will

now be more securely anchored in Science, Technology, Engineering, Mathematics, Arts and Sports.

126. The Ministry of Health would be provided with \$53.2 million to support Recurrent Expenditure for 2019, a 6.6% increase over the comparative figure for 2018. In addition, it would be provided with \$7.4 million for Capital Expenditure. During 2019, the Ministry would continue to engage in initiatives to build capacity and introduce new technologies to improve and expand health care services. Particular focus will continue to be given to areas such as Chronic Non-Communicable Diseases (NCDs), Communicable diseases, Mental Health and Substance Abuse and Family Health. With respect to NCDs, a new NCD Commission would be established and a National Tobacco Control Act will be developed early in 2019. In the upcoming year, the Ministry will also be conducting a situational analysis of the HIV/AIDS programme and a plan of action to guide interventions going forward with a view of helping the Federation to achieve the UNAIDS 90-90-90 targets could be developed. The Ministry will also continue to place strong emphasis on mental health and is now in the process of recruiting another psychiatrist to augment the mental health services. Capital projects to be implemented by the Ministry of Health in 2019 include the following: JNF General Hospital Development - Phase III, completion of the Construction of the Tabernacle Health Centre, the Construction of the St. Peter's Health Centre, and the Establishment of a Catheterization Lab.

127. Mr. Speaker, the Ministry of Youth, Sports and Culture would be provided with an allocation of \$7.2 million for its programmes and activities for 2019. This would be a 2.1% increase over its 2018 allocation. This Ministry would be allocated \$6.4 million for Capital Projects. These projects include: Upgrading Sporting Facilities, the development of the Trinity/Boyds and Tabernacle Playing Fields, Upgrade of the Sandy Point Recreational Grounds, and Upgrade of the Kim Collins Athletic Stadium. During 2019, the Ministry of Youth, Sports and Culture will be placing emphasis on the implementation of its policies and strategic plans. These will include the National Sports Policy and the Strategic plans for the Departments of Youth and Culture. In addition, extensive maintenance work will be done to repair, maintain, and upgrade the sports infrastructure.

Initiatives will also be implemented to foster the growth of community youth groups, launch at least ten (10) new businesses as part of the Youth Entrepreneurship Programme, expand partnerships to promote greater economic benefits from Sports and facilitate greater cultural engagement in folk art-forms at the Community level.

128. Mr. Speaker, the Ministry of Sustainable Development would be allocated \$6.3 million for Recurrent programmes and activities for 2019 which would be a 4.4% increase over the comparative allocation for the previous year. In addition, an amount of \$17.1 million would be provided to this Ministry for Capital Expenditure. During 2019, the Ministry will continue to play a leading role in the formulation and implementation of developmental strategies and donor coordination in respect of social, physical and economic development. Capital Projects to be implemented include the Special Land Distribution Initiative, and the Climate Action Line of Credit Street Lighting Project. The Enhanced Country Poverty Assessment and the Commercial Infrastructure Development Project will continue in 2019.

129. Mr. Speaker, I now turn to the Ministry of Foreign Affairs and Aviation. This Ministry would be allocated \$18.7 million for its Recurrent programmes and activities for 2019. During 2019, the Ministry will continue to take the lead in advancing the interests of St. Kitts and Nevis regionally and internationally with an emphasis on development. The work of this Ministry is particularly important at this time when the global environment is so tumultuous requiring more alertness and responsiveness. In the upcoming fiscal year, the Ministry will be re-orienting our Missions towards promoting tourism, investment, and culture. Additionally, it will increase its advocacy on climate change, investments in renewable energy and the Blue Economy. The Ministry will also continue to garner support for the maintenance of the Region's benefits under the European Partnership Agreement.

130. Mr. Speaker, the Office of the Attorney General would be provided with \$11.8 million for its Recurrent programmes and activities for 2019. During the upcoming year, the Attorney General's Chambers will continue to pursue initiatives to achieve greater

efficiency. One such initiative is the implementation of the Apex Curio Software which will modernize and expedite the processes within the Chambers.

131. The Ministry of Nevis Affairs, Labour, Social Security, and Ecclesiastical Affairs would be provided with \$1.9 million in 2019 for Recurrent Expenditure. This would represent a 4.0% increase over the allocation for the previous year. An additional \$1.5 million would be allocated for Capital Expenditure. During 2019, the Ministry will continue to carry out its mandate to promote industrial peace and protect the rights and dignity of workers. The Department of Labour will maintain its focus on employment services, enhancing inspection and enforcement to monitor and enforce compliance with the Labour Laws. In 2019, the Ecclesiastical Unit of the Ministry will continue to support and partner with the religious leaders with the full confidence that this collaboration has great potential for addressing the social problems confronting our Nation.

Fiscal Measures and Other Strategic Interventions

132. Mr. Speaker, my Team Unity Government is cognisant of the fact that continued collaboration and dialogue with economic and social partners is essential for sustaining growth and prosperity. Experience has taught us that consultation with our people is a critical step in addressing the prevailing challenges and vulnerabilities that can undermine our resilience and impede the momentum that we are gaining in a number of areas. My Team Unity Government has a keen interest in sharing the various perspectives on issues, thoughts and ideas with the citizens of this country. Throughout the years, we have made it a priority to create opportunities for citizen engagement and have provided more transparent avenues for the dissemination of information on the performance of the Government. We are pleased that in partnership with the St. Kitts and Nevis Chamber of Industry and Commerce, we were able to convene a Growth Forum that was focused on Issues and Opportunities for Stimulating Sustainable Growth and Development in the Federation. The Forum took the form of a series of dialogue over a period of four (4) days in the months of June and July of this year, under four thematic areas ranging from the

assessment of the macroeconomic and financial landscape and the productive sectors, to issues related to human capital development. The discussions also looked at the regional dimensions to growth and development as we prepare to build momentum in taking advantage of the various opportunities that are presented as a result of the country's membership in the CARICOM and OECS regional blocs. These sessions were highly successful, as they provided an opportunity for a cross section of individuals representing various fields from the Public and Private Sectors, as well as civil society to not only identify the challenges but offer viable solutions.

133. Mr. Speaker, we will continue to work diligently to ensure these efforts translate into actions that can make St. Kitts and Nevis an example of what can be accomplished when a Government and its economic and social partners work together to move beyond dialogue to action. Since the Growth Forum, on the Government side, we have already moved our machinery into action and today I am pleased to report that the fiscal measures and strategic interventions planned for implementation in 2019 would reflect this fact. For instance, we are aware that since 1982, the law has limited the deduction of compensation paid to any one individual (or family members). The intent of this provision in the law is to minimise occurrences of tax avoidance arising from the manipulation of compensation that would result in a company having little to no taxable profits. In 2012, the Income Tax Act was amended to increase the limit on compensation paid to \$75,000, up from \$60,000 in prior years. A further amendment was made to the Income Tax Act in 2016 increasing the threshold to \$90,000. This was an issue raised at the 2018 Growth Forum. We have examined the issue and appreciate the need for companies to be able to attract and retain talented qualified managers and other top quality professionals in their organizations. Across the board, compensation packages are not expected to remain stagnant as they influence the attractiveness and competitiveness of a company. Considering the foregoing, the Government will seek to amend the Income Tax Act to increase the allowance to \$120,000 per annum. In three (3) years we would have responded positively to the Chamber and have moved the allowable compensation threshold by more than 50.0%. The Government is committed to undertaking a comprehensive review of the tax regime. To get it right, we would rely on the expertise of our development partners. We are actively considering the dichotomy in the licensing fees paid between wholesale and

retail liquor establishments in the rural areas in an effort to establish more equity for our small business operators.

134. Another issue discussed at the Growth Forum was the low compliance of filing tax returns, particularly within some tax categories. The Ministry of Finance has initiated an assessment of this matter with a view towards enhancing administrative procedures to improve overall compliance rates. This is important not only in terms of the closing of existing gaps in revenue collection but also in terms of our country meeting the standards set for exchange of information for tax purposes. The Ministry is therefore exploring options for improving voluntary compliance through the introduction of a Tax Clearance Certificate system. Basically, a Tax Clearance Certificate would constitute an official confirmation from the Inland Revenue Department that the tax affairs of a particular entity are in order. It is known that numerous countries around the world, especially Developing Countries, have used the Tax Clearance Certificate process as a fiscal policy tool to improve collections without increasing taxes. Tax Clearance Certificates are normally required in cases where entities are seeking state contracts, tax concessions, renewal of licenses, and the like. The presentation of a Tax Clearance Certificate will provide evidence that the tax affairs of such entities are up to date before they are allowed to access certain benefits from the State. The Ministry of Finance will therefore complete the necessary processes and you will hear more about this in the first half of 2019.

135. Mr. Speaker, in addition to the international tax matters my Team Unity Government has taken the matter of the EU Blacklisting very seriously and our team of professionals has been working tirelessly to study the specific charges put forward by the EU Code of Conduct Group. Our team's efforts have been augmented with international technical expertise and we have made some progress in trying to find a solution that would help to preserve our country's reputation as a responsible member of the global financial system. A number of options has been explored and consultations have been held with key stakeholders in the Financial Services Sector. We are all aware that the Government has given the commitment that St. Kitts and Nevis would make the necessary decisions to allow the country to achieve compliance with the standard set by the EU. We also know that the country was given a very short period of time to conform with the demands of the

EU. We would therefore return to this Honourable House later this month to make proposals to amend the relevant sections of the Companies Act. We hope that we can count on all members of this National Assembly to support the amendment to the Act when it comes. Work will continue in 2019 to calibrate the tax regimes on St. Kitts and Nevis in an attempt to achieve compliance with international tax policy standards including those set by the OECD BEPS Secretariat.

136. Mr. Speaker, my Team Unity Government is proud of the record achievements we have made in terms of the management of the Public Sector debt. Our achievements have come at great cost, sacrifice and skillful management. My Team Unity Government has always been honest with the people of this country and we have no intention to change now. Unfortunately, the Land for Debt swap arrangement has remained a sore point for us and for many of our citizens, particularly those who have lost the ease of access to land based on the current arrangement. It is no secret that for some time now this arrangement has been a very vexing sore point. We have engaged our technical team and consulted extensively with our regional and international partners on this matter. A comprehensive review of the Land for Debt swap revealed the complexities of the arrangement and the negative implications of a full reversal of this inheritance from the past. We have therefore determined that we would redeem the land required for housing, farming, commercial and industrial expansion in an orderly and phased manner.

137. We intend to roll out a plan for the redemption of lands committed under the Land for Debt swap. The initial areas to be considered in the land redemption programme include Sandy Point, Cayon and Lodge. The Government will purchase approximately 500 acres in the shortest possible time starting this year. We believe that we are duty bound to preserve the patrimony of our people. The good people of Sandy Point, Cayon, and Lodge can rest assured that this Team Unity Government will do its absolute best when it comes to securing public assets in their interest, indeed in the interest of all Nationals of St. Kitts and Nevis. This will bring tremendous benefits to those who can afford to purchase lands but were prevented because of the unpatriotic Land for Debt swap arrangements. Persons were forced to accept land in the far rural areas because no lands were available in their

communities. The Land for Debt swap meant that they were excluded from the benefit of land ownership.

138. Mr. Speaker, we are frequently reminded of the increasing private and public debt across the globe. We are operating against this global trend to avoid the instability and hardships that can result from extremely high and unsustainable Public Sector debt. We are managing well and we are committed to ensuring that our history of unsustainable debt and IMF bailout is never to be repeated. We are stressing fiscal discipline and prudent debt management because we believe it is right and necessary to build the fiscal resilience of the Government and to build momentum in achieving sustainable growth and development over the long term. Last year, I informed this Honourable House that we had requested technical assistance from the IMF to develop a framework for the establishment of the Growth and Resilience Fund. Earlier this year, we were able to realise this assistance which concluded with a technical report presented to the Government. We are therefore pleased to report today that the Government intends to move forward with the establishment of an interim Growth and Resilience Fund using some of the savings that are currently in the Consolidated Fund. The primary objective of establishing the Fund is to help the Government to quickly respond to natural disasters. Over the medium term, we will also take the necessary steps to establish appropriate governance and investment strategies to ensure sustainability of the Fund.

Conclusion

139. Mr. Speaker, as I conclude this presentation, it is clear that we are making progress in the development of our country. Acknowledging this fact is heartening and it should be a strong signal to motivate our people to do more to ensure that we gain momentum in the areas that can lead to accelerated growth in the economy. My Team Unity Administration is committed to continue the work already started to implement a number of growth-enhancing reforms targeting improvements in the business climate. We are proposing another bumper Capital Estimates for 2019 which include a number of projects that would help to intensify our efforts to build more resilient infrastructure. The fiscal stance of the Government is accommodating to private investments, while at the same time maintaining

good balance with discipline and dexterity, to yield a respectable Primary Surplus and manageable public debt within the 60 percent of GDP regional target. Our plans for modernisation of the Public Sector include proceeding with Public Financial Management by adopting new procurement regulations, activating the Procurement Board, improving cash management, and further explore the feasibility of adopting a fiscal rule based on a debt anchor.

140. In the context of the theme mentioned earlier, we will use the 2019 Budget to more rigorously address weaknesses in our systems and ensure that we would move closer to achieving the internationally established Sustainable Development Goals (SDGs). I mentioned the Sustainable Development Goals because they present a good backdrop for framing more effective policies that would help our economy to grow and our people to thrive. The Budget is also anchored in the objective to register notable progress in respect of nine of the seventeen Goals. For instance, in terms of Goals three and four which relate to health and education respectively we would continue to develop and implement policies that would help us to build momentum in the development of these two critical sectors. Earlier I mentioned some of the important initiatives that would be implemented in 2019 including our planned investments in skills development to ensure that our young people can experience a smoother transition to the world of work.

141. Mr. Speaker, my Government continues to advance initiatives that will result in needed policy, operational and structural changes in the country. The prospect for growth in Foreign Direct Investment remains very optimistic for 2019 and beyond as investor confidence in our Citizenship by Investment Programme remains high. Our FDI inflows, which largely comprise investment in the Real Estate Sector, continue to be a significant contributor to the country's economic growth and overall development. A number of projects were approved in 2018 including: the Royal Mist Hotel in Sea View Gardens, Sea View Heights Resort and Residences in Mattingley Heights, Era Development in Hermitage Estate, Cayon, Belmont Gardens in Pinney's Estate in Nevis, Wyndham Hotel in Nevis and Ottley's Plantation Inn renovation and expansion. These projects account for a combined total investment in excess of US\$300.0 million. In addition to these

initiatives, there are several large scale projects currently under review and would be added to the pipeline in due course. The Restaurant Sector continued to experience strong growth in 2018 with a number of investors capitalizing on the incentives under the Stand Alone Restaurant Duty Free Scheme to establish their businesses. These new restaurants represent a total investment in the region of \$5.0 million. The sustained investment in the above named projects can be attributed to the hard work undertaken by this Team Unity Government through the St. Kitts Investment Promotion Agency (SKIPPA) as we work continuously to present St. Kitts and Nevis as the ideal place to invest and do business.

142. Mr. Speaker, it is customary to hear visitors and residents alike comment favourably on the pace of development in our country. Evidence of a country on the move is everywhere. To quote one (1) local radio personality in a sub-regional radio link up, “A lot is happening on the ground”. A mighty lot is indeed happening.

- A second cruise pier is advancing;
- Our National Heroes Park is nearing completion and is a marvelous addition to our monuments and historic assets;
- A brand new East Bus Terminal opened only yesterday ahead of the hectic Christmas and Carnival build-up;
- Tabernacle Health Centre nearing completion;
- A new Customs Annex building advancing to completion;
- New Coast Guard facilities to be ready for use next year;
- Renovation work on our runways as RLB International Airport continues apace;
- New hotel facilities soon to be opened for business in Frigate Bay and rural north;
- Sustained high level of business licenses indicating vibrancy in the commercial sector;
- Housing being delivered – over 3,000 housing solutions provided directly by the Government programmes delivered through various entities such as NHC,

Development Bank of St. Kitts and Nevis through Government Hurricane Assistance Programme and incentive programmes such as FREESH, GRASP and FIRST;

- Our non-establishment workers annual honorarium being restored;
- Our health infrastructure providing better care to our people – MRI services available for the first time in the Federation;
- Cancer care available through the oncology wing at the JNF General Hospital;
- Mental health care given more focused attention with the inauguration of the Mental Health Day Treatment Centre;
- More support to kidney patients through expanded hemodialysis;
- Our road network being resurfaced with Phase II to commence shortly;

We can go on ad infinitum. Never before in our history has any Government performed so very well. Team Unity has surpassed all expectations and has moved the country in the right direction. We did this without introducing any new taxes while removing VAT on all food items, educational supplies and funeral expenses. In spite of these reductions, we are expecting the highest ever collections of Tax and Non-Tax Revenues in 2018. This speaks not only to the efficiency of administrative tax management but also the buoyancy of the economy.

143. It has been an honour for me to serve our people from this side of the House. For our many accomplishments to date – small and large, I say to God be the Glory.

144. Mr. Speaker, I so move that this tax free budget and the Bill shortly entitled The Appropriation (2019) Bill, 2018 be approved by this Honourable House. This will ensure very tangible benefits for our people in education, health, infrastructure, housing, agriculture, social services, built environment, etc. Accordingly, I so move.

145. Mr. Speaker, advance Christmas greetings to all.