

My fellow Anguillians

As you are aware, general elections were held in Anguilla on the 15th February in which the Anguilla United Movement led by your humble servant won sufficient seats allowing us to form the Government.

The out-going Anguilla United Front Government, which held office from 2000 to 2010, left the Finances in a dismal mess with ridiculously high shortfall on the annual budget for 2009 of over EC\$69 million, and a long term debt of EC\$200 million. By the time elections were held on the 15th February, the recurrent deficit or shortfall had risen to EC\$89 million plus.

During the months leading up to the elections, in order to pay the salaries of Public Servants the AUF Government had not only spent off the EC\$43 million safety reserve funds, but additionally had to borrow millions of dollars on a monthly basis to meet these costs.

Before the end of 2009 the Government passed two resolutions in the Anguilla House of Assembly, one of which was to borrow from a Bank the sum of EC\$20 million to cover the usual overdraft. The other was to seek permission from HMG (as is required by our financial regulations) to borrow a further EC\$49 million to meet recurrent expenditure. But HMG only allowed the Government to borrow EC\$20 million to pay the Public Servants for the three months leading up to the elections and up to the month of February 2010. Yet the new administration had to borrow EC\$10 million to meet the Civil Servants pay for the end of February 2010.

The Minister for the Overseas Territories Mr Chris Bryant only allowed that limited amount, with the condition that Anguilla submits itself to a wider range of taxation because the AUF Government was accused of over-stretching the borrowing guidelines which were agreed between the GoA and HMG. Britain had therefore agreed to pay the cost of a tax consultant and a highly qualified tax consultant was sent in to do the job.

Just a few weeks ago, the tax expert completed his findings, and in a preliminary statement, his greatest criticism against the Finance policy of the AUF Government, was that its economic measures for raising revenue were based on two areas, which were not sustainable. These two areas which during the 2009 budget debate I spent much time in condemning were alien land-holding license fees and work permit fees. I had always argued that a country as small as Anguilla, cannot adopt a revenue policy based on the alienation of land, because your land is sacred to your economic development. Work permit fees as well, I felt were never intended to be a revenue measure but were really to regulate labour.

The situation that was inherited from the AUF Government is dire and that is why the government felt it necessary and in the spirit of transparency on which we campaigned, to make the presentation at the Rodney McArthur Rey Auditorium and let you my people be fully aware of Anguilla's true financial picture.

At that presentation I announced that I would be making a trip to London, to the Foreign and Commonwealth Office and to put as a matter of record the position that the government met on coming into office. As I said then and I say now, the intention of that visit was not to beg for money, but to report on Anguilla's dilemma and to ask for technical assistance in being able to cross this huge chasm of debt.

On this basis the case that I set out in London surrounded three pivotal points: The nature and level of economic mismanagement, the issues of alleged corruption occurring in Anguilla and what we considered as issues pertaining to governance. The Memorandum that we prepared in relation to these issues were sent to the Foreign and Commonwealth Office a few days in advance of our visit, so that by the time we got there, we were able to have constructive discussions and negotiations on the way forward.

Economic Mismanagement

On the issue of economic mismanagement, I had always been critical about the lavish spending spree of many officials, some of whom were not even elected by the people and I was ridiculed for working against such waste, including the willful waste in New York on so-called Tourism promotion schemes. The flamboyant Chief Minister of the past government boasted that whereas I only knew small Budgets, his Minister of Finance and himself had become accustomed to Big Boy Budgets. The results of this lavish spending, coupled by irreparable damage and loss which the secret Memoranda of Agreement executed by the AUF Government with each of the three large developers of Temenos, Viceroy and Cap Juluca, which gave away billions of dollars which could have rightfully been in the Treasury of this country, has brought Anguilla to its economic knees and I made this position quite clear to the FCO officials.

Allegations of Corruption

On the issue of the numerous allegations of corruption which swirl around in Anguilla, I set out for the British officials that there were many allegations of serious corruption against certain key officials in Anguilla's administration, which had been reported to the Foreign Affairs Committee of the British Parliament and which had not been rigorously pursued and which lends credence to the perception, often claimed by AUF officials that they have a very favoured relationship with HMG. We outlined several of the allegations of corruption for the HMG and expressed to them that, that state of affairs cannot continue without investigation, as it acts as a stain on Anguilla's reputation as a jurisdiction.

On the issue of governance, we raised to the FCO officials the fact that under the document Partnership for Progress and Prosperity, which is the most current document which sets out how the relationship of Britain and her Overseas Territories would work, there were obligations which Britain had to her Overseas Territories and obligations which her Overseas Territories also had to maintain.

Under that Partnership document, one of the obligations that Britain has is to ensure that good governance occurs in her territories and also to ensure that she is not exposed to contingent liabilities. I have personally complained, not only to governors, but also to visiting officials from the FCO, that much of what was permitted in Anguilla, demonstrated that Britain appeared to be condoning bad governance, that the decisions by the Executive Council, where Britain is represented by the Governor were effectively creating conditions which would breed the same contingent liabilities which the Foreign Secretary Mr Malcolm Rifkind and his successor Foreign Secretary Mr Robin Cook have spoken about.

For years I have been critical of FCO officials, including some of our Governors for ignoring their responsibility to the poor, defenceless people of Anguilla; HMG was fully aware through their representation in Executive Council of a number of matters which were transacted in secret, such as the Memoranda of Agreement; and HMG through their representatives in Executive Council, condoned the fact that those Agreements never came to the House of Assembly.

The Memoranda of Agreement in particular which the AUF Government signed in secret with the full knowledge of the Governor in Executive Council, has squandered Anguilla's prime Tourism beach land resources to foreign land speculators, who among other things are allowed to invest in real estate, while giving away the taxes that were needed to propel the economy, meet the cost of financing social services, the cost of paying your Civil servants and of maintaining Law and Order. My warnings to the Governor, once these Agreements came to my knowledge were ignored.

This is therefore the case that I put to the FCO officials. It is against this backdrop and using these grounds of economic mismanagement, alleged allegations of corruption and lack of good governance that we put forward a number of requests for the FCO to assist in getting Anguilla back on a steady footing.

Our delegation was ably assisted by two patriotic young Anguillian ladies – Mrs Josephine Gumbs-Connor, Lawyer and a person who has served Anguilla in both her legal practice and in the community and now political sphere. Miss Dorothea Hodge who was born in the UK of Anguillian parentage, a great ambassador of Anguilla and she is highly qualified having served as Political Advisor to the members of the British Government and members of the House of Lords – Baroness Scotland and Baroness Amos. I feel very fortunate also to have had in the delegation Dr Aidan Harrigan who is extremely qualified in the area of Economics and whose expertise seemed to have been disregarded in the former administration but whose expertise can help to guide us forward.

Our delegation left Anguilla on the 16th of March via St Maarten by Air France and we arrived in London via Paris on the 17th. Dorothea had meeting arranged for us all that day and for the entire duration of our visit we met with many person including the Minister responsible for the Overseas Territories, Mr Chris Bryant, the Director of the Overseas Territories Mr Collin Roberts and the British Attorney General, Baroness Scotland.

We also met with Members of the Committee of the House of Lords and members of the Opposition given that there is a pending announcement of election within the next few days.

I had desired to meet with the Foreign Secretary, Mr David Milliband, but the Governor did inform me that he would not have been in England at the time of our visit.

Nevertheless, we did what we promised you we would do and we set out Anguilla's dilemma.

We requested of the Foreign and Commonwealth Office a number of things

- (i) We requested of the Foreign and Commonwealth Office to conduct an expenditure study on our finances. This study will give an opportunity for Government to see where there is wastage and where Government can make cut. I am happy to report that they have agreed to that and even before I got back to Anguilla had already contacted by Permanent Secretary for Finance to make arrangements for their visit.**

- (ii) We requested that HMG dispatch a team of Forensic Accountants for the purpose of identifying leakages that occurred over the past few years in a number of governmental departments and statutory authorities.**

We believe that with a team of such persons, we can begin to identify any concerns which exist. When once we can get an appreciation of the extent of those leakages it will help us to make a decision on the process by which we can recover any monies which are properly due to the Government whether through criminal or civil prosecutions or whether they require Commissions of Inquiry. The FCO and us are still continuing discussions to see how this can be facilitated.

- (iii) We also requested technical assistance to diversify and grow Anguilla's economy.**

We want to find ways to diversify Anguilla's economy so that in the future we would have other economic streams of income which can act as buffers against the fluctuations in the economy which are bound to occur and technical assistance in this area is helpful. FCO has agreed to this.

- (iv) We highlighted to the FCO how our Financial Intelligence Unit is grossly understaffed and therefore cannot provide the level of response necessary for the extent of financial crime that currently exists in Anguilla. They appreciate our need for assistance as they remain committed to ensuring that allegations of corruption do not continue.**

HMG has indicated that we should allocate how much we think is necessary for anti-corruption measures and that we can make our case on any funding we may require. Our discussions are therefore continuing on this aspect as well.

- (v) We pushed for a relaxation of the borrowing guidelines based on the case put by our delegation to assist in growing our economy.**

FCO indicated that they are willing to consider additional borrowing requests and that when once the budget in April has been completed we can further discuss the revision of the borrowing guidelines.

We requested to promise to do all in our powers to eradicate this uncontrollable deficit within the next three (3) years and we have already started that process by cutting expenditure without further harming the economy or reducing the gross national product.

We agreed also to put a sealing on new appointments to the public service, but we expressed our objection to lay off civil servants as this will not help the economy; but I want to urge our Civil servants to be more productive and responsible. Some of our civil servants have not yet accepted the verdict of the people to elect a new Government but they man be well advised that my government owes the people obligations of accountability and therefore we will not condone the politicization of public servants who are paid by the tax-payers to serve.

We left no doubt in the minds of the FCO and other officials we met during our stay in England that the people of Anguilla respect and cherish the maternal ties they have with Britain and that it is expected that HMG will accept its obligation to repair the enormous damage that has occurred in our social and economic development.

As general elections will be held in the UK within the next few weeks we took the time to consult with important members of the Opposition and also we met with the Parliamentary representative for Slough who is a great friend of Anguilla and whom I had met when I was last in Government. She has already reported that we had a very large responsive and productive meeting with the Anguilla Community in Slough before departing the next day for meetings of the EU Overseas Territories in Brussels.

In another radio and television presentation I shall give you full coverage of that meeting.

The FCO has pledged and I quote *“I can assure you that we will support you where we can both politically and technically. We share a common interest in returning Anguilla to economic prosperity and confirming it as a desirable place in which to invest. We look forward to working with you and your government on these issues.”*

Likewise we promised to be transparent and accountable and we will live up to that promise. We have a big job on our hands and we commit ourselves to do that job with God at the helm.

Thank you and God bless our country Anguilla.

Honourable Hubert Hughes

Chief Minister of Anguilla

31st March 2010