



**Honourable Chief Minister & Minister of Finance
Victor F. Banks**

Building Pathways to Resilience in Development

1. INTRODUCTION

Mr. Speaker, Colleague Ministers, Leader of the Opposition, other Members of the House of Assembly, Anguilla Youth Parliamentarians in attendance, invited guests, public servants, Anguillians; Residents, Friends, and Investors of Anguilla, persons listening via radio; television and the internet (including the Anguillian Diaspora communities across the globe) good afternoon. It is my duty in my capacity as Minister of Finance to present the Government's Budgetary Estimates/Proposals for the 2019 Fiscal Year. You may have noticed that it is once again late in coming. The Good News is that there will be no delay in getting the assent of Her Majesty's Government because we have already negotiated the scope of expenditure, revenue, and deficit.

Mr. Speaker, in the 2018 Budget Address under the theme: "2018 and Beyond: Anguilla 2.0 – Green, Smart, Resilient and Inclusive" we presented that Modern Anguilla must be cognizant of the environmental realities, and has to adopt behaviours that promote sustainable and harmonious living with the natural environment. It was a theme that was influenced by the fact that our island received a rude awakening as a consequence of impacts of a severe weather event that literally required that we reset the clock on Modern Anguilla and focus on a clear strategy to put our island back on track through relief, recovery, and restoration. In this sense 2018 was labelled a transitionary year. As we reflect on from

whence we came through 2018, we realize from the lessons learnt that Resilience cannot be merely a trait of character --- but rather a deliberate strategy for ensuring that we build the capacity to bounce back quickly after any form of setbacks or disasters, natural or manmade. Hence the theme for 2019: Building Pathways to Resilience in Development.

Mr Speaker, words matter and on the face of it, this may seem like stating the obvious but a deeper analysis of the theme would reveal that words indeed do matter. First of all, "Building Pathways" is making reference to processes that are already in operation so that an interpretation that the building of pathways is now beginning would be ignoring the tremendous steps that this government has already made in terms of promoting sustainable development on this island.

Mr Speaker, words for the most part are the expression of our thoughts, objectives, aspirations, successes and yes our failures and when our words are authentic, they become very important. Napoleon Hill opined, "Think twice before you speak because your words and influence will plant the seed of success or failure in the mind of another." But Mr Speaker the success I am talking about is neither vague nor abstract. The word "growth" and the phrase, "balanced budget" could have easily been used in the theme rather than development. They would have represented objectives that this government is striving for continuously but Mr Speaker they would not have conveyed the full depth of our thought at this juncture.

Words matter Mr Speaker because neither the word "growth" nor the phrase "balanced budget", as important as they are, encapsulates all of what we want for the people of Anguilla. Indeed, they are part of the building blocks, a means to an end but not the end itself. I will not take you on an academic journey in terms of defining the various aspects of development but what I will say is that development embraces sustainability, the preservation of the environment and the physical quality of life. The physical quality of life is about our people and how literate they are -- the literacy rate, how long they live -- life expectancy and how often our infants die -- the infant mortality rate. Success is not achieved in those areas by accident Mr Speaker; it is achieved by building pathways to Resilience in Development.

When our people are educated, our infants survive and we live long --- we have a chance Mr Speaker. We have already started our initiatives to turn that chance into tangible things. Yes, many among us who have achieved tertiary education are very familiar with the recognised terms used by international organizations when describing issues of national importance. The ordinary Anguillians who want to make a decent living, educate their children and enjoy their senior years do not necessarily care about a balanced budget, economic growth, the medium term strategy paper, the different papers from London and the like. But they fully understand unemployment, poverty, murder, theft, robbery, assault, sexual impropriety, rape and the need to speak out and eradicate them out of our society. They speak out and I encourage them to speak out whether or not they support a particular policy of this government because freedom of expression is one of the hallmarks of democracy. Holding an opposite point of view in terms of an approach to address our social ills, is never the end of the story because very often a compromise position is the one that

would best address the needs of the Anguillian people rather than the overly sanctimonious positions that often reek of political pandering. I have learned Mr. Speaker that in many situations compromise outshines notions of wrong and right.

Mr Speaker, I am proud of the work that our government has done over the last four years and is continuing to do in some key areas that are critical for the present and future of this island. As I mentioned earlier, the building of the pathways has already begun. Mr Speaker I said earlier that words matter, but at the end of the day, as the saying goes, actions speak louder than words. Today there is a need to reduce our dependency on tourism with the aim being to not put too many of our eggs in one basket. The destruction of our tourism infrastructure by Hurricane Irma, as devastating as it was, was a timely reminder that because of our location in the hurricane belt, our tourism product can be seriously damaged or destroyed in a few hours. That is the reality Mr. Speaker over which we have no control. Our only option is to mitigate against such occurrences as best we can with the knowledge that the fury of the tempest will always have the upper hand.

Economic resilience is a pathway Mr Speaker and economic diversification is one of its pillars --- and a vital one. We launched Phase one, the Retroactive FastTrack Phase, of the Permanent Residency by Investment Programme in late 2018. Phase two, which consists of the full roll out of the Permanent Residency by Investment Programme and the Tax Residency component, is proposed to be launched in the second quarter this year. The services of leading experts in the field have been secured at no upfront cost to the government. Latitude and Arton Capital have joined forces to assist government in the full roll out of the programme. An agency will be created to manage the implementation of the programme. This programme has been thoroughly researched and there is no need for apprehension in terms of its impact on our pathway to resilience in Development.

Mr Speaker, further diversification will be achieved through the development of the Special Economic Zone, the utilization of our rich fishing banks through fisheries development, and marina development. These initiatives are more than dreams and aspirations Mr Speaker. We are now wide-awake and in the process of turning former dreams into tangible outcomes that will drive our ultimate goal of development.

There is a school of thought that is often put forward in Anguilla, that the private sector is far more efficient than the public sector. I am sure that this can lead to a healthy debate. However, Mr Speaker the privatization of ANGLEC is seen by the Government of Anguilla as an opportunity to re-examine the operation of ANGLEC with a view to cutting costs and moving towards renewables, which will ultimately benefit individuals, families and the business community. We cannot have meaningful dialogue on the island about the privatization of ANGLEC if the dialogue is going to be one of convenience to fit certain narratives at particular points in time. The premise behind the privatization of ANGLEC is that the social and business benefits will greatly outweigh the costs to both ANGLEC and the customers it serves.

There cannot be a conversation, plan or implementation of any development objectives without addressing the environment. It probably sounds like a broken record, but we must preserve the environment for our future generations. Yes Mr Speaker, the world will always be a dynamic place and future generations will have to address the issues that come up in their days but it would be irresponsible, hypocritical and morally reprehensible for them to inherit an Anguilla, which is in an advanced state of environmental decay. Thus it is our duty to ensure that does not happen.

Mr Speaker we have drafted an integrated set of legislation and regulations governing environmental management, physical planning and development, and environmental impact assessment. These are the revised Environmental Management Act, the revised Physical Planning Legislation and regulations (including building codes) and the Environmental and Social Impact Regulations.

Mr Speaker, single use plastic shopping bags, Styrofoam, and plastic single use utensils are hazards to the environment and the outcome of the national plan in this regard is to ban their use effective on the 31st of this month. This is a significant milestone in our development because such a prohibition is a step that ultimately will not need to be retraced. The pressure on the island's solid waste management resources will be alleviated, whilst the marine environment and overall cleanliness will be improved.

This is direction in which we are moving and while legislation provides the backbone that is needed to enforce the necessary measures for success, I am confident Mr Speaker that the Anguillian people appreciate the importance of the environment and as a consequence voluntary compliance will be the new order of the day. Mr. Speaker, I will tell you all a little story that was told to me. There was a time somewhere in the 1980s when littering like throwing debris from car windows became very unpopular. So this Anguillian home on vacation from the USA could not resist the bad habit of throwing cans and bottles from car windows into the bush. When he did it his friend simply told him "We don't do that here anymore." It is our hope that after all is put in place such a statement will indeed ring true and with pride.

Mr Speaker, a well looked after environment must have well looked after people in it. I must commend the Ministry of Social Development for making The National Social Protection Policy, Action Plan and Monitoring and Evaluation a reality. Mr Speaker as an individual who loves people, as a politician who has dedicated most of my life to the cause of people and as the leader of a party that is dedicated to raising the bar in addressing people's lives, Wednesday 27th February 2019 was a historic day in Anguilla with the launching of National Social Protection Policy.

Mr Speaker, these days we hear the term social safety nets used quite often in relation to providing essentially a safe place, physically, financially and emotionally among other things, for our people who are facing tough times. Social safety nets have to be financed as there are actually no free lunches but I am encouraged by the fact that social protection will include an element where there are non-contributing beneficiaries. Being our neighbour's keeper,

and not passing by on the other side are still virtues that we must adhere to here in Anguilla while in pursuit of decent standards of living.

Additionally, Mr Speaker we will be progressive when it comes to issues such as gender affairs and tolerance of all kinds. We will not be progressive because the United Nations, CARTAC, UNICEF or the CDB say so. We will be progressive in those areas because to do so would be a continuation of and an expression of the awareness that has existed in Anguilla from the beginning and especially in the last four decades after the Anguilla Revolution.

Social Security was implemented through the vision of Mr Webster in 1980, 39 years ago and there was apprehension at the beginning. I ask the rhetorical question, "Has Social Security benefitted not only the workers (contributors) but also the citizens in general of Anguilla?" I know that you know the correct answer. The National Social Protection Policy therefore, has an encouraging precedent.

Social progress has continued under our watch but it is not our success alone. It is the success of leaders before us and the hard work of the often maligned public servants in collaboration with international organizations.

2. ECONOMIC AND FISCAL REVIEW

2.1 REVIEW OF THE ECONOMY 2018

Mr Speaker, government's budget and fiscal plans are underpinned by the prospects for the economy. With that in mind, I will now briefly recap what transpired in the economy in 2017 and review early estimates for 2018 as the basis for the 2019 outlook.

Mr Speaker, revised figures indicate that in real terms the economy contracted by **7.74 per cent** in 2017. Gross Domestic Product totalled **EC\$759.22 million**. All sectors recorded declines as can be expected following a natural disaster of Irma's magnitude. The Hotels and Restaurant sector, Wholesale and Retail and Transportation, Communication and Storage sectors all declined in excess of **10.0 per cent**.

Mr Speaker, following a year of economic decline resulting from the passage and impact of Hurricane Irma, prospects for 2018 were positive due to the expected growth in the construction sector as rebuilding and renovations took place. Estimates from the Eastern Caribbean Central Bank indicate that GDP totalled **EC\$779.51 million** with a growth rate of **2.67 per cent** in nominal terms. However, in real terms growth declined by **2.86 per cent**. The decline can be attributed to a slower than anticipated recovery in the tourism sector and reconstruction delays in both the private and public sector. While real growth was negative, the positive spin is that it shows signs of recovery from the significant decline in 2017. An assessment of the major economic indicators, such as demand for work permits,

construction activity, visitor arrivals, traffic, entertainment activities, all point to evidence of significant improvements in Anguilla's economy.

Mr Speaker, I will now provide a brief on what transpired within the main economic sectors. The top earning contributors in order of their value-add to total Gross Value Added (GVA) in 2018 were Hotels and Restaurant, Real Estate, Renting and Business Activities, Wholesale and Retail, Transportation, Communication and Storage, and Public Administration Defence & Compulsory Social Security.

Mr Speaker, the Hotels and Restaurant sector, the proxy for our economic mainstay tourism, was the top earning sector in 2018, totalling **EC\$102.73 million**. This represents a **25.0 per cent** decline relative to 2017 and a **5.0 per cent** decline in its historical percentage contribution to GDP, which averages approximately **20.0 per cent**. Mr Speaker, the last quarter of 2018 saw the rebound of the sector with all major properties and restaurants back on stream. We are poised to have a great 2019 in the tourism sector.

Mr Speaker, Real Estate, Renting and Business Activities was the second largest sector totalling **EC\$95.86 million** or **14.47 per cent** of GDP. Wholesale and Retail contributed **EC\$73.44 million** to the economy and is estimated to have grown by **25.0 per cent**. This can be attributed to activities in the construction sector and the preparations that were being made for the restart of the tourism season. The Transportation, Communication and Storage sector totalled **EC\$72.20 million** with a growth rate of **1.42 per cent**. This sector would have benefited from the spinoff activities related to construction and tourism activities. Public Administration Defence & Compulsory Social Security contributions totalled **EC\$69.9 million** and recorded minimal growth.

The Construction sector is estimated to have contributed **EC\$60.95 million**, recording **25.0 per cent** growth. This is expected to continue as rebuilding efforts continue and Government continues implementation of the major projects under the Anguilla Programme.

Mr Speaker, we remain optimistic that 2019 will be a year of real economic expansion as we continue our development with resilience in mind.

2.2 FISCAL REVIEW

Mr. Speaker, we will turn our attention to Government's fiscal position at the end of 2018. This involves a review of the recurrent revenue and expenditure accounts and combining this with capital accounts. Debt payments are taken into consideration to give a true picture of the Government's overall fiscal balance.

2.2.1 Recurrent Revenue

Mr Speaker, recurrent revenue for 2018 was conservatively estimated at **EC\$177.50 million** taking the potential impacts of Hurricane Irma on the economy in consideration. Actual

revenue totalled **EC\$199.53 million**, which represents **12.41 per cent** increase in collections above estimate and **3.92 per cent** relative to 2017 collections of **EC\$192.0 million**.

Mr Speaker, the main contributors to current revenue are Import Duty- Other, Customs Surcharge, Interim Stabilisation Levy, Import Duty- Fuel and Gas and Stamp Duty.

Collections under Import Duty- Other totalled **EC\$58.41 million**. This is **EC\$14.03 million (31.61 per cent)** above the estimate. Similarly, Customs Surcharge performed in tandem with Import Duty- Other surpassing the budget estimate to total **EC\$20.08 million**. The revenue performance can be mainly attributed to customs duties resulting from the importation of materials for recovery and rehabilitation associated with Hurricane Irma.

Mr Speaker, The Interim Stabilisation Levy's collections totalled **EC\$15.02 million**. Import Duty- Fuel and Gas totalled **EC\$12.02 million** and Stamp Duty totalled **EC\$9.15 million**.

2.2.2 Recurrent Expenditure

Mr Speaker, recurrent expenditure for 2018 surpassed the budget estimate by **EC\$3.70 million** or **1.83 per cent**. **EC\$202.15 million** was estimated and **EC\$205.85 million** was spent. Included in this expenditure was payment of **30.0 per cent** of deferred salaries owed to civil servants and **EC\$1.0 million** to the Anguilla Development Board.

2.2.3 Recurrent Balance

Mr Speaker, the recurrent balance, the difference between recurrent revenue and recurrent expenditure, was a deficit of **EC\$6.32 million** in 2018. This is an amount far below the approved deficit of **EC\$24.65 million** despite additional expenditure in a supplementary budget at the end of the year.

2.2.4 Capital Revenue & Grants

Mr Speaker, capital revenue and grants in 2018 totalled **EC\$ 34.12 million** from the UK Anguilla Programme (**EC\$11.53 million**), the European Development Fund (**EC\$14.39 million**), Global Britain Fund (**EC\$4.30 million**), CDB Emergency Relief grant (**EC\$0.54 million**) and Insurance Payouts (**EC\$0.75 million**).

Mr Speaker, the capital receipts during 2018 have been significant, totalling some **EC\$34.12 million**. Receipts of note were: **EC\$14.38 million** of EDF 11 Envelope A and B funds, **EC\$18.25 million** representing various UKG Grant contributions to capital projects including those under the Anguilla Programme and the Global Britain Fund.

The postponement of the Share Sale of Government's remaining shares in the electricity utility resulted in the non-realization of the capital revenue of **EC\$23.98 million** that was projected from this source.

2.2.5 Capital Expenditure

Mr Speaker, capital expenditure for 2018 totalled **EC\$24.41 million**. This represents **30.80 per cent** of the **EC\$79.25 million** that was budgeted.

It mainly comprised expenditure of **EC\$11.34 million** under the Anguilla Programme supporting repairs and upgrades at the Princess Alexandra Hospital and upgrades, repairs and planning for future expansion of school infrastructure. Additionally, a temporary passenger facility at Blowing Point Port was completed and three new fire tenders were purchased. Of the **EC\$6.7 million** allocation under the Global Britain fund, **EC\$2.90 million** was used to implement the GoA Infrastructure and Shelter repair programme and IT network resilience projects.

Admittedly, we have had a slow start. Bearing in mind that Anguilla has not been under a substantial UK development programme for well over a decade; there have been teething problems that contributed to delays with programming, planning and implementation but I am happy to say that for the most part we are getting back on track. We are happy to see our local contractors benefitting and we encourage them to step up and make every effort to be eligible and participate in future procurement exercises. We also expect good things from additional partnerships formed with firms such as WYG, which promises to make the process smoother. I take this opportunity to applaud all our staff across the various line ministries for their hard work to date and thank the Governor and his staff and especially the Anguilla Programme Manager for the successes to date and the pursuit of additional funds and arrangements to Anguilla's benefit.

Mr Speaker, on the locally funded side we were able to meet our ongoing capital commitments with **94.0 per cent** of the funds allocated being spent. **EC\$8.3 million** financed various initiatives under the local capital programme. Of note, we were able to support the repairs at the Princess Alexandra hospital, facilitate the substantial completion of the Fire Hall and Air Traffic Control Tower and completion of the Tourism Sector Development Consultancy that saw us open a key heritage tourism facility the Wallblake House which is a window to our plantation heritage – a key reminder of how far we have come.

2.2.6 Capital Balance

Capital receipts totalled **EC\$34.12 million** and capital expenditure totalled **EC\$24.41 million**. This translated into a surplus of **EC\$9.71 million**. These funds were put into a sinking fund, the purpose of which is to finance priority expenditures including not limited to, debt amortization payments.

2.2.7 Overall Balance

Mr Speaker, the overall balance for 2018 before amortisation is a surplus of **EC\$3.39 million** having recorded an **EC\$6.32 million** deficit on the recurrent account and **EC\$9.71 million** surplus on the capital account. Amortisation payments totalled **EC\$27.10 million**. Available financing totalled **EC\$40.20 million** from the Caribbean Development Bank to assist in meeting debt obligations.

2.2.8 Debt Report

Mr Speaker, sound debt management practices must continue to persist. Through our debt portfolio reviews, quarterly debt bulletins and debt sustainability analysis, government will continue to use these tools to monitor the debt situation and take the appropriate action to ensure that the debt level is consistent with the Fiscal Responsibility Act, 2013.

Mr Speaker, Preliminary estimates show that total public debt which comprises Central Government and Government Guaranteed debt increased by **EC\$8.07 million (1.56 per cent)** from the 2017 debt stock of **EC\$517.10 million (56.84 per cent of GDP)** to **EC\$525.17 million (67.37 per cent of GDP)** at the end of 2018. The increase is due to new borrowing and disbursements exceeding scheduled amortization. At the end of 2018 Central Government debt stock stood at **EC\$516.69 million**, an increase of **EC\$9.93 million** or **1.96 per cent** over 2017 debt stock of **EC\$506.76 million**. On the other hand, Government Guaranteed debt stock stood at **EC\$8.48 million**, a decrease of **EC\$1.82 million** or **17.67 per cent** when compared to the 2017 debt stock of **EC\$10.30 million**. Of the outstanding debt for the period under review, Central Government debt accounted for **98.39 per cent** of the portfolio while the remaining **1.61 per cent** was accredited to government guarantees comprising loans for the Anguilla Development Board, the Anguilla Tourist Board and the Anguilla Air and Sea Ports Authority. Domestic debt accounts for **58.22 per cent** of the portfolio and external debt the remaining **41.78 per cent**.

Mr Speaker, during the fiscal year 2018 new borrowing was attributable to Central Government to the tune of **EC\$40.23 million** from the Caribbean Development Bank (CDB) to finance recurrent expenditure. The instruments being:

- I. Hurricane Recovery Support Loan (CDB Refinance Loan) – **EC\$15.12 million** of which **EC\$15.07 million** has been disbursed. The loan was contracted to meet government's financial obligations to CDB for the remainder of 2018; and
- II. First Programmatic Stability & Resilience Building - Policy-Based Loan (PBL) - **EC\$25.11 million** that was fully disbursed during the month of October 2018. The loan was contracted to aid in the restoration of fiscal stability and to build resilience in the aftermath of Hurricane Irma in 2017.

Total disbursements for the fiscal year 2018 amounted to **EC\$40.42 million**. There were disbursements totalling **EC\$40.18 million** on the two new instruments contracted from CDB and a disbursement of approximately **EC\$240,000** on the Anguilla Community College (ACC) Project Loan contracted in 2014 from CDB. At the end of 2018, approximately **EC\$810,000** has been disbursed on the ACC Project Loan. There was no new borrowing or disbursements associated with Government Guaranteed debt in 2018. It is the Government of Anguilla's intention to borrow up to **EC\$15.00 million** during 2019 from CDB to finance its recurrent expenditure as outlined in the 2018-2020 Medium Term Economic and Fiscal Plan.

Mr Speaker, debt servicing costs have risen as a result of the increase in new debt contracted in 2016 and 2018 along with the heavy reliance on the ECCB Cash Advance Facility and the Overdraft Facility with the National Commercial Bank of Anguilla Ltd (NCBA) for cash flow needs. Central Government debt servicing cost is projected to increase from **EC\$46.09 million** (amortization – **EC\$27.10 million** and interest payments – **EC\$18.99 million**) in 2018 to **EC\$49.02 million** (amortization – **EC\$28.51 million** and interest payments – **EC\$20.51 million**) in 2019 which represents an increase of **6.36 per cent** or **EC\$2.93 million**. This Government stands committed to managing these increasing costs through prudent debt management.

Mr Speaker as you are aware, the Government of Anguilla is required to maintain public debt levels within three stipulated borrowing limits as outlined in the Framework for Fiscal Sustainability and Development (FFSD). The borrowing limits include the net debt and debt service ratios, which should not exceed 80 per cent and 10 per cent of recurrent revenue respectively, and liquid assets that should be sufficient to cover 90 days or 25 per cent of recurrent expenditure. At the end of 2018, preliminary analysis shows that Government was in breach of the three stipulated borrowing limits. The net debt ratio stood at **260.15 per cent**, the debt service at **23.58 per cent** and liquid reserves at **0.62 per cent** or roughly 1 day. The Debt to GDP ratio, the measure recognised by our regional neighbours and partners, is **67.37 per cent**, which is above the Central Bank benchmark of 60 per cent. Mr Speaker these are the transparent facts highlighting the importance of requisite actions in this period of transition to economic activity and growth.

Mr Speaker, as a responsible Government we will continue to engage in prudent debt management practices. We will continue our stabilization efforts in 2019 through our reform programmes as outlined in the 2018-2020 Medium Term Economic and Fiscal Plan that will minimise costs and risks as well as ensure that public borrowing is within the parameters of our debt servicing capacity.

3. RECURRENT EXPENDITURE 2019

Mr. Speaker, the Recurrent Expenditure Estimate for this 2019 fiscal year is projected to be **EC\$213.48 million** excluding amortisation of **EC\$28.50 million**. This is a **5.60 per cent** increase or **EC\$11.33 million** variation when compared to the 2018 approved recurrent

budget of **EC\$202.15 million**. This increase is due, in part, to the overall obligations of the Government.

Personal Emoluments for 2019 budget is estimated at **EC\$88.01 million** resulting in **2.41 per cent** or **EC\$2.07 million** difference over 2018 approved budget of **EC\$85.94 million**. This increase is as a result of the provisions being made for vacant positions across Government for the year. There is a marginal reduction in Retiring Benefits when compared to the 2018 approved budget of **EC \$10.76 million**.

Interest Payments, which includes both domestic and foreign, has an estimated budget of **EC\$20.58 million**, an increase of **EC\$1.69 million** from the 2018 approved budget of **EC\$18.89 million**. This increase is to facilitate an upturn in the variable interest rate and proposed new debt from the Caribbean Development Bank.

Goods and Services resulted in an overall increase of **EC\$6.25 million**, taking the 2019 budget to **EC\$47.89 million** from a 2018 approved budget of **EC\$41.64 million**. This was as a result of an increase in the budgets for training, supplies, rental of assets and claims against government. I would like to highlight that this includes **EC\$1.58 million increase** for training, which was significantly reduced in last year's budget. Hence, the Training budget allocated for 2019 is **\$4.69 million**.

Current Transfers has an estimated 2019 budget of **EC\$46.99 million**. This is an increase of **EC\$2.07 million** over the 2018 approved budget of **EC\$44.92 million**. Under this account, payments are made to statutory bodies, medical treatment overseas, public assistance, sports, youth, culture and arts development initiatives.

Mr. Speaker, I will now give a report on the various Ministries and their Departments. However, in many cases I will be presenting a summary of some of the projects and programmes, in the interest of time, allowing the various Ministers to make a more detailed reporting when they make their contributions to the debate next week.

3.1 H.E. THE GOVERNOR & DEPARTMENTS

The 2019 recurrent expenditure budget for H.E the Governor's Office and Departments is **EC\$26.98 million**. This represents an increase of **7.15 per cent** or **EC\$1.80 million** over the 2018 approved budget of **EC\$25.18 million**. This increase is mainly as a result of an upturn in Training which falls under the Department of Public Administration.

3.2 MINISTRY OF HOME AFFAIRS & DEPARTMENTS

The Ministry of Home Affairs has seen an increase in the 2019 recurrent budget with a total of **EC\$39.88 million**. This represents an increase of **4.34 per cent** or **EC\$1.66 million** when compared to the 2018 approved budget of **EC\$38.22 million**. This increase is as a result of

the minor adjustments to various departments in this Ministry including the Anguilla Community College.

Education

Mr Speaker, a primary focus of the Ministry of Education over the last year has been on the policy area of Access. Not only has the focus been on physical access, by means of infrastructural redevelopment of the entire education sector following devastation by Hurricane Irma, but also on socio economic access. With an all-inclusive focus, the delivery of education aims to meet the needs of all students regardless of ability.

2019 will see the continued redevelopment of the Education Sector, under the ***Education Sector Redevelopment Project*** and the beginning of construction of new campuses for three primary schools and Campus A of the Albena Lake-Hodge Comprehensive School. At the same time, we will focus on ensuring that we place our students on a level playing field for life, with an emphasis on institutional strengthening and the use of technology.

Immigration

Mr Speaker, the Department continues to place much emphasis on the overall development and improvement of the human resource and general services rendered. In this regard, over the past year several training exercises were carried out in areas such as prosecution, defence and combat skills, customer service and passenger profiling.

For 2019, the Immigration Department plans to further improve its efficiency and effectiveness by focusing on projects such as the upgrading of the Border Management System and other related software systems throughout the Department. Attention will also be placed on improving document security.

Library Services

Despite financial challenges faced in 2018, the Anguilla Library Service had a relatively successful year. There has been continuous growth in the use of information resources with a total 18,753 items circulated. The Acquisitions Librarian continues to keep up to date with the interest of the public and ensures that the materials acquired meet the needs of the patrons. Two new research databases were added to enhance services offered at the library; these educational sites provide access to relevant information.

With the usual support from institutions and individuals we facilitated the “Children’s Library Annual Summer Programme.” The 2018 programme focused on disaster preparedness and was produced in collaboration with the Department of Disaster Management.

Labour

Mr Speaker, the Department of Labour will continue to focus on its plan of action for the implementation of the remaining segments of the revised Labour legislation. Plans are also being formulated to amend current regulations, as well as to improve and strengthen those internal policies, procedures and systems that will guide the Department in its administration of the recently enacted Labour (Relations) Act 2018. As part of that initiative, efforts are being made to increase the Department's human resource capacity commencing in 2019.

Information and Broadcasting

Mr Speaker, Radio Anguilla is preparing to roll out its brand new two-kilowatt FM transmitter, upgraded studios and equipment, following losses suffered during the passage of Hurricane Irma in 2017. The new transmitter, coupled with its improved high gain antenna system situated on the government of Anguilla's communication tower at Crocus Hill, will provide all-island coverage.

Radio Anguilla has come a long way since the first broadcast in early April 1969 with a 500-watt transmitter from the British ship HMS Minerva which was anchored off Road Bay. This year will mark the 50th anniversary of Radio Anguilla! I extend heartiest congratulations to the management and staff, past and present, for reaching such a milestone.

Anguilla Community College

In 2019, the Anguilla Community College continues the celebration of its ten years of service to Anguilla. In the year, they plan to increase awareness of the institution and expand its impact in the community. For recent school-leavers, they are seeking to expand access to the programme offerings in hospitality, construction and business and to make them more flexible as qualifications by incorporating selected offerings into associate degrees. Greater emphasis will be placed on offerings leading to certification for persons already working in various industries. The primary area of focus in 2019 will be the hospitality industry where they expect to offer international industry certification for front desk staff, sommeliers and bartenders. They also intend to introduce broad-based management certification for middle and senior managers in the sector through the leading management training organization in the United Kingdom, the Chartered Management Institute. Training for certification is also scheduled for electrical linesmen and seafarers.

The College is also moving ahead with the construction of the new campus at Long Path. The project will be conducted in two-phases including one phase aimed exclusively at local contractors. Tenders have been invited, received, and are now currently being evaluated. Construction on both phases is expected to commence this year and be completed in 2020.

3.3 MINISTRY OF FINANCE, ECONOMIC DEVELOPMENT AND DEPARTMENTS

The 2019 recurrent budget for the Ministry of Finance is **EC\$82.31 million**. This is a **7.40 per cent** or **EC\$5.67 million** increase when compared to the 2018 approved budget. This variance is mainly attributed to the increased payments for debt, rental of assets and claims against government.

Economic Development, Investment, Commerce, Tourism Information

Technology

Mr Speaker, like economies of all small island development states (SIDS), Anguilla's economy is highly vulnerable to external shocks, events, and rules that are set by various international entities. Anguilla has an open economy and therefore stability or volatility of international financial markets have an impact on the stability of Anguilla's economy. That being said, the Government of the day has a responsibility to act prudently and has to incentivise economic investment and sustainable economic growth.

Financial Services

Anguilla, like other International Financial Centres in the region, faces continuous pressure related to shifting international regulatory standards on tax transparency and good governance. With this changing paradigm, it is paramount that Anguilla continues to protect its reputation as a responsible International Financial Centre by implementing best practice as it relates to international standards, whilst exploring new innovative and competitive product offerings.

Mr Speaker, these standards make up an alphabetic myriad of regulations and frameworks like BEPS (Base Erosion and Profit Shifting), FATF (Financial Action Task Force), CFATF (Caribbean Financial Action Task Force), FHTP (Forum on Harmful Tax Practices) to name a few. Part of being a reputable financial services centre is ensuring compliance with the various international standards and undertaking a national risk assessment. Mr. Speaker, Anguilla recently amended legislation to ensure that entities registered and tax resident in Anguilla have sufficient economic substance in the jurisdiction. This was based on a commitment to the EU and other international bodies. Anguilla's legislative measures to address this issue were positively received by the EU. However, despite the challenges of this new standard, there are also opportunities for our local service providers to up-skill and provide greater value added services. Work continues with stakeholders in the sector to not only meet this challenge, but to ensure that the opportunities that will arise from these changes are used to enhance the sector.

Mr. Speaker, in order to comply with commitments made to the UK Government and the European Union, Anguilla must implement an electronic platform of Beneficial Ownership

information on Anguillian entities. In order to fulfil this commitment, the Government with funding from the UK Government intends to upgrade the entire company registration system. The tender for this system was issued earlier this month.

Access

Mr. Speaker the Government has also adopted a multifaceted approach to improving access and airlift to Anguilla. Efforts and progress are being made with respect to ensuring that ferry and other maritime operations in Anguilla meet the required international standards and the return of the night ferry service.

Mr. Speaker, progress is being made with improving the transit points for travellers including the Anguilla St Maarten Ferry Terminal with the Blowing Point Ferry Terminal and Road Bay Jetty.

Mr. Speaker, the Government of Anguilla is about to enter into an Agreement with a competent air services development consultant to assist with the development of the US mainland to Anguilla route. Once the operation is technically feasible, flights will likely commence in the upcoming winter season.

Mr. Speaker, the Government of Anguilla is still pursuing the medium term upgrade of the Clayton J Lloyd international airport and work is ongoing with the CFAS consultants to complete the business case for the Airport. The Business case will also address the issues and challenges with the land that is needed for the extension of the runway. CFAS Consultants will be on the island shortly to advance this critical work.

Diversification

Mr. Speaker, we know that a small open economy like Anguilla's economy cannot tax or cut its way to sustainable growth. There is only one reasonable way to sustainable growth – investment from foreign and local investors. We will make a significant “carve out” for local investors, entrepreneurs and businesses. But this also requires our local business to think outside of the box and the traditional way of doing things in order be more competitive and to seize opportunities in a growing economy.

Mr Speaker, The Government of Anguilla strategy to creating new and improved economic activity in Anguilla includes pursuing opportunities like the Special Economic Zone and opportunities in financial services such as Financial Technology, Regulatory Technology and Insurance Technology. That is, to create a business and regulatory environment for businesses and firms that want to use artificial intelligence, machine learning, distributed ledger technologies to establish operations in Anguilla and provide goods and services to the rest of the world.

Mega Yacht Marina

Mr Speaker, we have made significant progress with our partners with respect to Marina development. In October 2018, we engaged the services of an international recognised firm in the area of marina engineering and waterfront development, Edgewater Resources, to spearhead our efforts in the area of Marina Development for five specific sites. This arrangement is bearing fruit as they have been in discussion with a number of potential developers and we are finalizing a request for proposals and timetable for the assessment of bids and a construction start date.

Protecting the local business sector while stimulating competition

The Government of Anguilla has enacted the Business Licence Moratorium Act. The overarching purpose of the limited moratorium is to give the Government of Anguilla time to properly review the current business licence regime with a view to creating a better regime for protecting and safeguarding Anguillian businesses while encouraging competition and ensuring that consumers have choice and protection.

Small and medium Enterprises Recovery, Resilience, Innovation and Development

Mr. Speaker, Governments of Anguilla have pronounced their commitments to promoting, and supporting the growth of locally owned small and medium enterprises. Such businesses often cannot access the tax concessions granted to foreign investors.

The Anguilla Development Board, on a limited scale, assists small and medium enterprises. More recently, the Department of Youth and Culture started a programme with a focus on youth entrepreneurs. These initiatives are commendable but they only scratch the surface.

Many of our local small and medium sized businesses were badly hurt by the deep recession and slow economic recovery in the decade 2008 to 2017. They also had to deal with hurricane damage, Irma in 2017 being the most destructive. A specific programme must be put in place specifically to address recovery, resilience, innovation and development of such businesses.

Mr. Speaker we must change this without delay. Our small and medium businesses are critical to our economy. We will urgently implement policy, legislation, regulations and systems to support small and medium enterprises, including a fund to provide grant and concessionary financing, technical assistance and training, promotion and marketing programmes.

Anguilla Tourist Board- Expanding Tourism (where we are, what are we doing)

Mr. Speaker tourism is by far the main engine of Anguilla's economy. Therefore, the Government will commit more funds to tourism related marketing and promotions activities

in 2019 to support the 2019-2020 goals of the ATB. We already seen the returns of the increased investment in marketing by both the private sector and the public sector.

Mr Speaker, Tourists (stay-over visitors) to Anguilla for the month of January 2019 was the highest recorded figure of arrivals to the island for the 'January' period as far back as 1993. It totalled 8,906, an increase of **217.62 per cent** over its corresponding 2018 figure of 2,804 and **20.17 per cent** higher than the second highest figure recorded in 2007 of 7,411 tourists. The previous month, December 2018 also recorded the highest figure for a 'December' period as far back as 1993. 2016 was a record year of Tourist arrivals to Anguilla. Up until the passage of Hurricane Irma in September 2017, tourist arrivals in 2017 were ahead of the 2016 numbers. The December 2018 and January 2019 numbers are showing from a data perspective that Anguilla is back.

Mr Speaker, to meet the desires of today's travellers the Anguilla Tourist Board (ATB) will focus its marketing activities on the 5 Pillars of the Anguilla Experience: Romance, Adventure, Events & Culture, Foodies and Health & Wellness.

Mr. Speaker the ATB's goals for 2019-2020 are to increase occupancy to 60 per cent by 2020; increase Tourist Arrivals by 20 per cent annually; increase Length of Stay; increase Average Visitor Spend on Island; greater private sector cooperation; and create Beyond Extraordinary guest experiences.

Mr Speaker Hurricane Irma provided the perfect opportunity for Anguilla to redefine its position; to re-emerge with an over the top visitor experience; to come back bigger and better; and to successfully communicate this to our markets. These enhancements will go beyond our rooms to include the exploration of new markets, as there are a number of untapped markets, both geographic and demographic, that provide opportunities for Anguilla to develop and expand its tourism market. Examples of these include Latin America, Incentives and Groups, and Cruise Tourism.

The ante needs to be upped on Anguilla's tourism product if Anguilla is to continue to remain competitive in terms of product diversity. As part of the ATBs mandate, various programmes will be developed in collaboration with the Government of Anguilla with regard to Regulatory Standards for the Tourism the various sectors within the tourism Industry.

Mr Speaker, I would like to thank our industry partners for their efforts following the storm in ensuring that our tourism sector was ready for the start of the season. It was a demonstration of true resilience. We look forward to working with you as we continue to explore partnerships that will make our goals a reality.

Anguilla Social Security Board

Mr Speaker, The Social Security Board (SSB) continues to play a vital role in assisting Anguilla in "Building Pathways to Resilience in Development", confirming the continuing veracity of my statement made many years ago that it is "the most important institution for

Anguilla's socio-economic development'. It has proven to be resilient and proactive over the years, notably assisting thousands of Anguillians after substantial job closures after Hurricane Irma and introducing a Temporary Employment and Underemployment Benefit.

The SSB is embarking on a Transformational Strategic Plan 2025 designed to deliver "Transformational Social Security". Its Mission Statement is to "Transform the Quality of Life in Anguilla through meaningful Social Security, Community Empowerment and National Development with a strong, sustainable fund". It proposes to do this in four areas: Satisfied and Socially Secure Beneficiaries; Satisfied and Compliant Contributors (Employers); Satisfied Citizens and Vibrant Communities; and Satisfied Government.

Regarding the latter Mr Speaker, the SSB proposes to enhance value to Government through engagement, advocacy and support for national impact projects. The most recent of these national impact projects are the Marina Industry Study and Marketing, and the Port Development projects at our main cargo port, Road Bay, and our main passenger port, Blowing Point. The SSB is also delivering on "enhancing value to citizens and communities through engagement, education and empowerment" via its Social Security Development Fund.

Mr. Speaker, the Government of Anguilla is pleased that a home-grown institution such as the Social Security Fund is strong (almost \$400 million strong), and able to play such a critical role in our national development, while paying careful attention to the needs of each individual beneficiary. In fact, last year the SSB paid out just under \$21.5 million in benefits to thousands of beneficiaries. I am also proud to announce that in January 2019, the SSB became the first Commonwealth Caribbean social security system to implement an extension in Maternity Benefits to meet new ILO standards, and the first to introduce Paternity Benefits. The Board also expects during 2019 to commence the redevelopment of the area commonly known as "The Strip" with aesthetically pleasing and commercially viable rental units as well as its own administrative offices; to comprehensively review the existing Social Security legislation; to advance plans for a National Health Insurance system, and to introduce a cutting-edge ICT system to transform customer service delivery and overall operations.

Data driven decisions

Mr. Speaker, in our drive to accomplish all of the various initiatives, goals and objectives, it is extremely important that all our actions are supported by empirical evidence, be it basic data or models using the appropriate data. The data driven decision approach would allow us to make government decisions, which are underpinned and substantiated by quality data. This approach will be highly reliant upon the availability of quality data, data which is relevant, accurate, timely, accessible, interpretable, and coherent. Mr. Speaker we cannot manage what we cannot measure.

A data driven approach would therefore allow us to gain a competitive edge and improve our business processes and remain customer focused. Mr. Speaker this data driven approach is inherent in the new information systems that are being implemented across Government of Anguilla like the Land Information System, revenue information system, financial information systems and the beneficial ownership system.

Mr. Speaker external pressures such as the UN Sustainable Development Goals (SDG) has 'forced' governments, who wish to measure their position in relation to other nations as it relates to these goals to take a data driven approach to managing government.

3.4 MINISTRY OF SOCIAL DEVELOPMENT

The Ministry of Social Development has a 2019 recurrent budget of **EC\$49.43 million**. This is a **2.38 per cent or 1.15 million** increase from the 2018 approved budget of **EC\$48.28 million**. This difference is mainly attributed to increases in public assistance and the GET SET Entrepreneurial Programme.

Ministry of Health, Social Development, Lands & Physical Planning

Mr Speaker, "Building Pathways to Resilience in Development," would not be possible without development in our Social Sector. The Ministry of Health & Social Development continues to work to build such pathways. Following the restructuring of the Ministry in 2018 new units, departments and services were added. In November, a Clinical Psychologist was appointed to offer full-time psychological services to the clients. To date, the psychologist has formed relationships with and received referrals from various governmental departments within the Ministry of Social Development and other governmental agencies. The focus for 2019 will be increased mental health awareness and intervention throughout the Anguillian population. This will be achieved through various outreach projects and the implementation of a public psychology clinic which will allow clients from the general population to receive psychological services. It is imperative that mental health difficulties in our population are adequately addressed in order to promote a healthier, more resilient Anguilla.

Mr Speaker, the Gender Affairs unit also joined the Ministry of Health and Social Development in 2018 and successfully executed the annual Women's Week, the annual Men's week and the 16 Days of Activism. The focus in 2019 will be the development of a National Gender Policy and Action Plan as well as strengthening interventions for Domestic Violence and Gender-based violence.

The Ministry, in collaboration with the Anguilla Social Security Board, continues its work on health financing and received the first draft of legislation produced by a consultancy jointly funded by the Pan American Health Organisation. In this regard, the goal of the Ministry is to provide Universal Health Access for the people of Anguilla.

Mr. Speaker the Ministry also worked tirelessly to ensure that the health services, which were damaged during the passage of Hurricane Irma, are retrofitted in a sustainable and resilient manner. In this regard, the Princess Alexandra Hospital has been brought back to a higher level of operations than before, and work continues to complete this transformation in 2019.

Mr Speaker, important steps were taken to curtail the use of cigarettes and tobacco products by approving initiatives to address this problem in three areas: Protection from exposure to tobacco smoke, Packaging and labelling of tobacco products and Tobacco advertising, promotion and sponsorship. Legislation will be developed in 2019 under these three broad areas.

Department of Social Development

Mr Speaker, the year 2018 was a difficult year for the Department of Social Development as the aftermath of hurricane Irma lingered far into the year. Social workers continued to work with families and children through counselling services as well as the provision of basic needs. These were supplemented through some relief supplies.

With high priority being placed on the safeguarding of children, the department benefitted from training, which provided workers with the skills, required to implement the recently passed Child Protection Act. The development of a Social Protection Policy will provide greater accountability and enhanced partnership in meeting the needs of the vulnerable in society. The recently passed Maintenance of Children Act and the Status of Children & Parentage Testing Act will protect the rights of our children.

Today social work is being delivered within a very volatile environment in which the threats to workers have become real. The Social Workers in particular must therefore be commended for their engaging commitment to their calling in the best interest of the clients they serve.

Department of Probation

Mr Speaker, the Department of Probation marked thirteen (13) years of working with and monitoring offenders/wrongdoers in the community and Zenaida Haven, Juvenile Residential Centre observed nine (9) years in operation. 2018 was a year of recovery and reflection for the Department of Probation. While an ambitious work plan was undertaken, it was quickly realized that following the lingering impacts of Hurricane Irma, a slow and steady pace would yield best results. Community engagement and sensitization were an important focus for the Department in 2018. In 2019, the Department will partner with the OECS, UNICEF and others to work on comprehensive Juvenile Justice Reform and on strengthening rehabilitation services.

Her Majesty's Prison

Her Majesty's Prison's focus for 2018 was to continue developing rehabilitation programmes. The Prison classroom was impacted by Hurricane Irma, but is now up and running with Prisoners participating in a range of educational programmes. The perimeter fencing is being repaired and training for staff continues through support of the Foreign Commonwealth Office for the Overseas Territories.

Department of Sports – *Towards a Healthier Happier Anguilla*

Mr Speaker, Sports continues to be a platform on which our people find joy in participation and pride in the excellent performance of our nationals. In 2018, with the National Sports Policy and the Strategic Plan as the road map, the Department of Sports has made good strides. We have been able to collaborate with several agencies in promoting and advancing the agenda of a Healthier Happier Anguilla, most significantly with the Move Ya Body – National Health Campaign. 12 athletes represented us with pride and passion at the Commonwealth Games 2018, Gold Coast, Australia. Zharnel Hughes, Shara Proctor, Hasani Hennis, Artesha Richardson, Rechelle Meade and other children of our soil continue to command attention on the world stage.

As we enter 2019, we are buoyed by the opportunities before us. Our strategic focus will be on:

- Continued Strengthening of our Sporting Associations;
- Expanding our programs in communities and for diverse groups;
- Infrastructural development of the Ronald Webster Park and other sporting facilities across the island; and
- Enhancing the Tourism product through Sports.

Department of Youth & Culture

Mr Speaker, the Department of Youth and Culture will continue work on the redevelopment of a new National Youth Policy for Anguilla. The Department was successful in 2018 in securing **US\$120,000.00** in grant funding from UNICEF and the Commonwealth Secretariat (Commonwealth Youth Programme) to spearhead the project. Our national youth policy framework must be fit for purpose, reflect new challenges, create opportunities and appropriately position our young people as active participants in national development. The Department will also continue its efforts to further develop and strengthen our cultural and creative industries. As a direct result of sound financial management, painful reductions in expenditure between 2016 - 2018, support from the Ministry of Finance and our stakeholders, the Anguilla Summer Festival was able to eliminate its outstanding debt. Time

tested fiscal restrictions will be implemented in 2019 to ensure that the Festival is implemented within budget. The island's main festival will celebrate its 45th Anniversary this year. The festival will be rebranded this year with the tagline "Beach. Boats. Bacchanal". Focus will also be placed, in 2019, on the establishment of an independent Festivals Commission/Foundation to further develop and manage our existing network of festivals on the island.

National Chronic Disease Unit

The Chronic Disease Unit (CDU) continued the implementation of the National Chronic Disease Action Plan, specifically, the Steps Survey recommendations. The unit commissioned the first cycle of the Move Ya Body Campaign in collaboration with the Dept. of Sports. This entailed a mass media strategy designed to modify unhealthy practices with a focus on unhealthy diet and physical inactivity. The unit facilitated training workshops among community leaders in the Self-Management of patients with chronic disease.

The principle focus for 2019 is to continue the implementation of the NCD plan of action, the implementation of the mental health policy and to commence the implementation of the sexual and reproductive health policy.

Department of Health Protection

Mr. Speaker, despite resource challenges, we must commend the work of the Pan American Health Organization/World Health Organization (PAHO/WHO), CARPHA and Public Health England in alleviating these challenges, through continued provision of materials and equipment, which have been valued in excess of **EC\$1.0 million**.

Mr. Speaker, the health and safety of the public is crucial for wellbeing and productivity in the work place. Significant training of officers in occupational health and safety, indoor air quality monitoring and overseas laboratory attachments, will facilitate the development and implementation of sustainable policies and surveillance programmes designed to mitigate health risks in work environments. Similar training in water quality, recreational water quality and imported foods surveillance and control will enable the Department of Health Protection to protect the public from food borne illnesses.

For 2019, the Department of Health Protection will work on developing operational procedures and update antiquated legislation to protect the health, safety and wellbeing of locals and visitors alike.

Health Authority of Anguilla

The year 2018 was a challenging but successful year for the Health Authority of Anguilla (HAA). The rehabilitation work at the Princess Alexandra Hospital's (PAH) main wards and the opening of the Cluff Maternity Ward were received with positive reviews from the

general public. The upgrade of the electrical system at the hospital and the installation of two FG Wilson generators with tanks capable of sustaining the hospital for 10 days are celebrated accomplishments.

Mr. Speaker, the HAA is also upgrading its surgical equipment for 2019 allowing that institution to conduct laparoscopic surgical procedures. Additionally, the CT Scan will be commissioned by General Electric to begin service by mid-2019 and a new Management/Patient Information System, funded by the U.K. Government under the Anguilla Programme, will be implemented in 2019. All these initiatives combined with training in the health, medical and nursing sciences for staff are geared at improving patient experiences at the HAA and improving outcomes.

As the only 24-hour health facility PAH must be reliable and resilient. Hurricane Irma highlighted this facility's weaknesses and work is being undertaken to ensure that the PAH is a beacon of resilience for health facilities in our region.

Department of Lands and Surveys

Mr Speaker, the Department of Lands and Surveys remains committed to delivering quality, accurate and reliable service to all of its customers including foreign investors, businesses and the people of Anguilla, in the coming year and beyond. The Department is pleased to announce that significant progress has been made towards the implementation of the Land Information System (LIS) and expect the first stage of the implementation to commence in 2019. The LIS will enable on-line submissions of surveys and/or registrations, amongst other things, and will assist with streamlining the registry processes. Undoubtedly, the LIS will assist in creating an efficient land market while also sharing in the Government's long-term vision of promoting good governance, self-sustainable growth and economic autonomy over the medium to long term.

Department of Physical Planning

In building pathways to resilience in development, the Department recognises that land-use planning is the single most critical approach for bringing about sustainable hazard mitigation. The Department is therefore determined to provide a basis for charting courses of action, so that vulnerability is reduced in ways that are optimal, given the unique circumstances, future prospects, and goals and aspirations of our people.

The overall aim is to promote a more resilient economy through the facilitation of proper land use planning and building practices, the creation of planning policy, appropriate legislation and development plans to support wise and orderly development. Furthermore, the Department continues to work in collaboration with various Government Agencies and the OECS on a Global Climate Change Alliance Project which focuses on Climate Change Adaptation and Sustainable Land Management.

3.5 MINISTRY OF INFRASTRUCTURE AND DEPARTMENTS

The Ministry of Infrastructure has a 2019 recurrent budget of **EC\$14.88 million**. This is a **7.49 per cent** or **EC\$1.04 million** increase when compared to the 2018 approved budget of **EC\$13.84 million**. This additional funding is needed to procure supplies to equip the newly acquired fire trucks.

The Ministry of Infrastructure

Mr Speaker, The Ministry of Infrastructure, Communications, Utilities, Housing, Agriculture, Fisheries and Environment is committed to the task of maintaining and rebuilding the island's public physical infrastructure and the preservation and development of its natural resources. This work has continued despite Post Irma Challenges, limited human resources and continued financial constraints.

The Ministry will continue to lead on critical works in the maritime sector and is progressing with the development of a maritime policy through the assistance of the United Kingdom Maritime Coastal Agency (UK MCA). This policy will chart the way forward for the sector and Department responsible by providing clear guidance in line with international requirements on shipping operations, security and response to pollution of ships and safety of life at sea.

Department of Infrastructure

Mr Speaker, The Department of Infrastructure will be focusing on three critical areas for 2019:

Roads: In 2018, routine and periodic road maintenance activities were executed throughout the year with a continued focus on road safety. During 2019, subject to the availability of financing, the Chapel Hill road is scheduled to commence and has been included in the 2019 – 2020 capital projects. A number of other strategic road projects are also planned for execution during 2019.

Buildings: The primary focus of the Building Section during 2018 was on the planning and execution of a number of projects under the Anguilla Programme, financed by the UKG grant funds. The relocation of a number of government departments to the former NBA building has been a positive move towards centralized office accommodation.

Vehicles: The Government's fleet of vehicles continues to deplete as a result of the impact of hurricane Irma, age, and poor condition of the vehicles. Records kept by the fleet Manager will show that the demand for vehicles is significantly greater than the supply and as a result a number of departments' programmes continue to be negatively impacted. There is therefore an urgent need to implement in early 2019, the recommendations of the Vehicle Replacement Strategy that forms part of the Vehicle Usage Policy. The proposed acquisition

of additional fit for purpose vehicles will enable Government departments to execute their programmes in a more effective and efficient manner.

Department of Agriculture

Mr Speaker, The Department of Agriculture is pleased to see the renewed interest in farming mainly from the younger generation and is working closely with these farmers to reduce our food import bill and improve the quality of food.

They are in the process of sub dividing government arable lands in the Valley Bottom and Landsome areas with the intent of redistributing it to a larger number of persons interested in farming on the island. The Department continues to work closely with the National Farmers Association, the Anguilla Beautification Club and other government and non-governmental organizations to promote agricultural production at all levels.

The reintroduction of the Agricultural exhibition and open day will encourage all Anguillians and visitors alike to not only grow what they eat but also eat what is grown locally.

Department of Fisheries and Marine Resources

At the start of 2019, the Department of Fisheries and Marine Resources hosted and co-hosted three regional workshops in Anguilla, as part of the Department's efforts to mobilise fishers in a united body and to encourage stewardship and sustainable innovative ways to boost the fishing industry.

Based on the increase in tourist arrivals last year, in comparison to previous years, it is anticipated that the 2019 fishing industry will be very lucrative, and that the Department must have an improved working relationship with fishers, to be better informed to make decisions for the development of the industry.

Anguilla Fire and Rescue Service (AFRS)

Mr Speaker, in 2018, the department managed to procure three state of the art appliances through the UKG funds. Two Rosenbauer Panther Crash Tenders were purchased to provide Rescue and Firefighting to the Aerodrome and one Domestic S80 Commercial Pumper to provide Rescue and Firefighting to our citizens and visitors. Further, the department purchased some critical pieces of equipment that has greatly enhanced its service delivery as an emergency service provider. The AFRS will also be moving into its new premises, the Combined Services Building.

The AFRS has set a number of ambitious objectives for 2019/2020, which include Fire Certification of Business Premises, Home Fire Service Programmes for the Elderly, and further certification and training of AFRS Officers. The AFRS will continue to ensure a safe and efficient service is delivered to the people and visitors of Anguilla.

Department of Environment

Mr. Speaker, The Department of Environment (DoE) continues to function as a collaboration, lead and support agency. The DoE continues to serve as focal point for climate change, energy efficiency, the Bio-Economy, Sustainable Development and Environment Management for Government. The Department will continue to facilitate the further development of the Anguilla Data Gateway, an online portal that will be a resource to the various agencies, the soon to be developed Land Information system and a potential economic tool for research and consultant firms. The Department views true efficiency in the acquisition of the Former NBA Building. It will result in a net benefit of new government accommodation, improved ease of doing business, reduction in energy costs and effective and efficient consumption of resources on Government's behalf.

In 2019, The Department will be advancing the Environment Management Act and associated regulations; placing a new face on its Public Awareness and Conservation Education programme; commencing the Global Climate Change Alliance Streamlining Green Waste Project for the production of compost as a soil additive; reconfiguring the Mid-Atlantic Environment Research Institute; collaborating with Department of Customs' Global Green Customs Programme, developing a Natural Capital Accounting system for the Government of Anguilla; continuing ongoing project work with the Darwin Initiative awarded Project with Disaster Management and the Anguilla National Trust; and delivering and supporting the growth of a Green Economy.

The Department of Environment is grateful for external funders, specifically Joint Nature Conservation Committee who would have provided lap tops to aid in the fulfilment of their projects which were running at that time.

Housing

Mr. Speaker, the deep recession and slow economic recovery in 2008 to 2017, worsened by the banking crisis and the impacts of hurricanes, notably Irma in 2017, devastated housing and homeowners. Housing as a major component of household budgets has a dominant impact on the quality of life. Many struggled to pay their mortgages only to be struck a second terrible blow by Hurricane Irma. While much progress has been made since the Hurricane in the recovery of our housing, too many homes remain unrepaired, just by casual observation.

We must not leave behind our fellowmen who need support and assistance to repair and restore their homes. Now is the time for us to begin a sustainable programme.

We will, Mr. Speaker, as a matter of priority and urgency begin setting up a housing recovery, resilience and development programme to further carry forward our commitment to "Building pathways to resiliency and development". We are seized by the "urgency of now".

With our public and private sector stakeholders at home and abroad, we will boldly move forward.

It is the right thing to do Mr. Speaker. We will do it.

Anguilla Air and Sea Ports Authority

Mr. Speaker the Anguilla Air and Sea Ports Authority (AASPA) came into being in 2009 and is tasked with the responsibility of managing the commercial ports of Anguilla, namely the Clayton J. Lloyd International Airport, the Blowing Point Ferry Terminal, Road Bay Cargo Port and small passenger jetty, Corito Fuel Terminal Port. AASPA, which is responsible for the commercial gateways of Anguilla, has withstood a number of growing pains including the impacts of hurricane Irma and is now well on its way to modernising the commercial ports and gateways of Anguilla. Mr. Speaker the commercial gateways are essential to Anguilla's tourism product and offering.

Mr. Speaker AASPA, the Ministry of ICUHAFE and the Governor's Office are set to commence the construction of the Road Bay Jetty and the Blowing Point Ferry Terminal before the end of the third quarter of 2019. The combined services building at the CJLIA will be commissioned shortly. Mr. Speaker, I would like to thank the British Government for their assistance with the aforementioned projects, including the provision of well needed fire tenders. The significant increase in private jet traffic at the CJLIA and ferry and charter boat movements are a testimony of marketing and also the efforts of AASPA to improve the current facilities, operations and safety of travelling public even while preparing for new facilities. In fact, Mr. Speaker AASPA was a finalist in the Jane's Air Traffic Control Awards 2019 in the category of Service Provision Award – for contributions to a safe and efficient airspace. Mr. Speaker, I would like to acknowledge the tremendous leadership of the Chairman of AASPA and the other board members and officers.

Water Corporation of Anguilla

Mr. Speaker the Water Corporation of Anguilla (WCA) came into being around 2008. It too has had some growing pains. However, as a Government we recognize the significant challenge that was inherited by the current Minister, Board and Management of the Water Corporation and the robust progress that is being made with respect to 24/7 availability of potable water. Mr. Speaker most persons in Anguilla that are on the public water system will now acknowledge that significant progress has been made with respect to addressing the 24/7 availability of water as a result of the successful efforts of the WCA to engage a new water provider. Mr. Speaker in addition, the WCA has made progress with addressing the unaccountable water, metering, leak detection, standard operating procedure for pipe laying and pipe fitting and better management structures. The possibility of reducing the unit cost of water to farmers is presently being looked at, taking into consideration that food security is of utmost importance.

Mr. Speaker, I would like to acknowledge the tremendous leadership of the Chairman of the WCA and the other board members and officers.

4. RECURRENT REVENUE 2019

Mr. Speaker, the recurrent revenue estimate for 2019 is **EC\$208.36 million**, which is a **17.39 per cent** increase over the 2018 recurrent revenue estimate of **EC\$177.50 million**. This projection is based on economic growth expectations as well as improvements in tax administration and compliance.

I will now provide the 2019 recurrent revenue estimate breakdown.

Mr. Speaker, **27.43 per cent** of total recurrent revenue is projected to be collected from Duties and is estimated to total **EC\$57.16 million**. Taxes on Domestic Goods and Services that account for **21.96 per cent** of total revenue is estimated to be **EC\$45.75 million**. Of that total, Accommodation Tax accounts for **EC\$ 19.95 million**, and Stamp Duty, **EC\$9.80 million**. Taxes on International Trade continue to be a major source of revenue in 2019 and collections under this category are anticipated to be **EC\$28.16 million** or **13.52 per cent** of recurrent revenues. Revenue from Licences is estimated at **EC\$16.58 million**.

Taxes on Income, including the Interim Stabilization Levy, are expected to generate **EC\$15.22 million**. This is consistent with the 2018 actual outturn of **EC\$15.52 million**.

Taxes on Property is projected to bring in **EC\$ 7.0 million**, a **9.03 per cent** increase over actual collections for 2018 of **EC\$6.42 million**.

Mr Speaker, while we are on the topic of recurrent revenue, I will take this opportunity to update the public on our plans for the implementation of a Goods and Services Tax. This is to be implemented in three phases.

- Phase 1 is the implementation of the Interim Goods Tax (IGT) by 1st June 2019. It is a revenue neutral reconfiguration of Customs Duties (a reduction of average tariff rate from 12.9 per cent to a figure to be determined) and Customs Service Charges (an increase from 6 per cent to a figure which allows for recoup of revenue lost as a result of customs duty reduction). The IGT will be repealed, with the exception of a small amount for cost recovery, at the onset of phase 3 of the process.
- Phase 2 is the introduction of a partial Services Tax covering hotel accommodation, electricity, communications and wholesalers by 1st January 2021.
- Phase 3 is the expansion of the Services Tax to include all other services by 1st January 2023.

Customs and Tax Advisors to facilitate implementation commenced work on March 11, 2019 through funding from the UK Government. The UKG is also funding a Tax Administration Information System to replace SIGTAS which is now 20 years old. The Ministry of Finance will be facilitating consultations with the various stakeholder groups to obtain their input.

Mr Speaker, at this juncture I would like to thank the staff of the Inland Revenue Department and HM Customs for the work done in 2018 that assisted us in surpassing our targets and for their continued efforts in 2019. These two departments will be key in the implementation of GST and will need the support of the general public as they carry out their duties in our development efforts.

5. CAPITAL REVENUE & GRANTS 2019

Mr Speaker, capital revenue in 2019 is anticipated to be **EC\$23.98 million** from the ANGLEC share sale. Capital Grants for 2019 are estimated at **EC\$13.4 million** from the EU's European Development Fund Programme.

6. CAPITAL BUDGET

Mr Speaker, the proposed Capital Budget for 2019 is **EC\$16.8 million**. This will be financed by **EC\$9 million** of the **EC\$13.3 million** European Development Fund allocation for 2019 and the CDB loan for construction of the Anguilla Community College.

At first glance/listen, this is substantially less than in previous years. This is due to the simple fact that the UKG grant funds being provided under the Anguilla Programme are subject to a separate administrative and accounting system and as such will not be appropriated as part of the formal capital budget. The Anguilla Programme is still the most significant element of our capital investment programme over the next three years and you will certainly receive reports on the expenditure and physical progress. We thank the UK Government for their support and look forward to, among other investments, the completion of the new Blowing Point Port, the development of our secondary and primary schools, the much needed upgrade of the Princess Alexandra Hospital and the construction of new Polyclinics in the Valley and the West.

So with major areas of infrastructure development being addressed under the Anguilla Programme, we are able to be very strategic and targeted in our remaining investments. While the amounts are much smaller, we can focus on areas that support and complement existing programmes or create cohesive linkages across the capital investment programme therefore making it more resilient, more sustainable and more effective.

Mr Speaker, let me illustrate this for you.

The capital budget is financing the crucial master-planning exercise that informs both the construction and the institutional strengthening and operations of the new ALHCS. The work does not stop at the construction of the school. The 2019 capital budget features investment in the continued integration of TVET into our national educational and training provision. This will improve secondary education service delivery through the necessary accreditation and certification mechanisms, while creating better linkages with the private sector. In order to achieve this, we have to ensure that the education provision is responsive to the needs of our labour market and the planned development for our country. Through the implementation of Labour Force and Labour Market Surveys we capture basic information on the size and structure of Anguilla's workforce along with factual data about the needs and demands of the labour market. This is the vital information and evidence that can inform the teaching curricula and subject offerings at our educational institutions with human resource development that can meet industry needs.

This is just one example of interlinked, interdependent and supporting initiatives. There are others that seek to further address our economic and financial resilience. While the Anguilla Programme addresses the development of the Blowing Point Port, under the capital allocation for Tourism Sector Development there will be an acceleration in marketing efforts as well supporting actions in conjunction with our partners in the Anguilla Tourist Board and the private sector to secure a USA-AXA flight in the not too distant future.

Mr Speaker, our thoughts must always turn to that of our physical and environmental resilience. We continue our participation in the CCRIF and the annual capital allocation towards Disaster Mitigation and Recovery that facilitates an immediate response should the unthinkable happen. As a Government, we strive to be an example as we build resilience in our operations through the underground networking of government services, and greater financial and energy efficiencies which will be realised with the relocation of Government Departments to the former NBA building and the planned implementation of the recommendations of the GoA energy audit that was undertaken with the assistance of the Caribbean Development Bank.

Mr Speaker as I close out I turn my attention to BREXIT and the decisions and potential outcomes that loom ever closer. We acknowledge the UKG's promise that existing commitments under the current EDF Programme will be honoured.

As we look past 2021, potentially the end of EDF support and post Irma Anguilla Programme support from the UKG, we are very aware that this is but a scratch on the surface of our development needs and aspirations. While we may one day lament the loss of the EU family as a development partner we use these last moments to secure lasting alliances such as advocating to be considered as an outermost region and an arrangement with Greenland to exchange ideas on tourism and fisheries.

We turn to the UK with the expectation of nothing less than what we have enjoyed - a partnership borne out of mutual respect and support for a self-determined development

agenda, aligned with our own processes and in conjunction with other development partners.

Mr Speaker, it will be an uncertain time as we are unable to predict our sources of capital support beyond 2021. While we are confident that ongoing and planned development initiatives will begin to bear fruit, the competing demands of balancing the budget, meeting our debt obligations, building reserves and the everyday business of providing Government services presents a challenge. It is a challenge to imagine how we will do it all and advance our development as a nation. We must be open to new arrangements and explore new sources and ways of helping ourselves.

Resilience is today's watchword, so I end with what I know for sure – the resilience of Anguilla and Anguillians as a people.... adversity? maybe, defeat? never!

7. CONCLUSION

Mr. Speaker, I sincerely apologize to you as well as the Clerk and staff of the House of Assembly for the inconvenience that you once more had to endure in conducting this presentation and other meetings of the House in these cramped and borrowed accommodations. Unfortunately, we are still in restoration mode. But also let me take this opportunity as well to thank the Judge, Magistrates and their staff for allowing us to use their facilities very often on short notice. You have been exceptionally generous in your support.

Yet another time I must express my sincere appreciation for the patience and tolerance demonstrated by this almost captive audience of invitees here in the gallery to my lengthy presentation. Of course I appreciate listeners on the various media in the comfort of their homes; cars; and offices as well. Fortunately for them they have the luxury of tuning out without causing the appearance of insult. I humbly apologize if it may appear that I have not shown much consideration for your valuable time. Unfortunately, I must also be careful not to abridge the tremendous effort that all my colleagues put into this exercise. I have genuinely tried to balance these competing concerns in the delivery of this Budget Address.

Mr. Speaker, as I indicated just a moment ago all that I have said today is taking place in the midst of uncertainty regarding our future and that of the United Kingdom as a consequence of the failed negotiations with the European Union. In a word: the spectre of a “no deal Brexit”. The Prime Minister in a last ditch effort is seeking an extension of the negotiations to June 30th. Our UK & EU Office Representative, Mrs. Blondell Cluff, and her staff have been working assiduously over the last two years to bring attention to the impact such an outcome could have on Anguilla as a border state to two European territories, namely, St. Maarten/St. Martin. Our historical, social, economic, and familial relations with these two territories may now be seriously affected and the Government must now address itself to dealing with the consequential challenges.

The other subject that has not dominated my presentation thus far is the reality that elections are constitutionally due by April to June 2020. A little over a year from this presentation! As usual this will be the source of much speculation and conversation. Many of my colleagues, on both sides of the aisle, refer to this period as the “silly season”. It is also expected that, pending a favourable outcome of the Privy Council deliberations on April 10th, the introduction of “at-large seats” will take place in those upcoming elections as well as a number of consequential and long awaited amendments to the Anguilla Constitution. As you also would have noticed we have just tabled the report of the Constitutional Committee in this Honourable House for further consultations. Mr. Speaker, we are finally moving forward after almost twenty years of debate and consultations on Constitutional and Electoral Reform. Let me assure the Anguillian community that what is being advanced in this process is the product of their contributions --- there is no need for conspiracy theories. And there will not be any general election called before April 2020!

Mr. Speaker, you would have noticed that we have again decided to make this budget as far as possible revenue neutral. We are not calling on the citizens of Anguilla to dig any deeper for additional taxes --- but very importantly we expect you all to be willing to pay your fair share. It is a form of patriotism and pride to be responsible citizens contributing to a culture of compliance and self-sufficiency.

Finally, Mr. Speaker, let me once again thank the highly qualified and capable staff in the Ministry of Finance; Permanent Secretaries; Heads of Departments; other technical officers; my colleague Ministers and other Members of Executive Council for their hard work and support in the preparation of the 2019 Budgetary Estimates. This is a purely Anguillian effort with the specialist resources of regional, international agencies and the UK Government on tap. Let us continue to maintain that relationship cast in mutual respect as we go forward together in this enterprise: “Building Pathways to Resilience in Development”!

Mr. Speaker, I beg to move!