

# Government of Anguilla



## 2015 Budget Address



Proposed Anguilla Community College



Fire Services Development



## **ANGUILLA 2015: DRIVING GROWTH AND OPPORTUNITY FOR ALL**

by:  
Honourable Minister of Finance, Economic Development, Investment, Commerce  
and Tourism

**Mr. Hubert B. Hughes**

**December 12<sup>th</sup>, 2014**

## **BUDGET ADDRESS 2015**

### **ANGUILLA 2015: DRIVING GROWTH AND OPPORTUNITY FOR ALL**

#### **1. INTRODUCTION**

Madam Speaker, it is that time of the year when the Ministry of Finance, under my leadership is obliged to present its annual budget to the House of Assembly. Madam Speaker, members of this honourable house, ladies and gentlemen, good afternoon. I am honoured to have the opportunity to deliver this important budget address. I do so with great humility knowing that the people of Anguilla entrusted the leadership of this island to me after the economic collapse we suffered in 2008 and the dire straits we found ourselves in 2010.

Madame Speaker, it would be remiss of me if I did not thank the people of Anguilla in general, and the people of Road South in particular, for allowing me this opportunity. An opportunity to return Anguilla to positive economic growth, heightened investor confidence, public and private sector investment and an island that is now poised for a great 2015 and beyond.

Madame Speaker, it is no secret that leading into the last general elections no budget address was given. This government, under my leadership, will not be that irresponsible. My technical staff has done some heavy lifting and under my leadership, has yet again produced a budget that takes into consideration the reality of the global and local situation. We are now confident Madame Speaker that Anguilla is on the move.

Madam Speaker, our focus in 2015 will be on creating policies to revive, drive and sustain growth in Anguilla. Policies rooted in increasing investments, particularly in infrastructure. We need to maintain, modernize, expand and develop infrastructure facilities. This will form a key pillar in our plan to drive growth and opportunity for all. The provision of infrastructure will be a high priority as it is essential to ensuring continued economic growth and productivity for Anguillians now and into the future.

#### **2. ECONOMIC AND FISCAL REVIEW**

##### **2.1 Review of the Economy 2013**

Madam Speaker, I will now give a review of what transpired in the economy in 2013. With all that has been said and all that has occurred since 2008, Anguilla is recovering. Madam Speaker, ever since I came to office I have had to report on the dismal state of the Anguillian economy. After five years of consecutive decline starting in 2008, I am happy to report that statistics from the Eastern Caribbean Central Bank indicate that in 2013 the economy grew in real terms by **0.4 per cent**.

Madam Speaker, Gross Value added in current prices in 2013 was **EC\$655.23 million**. The main contributors to economic activity were hotels and restaurants sector, Real Estate, Renting and Business Activities, Transport, Storage and communication and Financial Intermediation.

Madam Speaker, at this time I must note the improvements that are taking place in the construction sector. According to the ECCB estimates, the construction sector grew by **4.28 per cent** in 2013. This is indicative of the projects that are currently under construction, namely Zemi Beach, Manoah, Solaire, and The Reef hotel, plus the expansion of Frangipani and the recently concluded redevelopment of the famed Malliouhana Resort and Spa. I am happy to state Madame Speaker, that the aforementioned projects are not pie in the sky. They are all in active construction with more hotel development slated for 2015, principally, the redevelopment of Altamer and the expansion of Frangipani Beach Resort.

Madam Speaker, the prospects for 2014 remain positive. The economy is projected to continue to grow by **0.94 per cent**. While these numbers appear to be small they are very significant because they are evidence of the turnaround we have been anticipating.

## **2.2 Fiscal Review 2014**

Madam Speaker, having looked at the most recent economic activity and the expected outcome for 2014, I will now give a review of what is expected to transpire on the fiscal side. I will report on recurrent revenue relative to recurrent expenditure, and combining this with capital revenue and capital expenditure to give a picture of the Government's overall fiscal balance in 2014.

### **2.2.1 Recurrent Revenue**

Madam Speaker, Revenue collections as at November 30<sup>th</sup> total **EC\$167.45 million**, well in line with collection projections. End of year projections indicate that recurrent revenue will total **EC\$184.59 million** for 2014. Compared to the budget estimate of **EC\$183.43 million**, this would represent an increase in collection of **EC\$1.14 million** or **0.62 per cent**. Compared to 2013, revenue collections increased by **5.76 per cent**. This increase in collections is a consequence of the improvement in economic activity and some efforts placed on collecting arrears.

The main contributors to recurrent revenue in 2014 are Import Duty-Other, Accommodation Tax, Customs Surcharge, Import Duty -Fuel and Gas, and Stamp Duty.

Import Duty- Other continues to be the top earning revenue head in 2014, with collections expected to total **EC\$41.96 million**. Accommodation Tax collections are expected to total **EC\$15.98 million**. Customs surcharge is anticipated to collect a total of **EC\$16.36 million** in 2014. Import Duty- Fuel and Gas is expected to earn **EC\$13.97 million** and Stamp duty collections **EC\$12.86 million**. With the exception of import duty fuel and gas and Accommodation Tax that are under budget, the top revenue earners are expected to surpass the budget estimates.

### **2.2.2 Recurrent Expenditure**

Madam Speaker, from the inception, my Government committed itself to prudent fiscal management and utilises tight expenditure controls where possible, when expending the money of the people of Anguilla, as we remain steadfast in developing our beautiful island. As a result, recurrent expenditure has been revised downward and is projected to total **EC\$179.01 million**. When compared to the budget estimate of **EC\$183.25 million**, that

represents underspend of **EC\$4.24 million**. Expenditure as at November 30<sup>th</sup> is **EC\$164.56 million**.

### **2.2.3 Recurrent Balance**

The recurrent balance, the difference between recurrent revenue and recurrent expenditure, is projected to be a surplus of **EC\$5.58 million**.

### **2.2.4 Capital Expenditure**

Madam Speaker, the retrenchment in capital investment continues unabated. It is disappointing that, of an approved Capital Budget of **EC\$35.80 million**, we are barely able to spend **EC\$3.0 million**. Despite reliable sources of financing, progress is challenging, either as a result of the realities of our well-placed procurement procedures or the need to maintain fiscal stability which means that funds intended for the use of capital investment are used to support and balance the overall budget.

Despite this there was expenditure on a limited number of activities including development of local attractions under the Tourism Sector Development Project, equipment for the Princess Alexandra Hospital, equipment for schools and development of the Valley Food Court.

The UK Government is again acknowledged for the grant provided to advance key projects and the on-going support of the European Union is also acknowledged with the receipt of the third and final tranche of the 10<sup>th</sup> European Development Funds received in November in the amount of **EC\$11.74 million**.

Following the passage of Hurricane Gonzalo that impacted Anguilla as a Category 1 Hurricane on 13 October 2014 and the subsequent thunderstorms and heavy rains of 7-8 November, the Government of Anguilla's **Covered Area Rainfall Event Policy** with the Caribbean Catastrophic Risk Insurance Facility (CCRIF) was triggered. As a result the Government received two payouts totaling EC\$2.8 million. These funds are being used to finance recovery and mitigation repairs to Government's assets. It is essential to guard Anguilla against environmental hazards that are beyond our control and I commend the CCRIF for their comprehensive and swift response.

### **2.2.5 Capital Grant**

For 2014 capital grants totalled **EC\$652 thousand** from the UK Government for the implementation of prioritized projects to be funded from this source.

### **2.2.6 Capital Balance**

With capital grants totalling **EC\$652 thousand** and capital expenditure expected to total **EC\$3.0 million**, the capital balance is projected to be a deficit of **EC\$2.35 million**.

### **2.2.7 Overall Balance**

Madam Speaker, Government's overall fiscal position is determined by the sum of the recurrent balance and the capital balance plus grant receipts. The recurrent balance for 2014 is projected to be a surplus of **EC\$5.58 million**. The capital account balance is expected to

be a deficit of **EC\$2.35 million**. This translates into a surplus of **EC\$3.23 million**. Coupled with the grant receipts of **EC\$14.58 million** that consists of **EC\$11.74 million** from the EDF 10 programme and **EC\$2.84 million** from CRRIF facility, the overall fiscal position would have been a surplus of **EC\$17.81 million**. However Madam Speaker, **EC\$ 11.98 million** has already been used to service debt obligations. Therefore the fiscal balance is projected to be a surplus of approximately **EC\$5.83 million**. Madam Speaker, this can only bode well for the country as I leave the political dais with the country's finances stabilised.

### 2.2.8 Public Debt

For the past four years my government has committed to sound debt management practices in charting a sustainable debt path for Anguilla. Madam Speaker, allow me to now provide a brief overview of the public debt position.

At the end of 2013, central government and government guaranteed combined debt stock stood at **EC\$231.65 million** or **30.76 per cent** of GDP. This represented a decline of **EC\$2.36 million** or approximately **1.0 per cent** relative to the 2012 debt stock of **EC\$234.01 million**. Central government debt accounted for **93.58 per cent (EC\$216.78 million)** of the disbursed outstanding debt while the remaining **6.42 per cent (EC\$14.87 million)** was due to government guarantees. Loans and short-term facilities<sup>1</sup> accounted for **91 per cent** and **9 per cent** respectively of the portfolio.

Madam Speaker, in terms of government's performance against the UKG borrowing limits at the end of 2013, Government was compliant with the debt service to recurrent revenue target of a maximum of 10 per cent, having achieved a ratio of **9.25 per cent**. The net debt to recurrent revenue ratio breached the stipulated target of 80 per cent by **29.23** percentage points and the liquid assets to recurrent expenditure ratio was **8.34** percentage points less than the **25 per cent** minimum benchmark.

Madam Speaker, the downward trend in public debt continued in this fiscal year 2014. At 30<sup>th</sup> November 2014, public debt stood at **EC\$221.33 million**. Of the outstanding debt, central government debt accounted for **EC\$208.58 million** while **EC\$12.75 million** was accredited to government guarantees comprising of loans for the Anguilla Development Board and the Anguilla Tourist Board. During the year new borrowing was approved for a loan from the Caribbean Development Bank for the Anguilla Community College Project in the amount of **US\$3.22 million** or **EC\$8.68 million**. To date, disbursements on the loan total **EC\$60 thousand**.

Madam Speaker, as I have done in previous budget addresses, I acknowledge the invaluable technical assistance provided under the Canada-Eastern Caribbean Debt Management Advisory Services project in Anguilla's debt reform programme. A number of debt activities now undertaken by government, such as Debt Portfolio Reviews and Debt Sustainability Analysis are initiatives resulting from the programme. Government was also able with the assistance received through the project to develop its first Medium Term Debt Management Strategy which is under internal review.

Madam Speaker, I will conclude this summation on public debt by stating that my government remains committed to the prudent management of public debt to ensure

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<sup>1</sup> The overdraft facility and the ECCB Cash Advance.

consistency with fiscal sustainability. It would be irresponsible to mortgage the future of our people through irresponsible spending and high debt. On coming to office, it was my desire to do something meaningful about this situation that I inherited and I am pleased to state that I have done so.

### **2.2.9 Contribution to Reserves**

Madam Speaker, The Government of Anguilla continues to build reserves and recorded an amount of **EC\$30.47 million** at the November 2014, representing an increase of **EC\$1.00 million** when compared to **EC\$29.47 million** at the end of 2013, after inheriting a situation in 2010 where there were no reserves.

## **3. RECURRENT EXPENDITURE 2015**

Madam Speaker, recurrent expenditure is projected to amount to **EC\$192.17 million** in 2015, which is about **4.9 per cent** above the **EC\$183.24 million** forecasted in the 2014 budget. The components of recurrent expenditure for 2015 include wages and salaries of **EC\$86.79 million**, retiring benefits of **EC\$10.03 million**, interest payments on public debt of **EC\$9.32 million**, goods and services of **EC\$43.37 million**, and current transfers/contributions to statutory corporations of **EC\$42.65 million**.

## **MINISTRIES AND DEPARTMENTS RECURRENT EXPENDITURE**

### **Governor's Office and Departments**

The 2015 recurrent expenditure estimate for the Governor's Office and Departments is **EC\$28.67 million**, an **EC\$2.97 million** increase over 2014. The main contributors to this increase are the departments of Public Administration and the Royal Anguilla Police Force in the areas of training, new scholarships and financial assistance and the replacement/recruitment of police officers respectively. We have always sought to give the Royal Anguilla Police Force all the tools they need for effective policing

### **Public Administration**

Madam Speaker, The on-going global financial challenges continues to present many economic challenges for the Anguilla Public Service. Consequently, many of the programmes and initiatives, relevant to the development of Anguilla, continue to be downsized or deferred. Admittedly, as a result of the present fiscal position, Public Administration was unable to offer the usual assistance for tertiary level training.

However, the Government of Anguilla has instituted a cost-sharing component where persons can still receive training, locally, at University of the West Indies (Open Campus) and the Anguilla Community College. To date, there are approximately forty-three students taking advantage of the cost-sharing programme at both institutions. On-going training continues for teachers in the Early Childhood Programme and Graduate Teachers who are pursuing studies leading to the Post Graduate Diploma in Education.

Madam Speaker, although overseas training was suspended, except for critical areas, such as Education and Health, Public Administration has remained committed to the development of the Anguilla Public Service. Some in-house training sessions were conducted this year. In

May 2014 and September 2014 Public Administration conducted training with six (6) different departments. Those training sessions focused on Conflict Resolution, Interpersonal Skills and Team Building.

It is anticipated that these training initiatives will continue in 2015 as the department seeks to build human capacity and expose officers to as many areas as possible that will increase job satisfaction and productivity and enhance their overall working career.

### **Ministry of Home Affairs and Departments**

The 2015 budget allocation for the Ministry of Home Affairs and Departments is **EC\$12.64 million**, a nominal increase Madam Speaker, of **2.93 per cent** over 2014 budget. The marginal increase is spread across the Ministry and Departments primarily to regularise various expenditure accounts.

### **The Immigration Department**

Madam Speaker, the Immigration Department plays a pivotal role in the development of Anguilla and will continue to ensure that the security of the island remains paramount. Madam Speaker, in 2015 emphasis will be placed on ongoing customer service and border enforcement training, building human capacity and security of the borders of Anguilla through enforcement of regulation and the control of passenger movements through the Ports of Entry. The installation of passport scanners and the combined Immigration and Customs form implemented early in the 2015, will help to improve the overall efficiency at the ports.

The Immigration Department through its officers will remain true ambassadors for Anguilla being the first point of contact on the island.

### **The Department of Fisheries and Marine Resources**

Madam Speaker, the Department of Fisheries and Marine Resources continues to focus on key work activities in the following areas: coral reef and sea grass bed monitoring; fish catch data collection; in-water sea turtle monitoring; beach monitoring; lionfish eradication and research; installation and maintenance of mooring buoys; capacity building; outreach and licensing of fishers and their fishing vessels.

The Department will continue to develop its studies on the Queen Conch and Caribbean Spiny and Spotted lobsters, and focus on completing a new fisheries management and development plan for the island as well as an upgrade to the fish catch data collection programme. Other plans include the implementation of a comprehensive fish stock assessment programme. The department will seek to secure funding for a desk study to determine stock abundance and species of fish within the islands, anticipating the establishment of a fish processing plant and the possibility of a fishing licencing regime. It is also my goal to see a pilot project implemented on fish farming with the view of creating another opportunity for our people to embark upon.

### **The Department of Agriculture**

Madam Speaker, the Department of Agriculture is determined to spur economic growth through agriculture by introducing a number of policies and programmes that will assist the

farming community. These include a well-developed and effective marketing strategy, the development of an effective land reform policy, increased technical assistance to farmers through extension services and greater attention to livestock development

### **The Gender Affairs Unit**

Madam Speaker, the Gender Affairs Unit is mandated to plan, develop and coordinate national policies, programmes and activities focused on Gender Equality in the workplace and wider community by focusing on three (3) comprehensive areas:

1. Community Engagement through various media sources;
2. Regional and International Relationship Building; and
3. Stakeholder Outreach Programmes and Activities.

In 2015 the Gender Unit will partner with the Department of Youth and Culture, Royal Anguilla Police Force, and other NGP'S on HIV/AIDS and Domestic Violence awareness, youth entrepreneurship and women in untraditional career fields building. The passage of the Domestic Violence bill and extension of the international Convention to eliminate all Forms of Discrimination Against Women (CEDAW) is another 2015 focus along with establishing a National Gender Policy and Strategic Plan for a commissioned Gender Affairs Unit.

### **The Department of Lands and Surveys**

Madam Speaker, the Department of Lands and Surveys is mandated to provide more efficient land transfers, security of title, the protection of rights and to take on the overwhelming level of responsibility of maintaining a reliable and up-to-date land information service. The Department continues to work in collaboration with the Organisation of Eastern Caribbean States (OECS) on Land Policy Development and Climate Change Adaptation and Sustainable Land Management in the OECS. The Department is working towards a fully integrated Land Information System which will provide for greater and easier dissemination of data and during 2015 will establish the island's first Global Positioning System Continuously Operating Reference Station.

### **The Department of Environment**

Madam Speaker, the Department of Environment has initiated the Development of Anguilla's Oceans Governance Policy and Hydrographic scoping exercise to be completed in 2015. The National Wetlands Policy was revised and Anguilla has also received formal extension of Convention on International Trade in Endangered Species from the UK with full implementation to begin in the first half of 2015.

Madam Speaker, the year 2015 will also see the ongoing implementation of the Anguilla **National Ecosystem Assessment-Towards a Green Economy Project** funded by the UK Government's Darwin Initiative. The overall goal of the project is to assess the current state of our natural environment, and view them under various other possible future development options that would further inform a framework for our Sustainable National Development Plan. By doing this, the Government and people of Anguilla would better understand the current state of our environment and it will also aid in identifying the potential sustainable business opportunities that exist and can be developed into the future.



## **The Department of Physical Planning**

Madam Speaker, the Department of Physical Planning has a mandate to promote and facilitate the sustainable and orderly development of our island's limited and fragile land resources and infrastructure. This includes taking account of relevant social, economic and environmental factors, improving the quality of the physical environment and the protection and conservation of our cultural heritage with due regard for the wider interests, both present and future, of society.

Madam Speaker, Departmental plans for 2015 include the revision of the Building Code, the implementation of The Geographic Information System and contracting an international NFPA facilitator to conduct training for our island's electricians.

## **The Department of Labour**

Madam Speaker, the Department of Labour is one of the technical arms of the Ministry of Home Affairs. The core business functions of the Department include the Conciliation Process, Labour Administration, Labour Inspections, Processing Work Permit Applications, Research and Labour Statistics, Manpower Planning and Employment Services. The Department continues to work to ensure compliance with the Labour Laws of Anguilla by all employers and employees.

Madame Speaker, I am still hopeful that in the early 2015, we will bring to this Honourable House, the revised Labour Code.

## **Radio Anguilla**

Madam Speaker, Radio Anguilla has increased its output of public information and education programmes. The station again rose to the occasion during the recent passage of Hurricane Gonzalo and was the only source of "official" information during the peak of the hurricane. Radio Anguilla received many commendations from government officials and members of the public at home and abroad for its timely and reliable information spread during the storm and also for its reporting and information packages in the aftermath and recovery phase. The station's public information and education programmes such as Talk Anguilla, The Zone, In Touch, Real Talk, Tourism is Key and Social Solutions all enjoy good listenership adding variety to the output. Madam Speaker, the management and staff are to be applauded for the work that they have been doing.

## **Ministry of Finance and Departments**

The Ministry of Finance has a 2015 budget provision of **EC\$62.48 million** which is an increase of **EC\$1.52 million** or **2.49 per cent** over the 2014 budget. This increase is essentially due to the additional funding required for the retiring benefits in order to normalise payments to this account.

## **Economic Development, Investment, Commerce & Tourism**

Madam Speaker, the economic situation in Anguilla is on an upward climb in concert with global trends. The ECCB estimates a GVA growth rate in constant prices in 2014 of 0.94%.

While this is still below where we would like it to be, the growth rate certainly indicates that the economy is no longer contracting, but rather rebounding over time and in 2015, we expect continued growth in the economy and opportunities for our people.

The tourism industry continues to be the main driver of the economy. The government sees this sector as one of the long-term pillars of sustainable socio-economic development and sees its growth as encouraging. At the end of the third quarter, Anguilla has welcomed 135,095 visitors to its shores; an increase of 16.3% over its 2013 corresponding figure of 116,153.

Notably Madam Speaker, Tourist arrivals (**stay-over visitors**) as a critical subsector of overall visitors is also increasing. At the end of third quarter, tourist arrivals for 2014 were 2.3% higher than the 2013 figure. Growth of the stay-over visitors is necessary to the overall growth of the sector and the economy, therefore efforts to increase stay-over tourists is critical. The Government anticipates that through improved marketing efforts, brand strengthening globally and establishment of new products/attractions, tourism growth will strengthen further. The recent World Travel Awards held in Anguilla has showcased the island and opened up new markets.

Additionally Madam Speaker, towards the goal of economic stimulation, the Government in 2014 signed numerous MOUs. In particular, one was signed to develop a hotel resort, villa and marina complex on the eastern end of the island which will redistribute the balance of hotel development on the island. A similar MOU was signed for development in the Corito area and Ananya Villas in Meads Bay is now on the verge of opening its doors for business. Anguilla is truly on the move.

Madam Speaker, my administration continues to look at avenues to create other economic pillars for the long term. It will be the legacy of this Government to place this country on sound development footing for generations to come and that is why we also introduced the Manufacturing policy which will benefit our people in particular, start-ups and young entrepreneurs.

Madame Speaker, the Medium Term Economic Strategy 2010-2014 presented a macroeconomic framework and fiscal reform agenda aimed at maintaining Anguilla's macroeconomic stability combined with a programme for stimulating sustainable and diversified economic growth within the context of enhanced social and environmental protection. Supported by European Commission's Budget Support Programme under the 10th European Development Fund (EDF) it is now near expiry having met most of the general conditions associated with maintaining macroeconomic stability and public financial reform and specific indicators associated with procurement and tax reform, education quality and human resource development and disaster risk mitigation. The Government of Anguilla is currently in the consultations phase for the preparation of the Medium Term Economic and Fiscal Plan 2015-2018. This Plan is a requirement of the Framework for Fiscal Sustainability and Development agreed with the UK Government in April 2013 after tough negotiations. It demonstrates the importance placed on medium and long term planning for sustainable development and it will also be the basis for cooperation and support from our various development partners.

Madam Speaker, looking forward, 2015 is poised to be a good year for Anguilla. ECCB estimates GVA growth in constant prices next year to be 1.27%.

Madam Speaker one of the perennial problems impacting our development is the lack of an airport that allows transcontinental flights directly to Anguilla. This has hampered not only tourism, but commerce and investment in general. This is why one of my priorities is to seriously look at the development of a new airport for Anguilla. There are many studies including the Cornell University Study that clearly demonstrates that our slow growth is due in part to the lack of such a facility. I am convinced that the development of an airport that allows direct travel from North and South America, as well as Europe, is a national security concern and a development imperative and I will remain committed to the end to see this realization.

On another note Madam Speaker, the expansion of the Registry Acts to provide more services will be a priority, and in 2015 the Commercial Registry will consider the feasibility of establishing a **private jet** register; a non-commercial **private yacht** register and a business name register. Additionally, the Government of Anguilla is expected to enter into a public private partnership with the developers of our world class Registry software (ACORN) with a goal of licensing the Registry software to other jurisdictions as an additional source of sustainable revenue.

As demonstrated in our financial support for Anguilla Finance, a first for Anguilla, we will continue to support and champion the development of financial services in Anguilla for the benefit of all stakeholders, and develop policies and legislation aimed at making it easier to do business in Anguilla. We will collaborate with the Anguilla Chamber of Commerce and Industry to develop policy that will expand business opportunity for our people while giving them a certain measure of protection.

### **Ministry of Social Development & Departments**

The Ministry of Social Development has been allocated **EC\$73.98 million** for the 2015 budget, an increase of **EC\$3.13 million** or 4.42 per cent over the 2014 budget allocation. This increase is due in part to increases within the Education Department for personal emoluments; Anguilla Community College for the development and expansion of its educational projects; Youth and Culture Department for its entrepreneurial project and the Health Protection Department for the management of solid waste collection and disposal.

### **Education**

Madam Speaker, providing quality education to our nation's children continued to be high on the agenda of the Ministry and Department of Education in 2014. While continuing to emphasize the importance of literacy development, there has been renewed vigour in improving performance in Math, Science and Technology as outlined in the Education Development Plan (EDP) 2010-2015. This year has seen the establishment of the Numeracy Development Committee, the launch of the first STEM (Science, Technology, Engineering and Math) Fair, the continued development of the TVET Framework and the recruitment of an ICT Curriculum Officer. With the current EDP coming to the end in July 2015, next year will see a focus on strategic planning and the setting of priorities for the education sector for the next five years.

## **Library Services**

Madam Speaker, the Management and Staff of the Department of Library Services in 2014, despite the challenges, continued the search for innovative ways to maintain relevance and improve the quality of services and products to their clientele. The Library experience was taken into the community through the Reading in the Community initiative. The physical environment was also enhanced for the comfort of patrons by refurbishing both the Adult and Children's Section. Meanwhile, efforts continued throughout the year to strengthen those programmes and initiatives that formed the basis of product offerings.

## **Sports**

Madam Speaker, in the area of sports a number of athletes excelled in 2014. Zharnel Hughes was ranked # 1 in the world for both the 100 and 200 metres in the junior boys at the same time. He also captured the gold in the 100 meters at the Central American and the Caribbean Championship (CAC) and broke the 100 meter record at the famed Champs Track and Field Championships in Jamaica. Young Rechelle Meade also captured gold in the long jump at Caribbean Championship (CAC) and Shara Proctor, though injured is now on the road to recovery and we expect great things from this world class Long Jumper. Eleven persons were successful in attaining certification as IAAF Level I officials. In cricket, five young cricketers were selected to the Leeward Islands franchise to play in the Caribbean Premier League (CPL) which is a professional tournament here in the region. Kacey Carty was selected to the West Indies under-19 team to play in Australia. A number of other youngsters represented the Leeward Islands in the under 17 tournament. Jadiel Richardson was the second best wicket taker for his team. In football, Miss Colleen Johnson's outstanding CXC performance coupled with her dominance in football since primary school days was awarded a football scholarship to attend the University of the West Indies in Barbados.

Madame Speaker, in 2015, committed to sourcing grant funding to complete the indoor facility and we are still determined to see the development of a modern Track & Field Facility on island.

## **Youth and Culture**

Madam Speaker, the Department of Youth and Culture continued to focus its efforts on violence eradication and youth employability for 2014. A comprehensive strategy was developed which comprised of four focal areas namely: PREVENTION, INTERVENTION, INTERCEPTION and REHABILITATION. Job Linkup was expanded this year, where the programme worked with 40 at risk young persons, an increase of 55% over 2013. The ANGUILLA GET SET ENTREPRENEURIAL PROGRAMME will be launched in 2015. In addition to training of young prospective entrepreneurs, this programme will provide professional mentorship, on-going technical support, and start-up capital/funding through a loan guarantee fund. The Government of Anguilla will make an initial contribution of EC\$280,000.00 to the fund. Also, in support of these initiatives, the Department partnered with Live Communications Limited to develop an online market place where potential employers can advertise jobs and job seekers can search and apply for jobs. Strides were made towards the further development and strengthening of Anguilla's Creative and Cultural Industries. It is the Department's view that these industries provide immense opportunities

for further employment in the tourism sector and for entrepreneurial opportunities for young persons and the wider Anguillan community.

### **Anguilla Community College (ACC)**

Madam Speaker, Education programme offerings at the Anguilla Community College have increased significantly including the Postgraduate Diploma in Education, the Associate Degree in Primary Education and the Associate Degree in Early Childhood Education offered through the University of the West Indies. Their first graduation Ceremony was held on October 29<sup>th</sup>. Through their partners the Anguilla Tourist Board, the college is introducing young high school leavers to the hospitality industry through their Hospitality Ambassadors Recruitment Programme. To date eighteen students have been trained. Next year the College is looking forward to the construction of their purpose built campus and completing the accreditation process through the University Council of Jamaica.

Madam Speaker, the Ministry of Health & Social Development continues work toward the vision that all residents of Anguilla will enjoy a high standard of living and universal access to quality social services.

The Government of Anguilla is convinced that the **“Health of the Nation is the Wealth of the Nation.”** In this regard, the recently completed National Health Sector Policy prioritizes health, and places it squarely within the national framework of socio-economic development. The National Health Sector Policy is aimed at providing direction towards improvement and sustainability of the health status of the population. It sets the agenda and provides general direction to guide government in achieving the national and international health goals within the spirit of social justice and equity.

In 2015, the **Ministry of Health & Social Development** and the departments under its mandate will continue efforts to develop and preserve Anguilla’s social landscape.

### **Health Authority of Anguilla**

Madam Speaker, in 2014 the Health Authority of Anguilla embarked on its performance improvement programme by identifying some of the critical success factors for the organisation. Critical to the success of the organisation is the creation of a performance driven culture, an investment in the requisite systems, training of personnel along with a change in the behaviour and culture of the organisation. The benefits of the improvements will allow for enhanced patient care, the ability to embark on a structured capital expenditure programme, thus improving the overall quality of service and perception of the organisation.

In 2015, the areas of focus will include exploring Telemedicine, upgrading dialysis infrastructure to meet increasing demand and the roll out of surgical clinics in some locations.

### **Department of Health Protection**

Madam Speaker, the Department of Health Protection (DHP) despite limited resources developed and implemented sustainable strategies for the benefit of the environment, public health and wellbeing of the population. In response to the Chikungunya outbreak, the Department conducted three (3) island wide fogging cycles at approximately EC\$21,000 per

cycle in an effort to kill adult mosquitoes, recognising this is just a small part of controlling mosquito populations. Reducing breeding sites is a much more effective strategy which requires the cooperation of every single one of us. The DHP also celebrated 15 successful years of running the Vector Awareness Programme, proudly sponsored by the Caribbean Commercial Bank. The programme is geared to providing the public with information to mitigate pest and vector risks. The DHP also hosted a successful 2<sup>nd</sup> Annual Department of Health Protection Inter- House Debating Competition in collaboration with the Department of Youth and Culture (DYC)-another important event in raising public awareness about Environmental Health issues.

Work continues toward the implementation of the International Health Regulation (IHR) 2005. The ports of Road Bay and Blowing Point were internationally designated as Authorized Ports to issue Ship Sanitation Control Exemption Certificates (SSCEC) and DHP is now able to collect fees for the issuance of these certificates.

### **Department of Social Development**

Madam Speaker, the services offered by the Department of Social Development were in extremely high demand this year. Requests for public assistance and assistance with medical and educational fees were priority areas. The department is also witnessing a growing trend for assistance with the upkeep of seniors because family members are either unable or often unwilling to assist. On the other hand, clients of the department continued to benefit from the generosity of individuals and organisations within the society through their significant donations of cash or kind. These go a long way in supplementing the department's budget and meeting the needs of the needy in society.

Madam Speaker, the Department fostered a new partnership with Delta Petroleum and ANGLEC which is expected to materialize in two areas: 1. A new approach to the annual budgeting programme which teaches families about money management and 2. An initiative to identify and assist needy persons in the community with the supply of electricity. The department sees this and other partnerships as financially prudent thus ensuring limited resources benefit as many persons as possible.

Madam Speaker, the Department of Social Development commends the Governor's office for its reception in recognition of the invaluable service played by foster carers. It was a memorable family gathering on Thanksgiving Day.

### **Department of Probation**

Madam Speaker, 2014 was a rewarding year for the Department of Probation. The focus of the Department for 2014 was the continued strengthening of Zenaida Haven, the Juvenile Rehabilitation Centre in line with the OECS Juvenile Justice Reform Project (JJRP) which is looking at the harmonization of policies and practices of juvenile residential centres across the OECS and Anguilla. Additionally, work on the implementation of a Rewards and Sanctions Policy saw much improvement in overall resident behaviour and outputs.

With a focus on strengthening and building the skill set of staff at Zenaida Haven the first consultation on the draft Policy & Practice Guidance Procedures for Staff took place in January 2014. The University of the West Indies (UWI) Consulting Firm visited the island in

June 2014 to review the Draft document, “Establishment of an Institutional Framework for the Management of OECS Rehabilitation Centres for Juveniles.”

Staff implemented several programmes for the benefit of probationers, parolees and residents. One such programme was the Just Think Programme which seeks to encourage and motivate offenders to look at their patterns of offending behaviour by assessing their thinking patterns and beliefs. Additionally, the department undertook the development of several important policy documents to guide practice and operations.

### **Her Majesty’s Prison**

Madam Speaker, Her Majesty’s Prison (HMP) has undergone several renovations to improve security over the last year.

Rehabilitative programmes continue at Her Majesty’s Prison. This year saw the hiring of an additional teacher to assist inmates in improving their reading and writing skills. Prisoners were also exposed to a literacy workshop. In addition to the programmes already being offered, the Rehabilitation Unit introduced a Drum Beat programme.

### **Ministry of Infrastructure, Communications, Utilities and Housing (MICUH) and Departments**

The Ministry of Infrastructure has been allocated a budget of **EC\$14.41 million**, an increase of **EC\$952 thousand** or 7.08 per cent over 2014. This is due to an increase in personal emoluments within the Anguilla Fire Services in order to satisfy international legal requirements and the maintenance of Government’s assets.

Madam Speaker, the maintenance of Anguilla’s infrastructure has been significantly impacted by the lack of meaningful funds, and its continued deterioration will eventually require significant and costly rehabilitation, reconstruction and replacement instead of routine maintenance. Further, the operationalisation of the Framework for Fiscal Sustainability and Development and the Public Procurement and Contract Administration Act has come with some teething and growing pains that have slowed the implementation of various infrastructure programmes. Nonetheless, worthy of note is the level of accountability, transparency and value for money with respect to the expenditure of public funds that has and will continue to increase. In the meantime, the Government will have to continue to pursue novel financing mechanisms like public private partnerships in order to improve the infrastructure in Anguilla.

Despite the constraints Madam Speaker, the Minister of MICUH has focused on development of the island’s infrastructure.

### **Roads**

Madam Speaker, in 2014, the Roads Section completed Phase I of the Valley Road Development Project with the formal opening of the Calvin Washington Lake Road on April 25th. The entire project, valued at **EC\$2.6 million** was designed and constructed at a level which has facilitated an easy integration into the wider Valley Road Improvement Programme. Routine road maintenance activities were executed throughout the year and while the passage of Hurricane Gonzalo further contributed to road infrastructure damage,

pay-outs to the Government of Anguilla by CCRIF under the excess rainfall insurance policy, helped to mitigate this challenge.

## **Buildings**

Madam Speaker, Executive Council approved the filling of the post of Facilities Manager, and this crucial addition to the MICUH will address the unsystematic nature of building and facilities maintenance of the Government of Anguilla.

## **Transport**

Madam Speaker, the transportation sector is very important to the wider national economic and social development of Anguilla. The Anguilla Air and Sea Ports Authority (AASPA) continues to strive to be a self-sustaining and financially viable organization. The major operational challenges of AASPA include deficient infrastructure, which requires urgent rehabilitation. The major goals of AASPA include the development of strategic partnerships to create more activity at the ports. AASPA's long term goals include the redevelopment of its ports through the process of considering various development mechanisms including privatization, public private partnership and borrowing.

The UK Government is in the process of localising more aviation responsibility to Anguilla and that bodes well for Anguilla's maturity and development. The MICUH has completed a review of the status of the implementation of various International Maritime Organization conventions in Anguilla and due consideration will be given to the implementation of the outstanding conventions in 2015 after full consultation with the maritime sector.

## **Electricity and the Energy Sector**

Madam Speaker, the Government of Anguilla welcomes the recent reduction in fuel prices and the fuel surcharge for ANGLEC. However, the Government of Anguilla will continue to focus on the implementation of legislation to facilitate the integration of renewable energy thus reducing the island's dependence of fossil fuels. This will be done in a manner that stabilises and reduces long term energy costs and possibly creates a vibrant new business sector while ensuring that the grid is modernized to handle the variances of renewable energy in particular, solar integration. Just recently, the Government of Anguilla expressed an interest in joining **Sir Richard Branson's Carbon War Room Ten Island Challenge**. The Government of Anguilla continues to work with UK Government, European Union, CARICOM and regional and international organizations on a number of renewable energy and climate change initiatives. The concerns and challenges impeding the implementation of the Waste to Energy Project will be addressed shortly.

## **Telecommunications**

Madam Speaker, the past year has seen the continued growth in the spread of information and communication technology (ICT) infrastructure and in ICT uptake by Anguillians, residents and public and private organizations. The mobile-cellular and fixed and mobile-broadband uptake continues to grow at a faster rate than the regional averages. The Government of



Anguilla will continue to encourage the telecommunication providers to continue and speed up the build out of their 4G and fibre networks. The liberalisation of the telecommunication market and the creation of the PUC have been a positive for Anguilla.

## **DITES**

Madam Speaker, the Department of Information Technology and E-Government Services continues to be a centre of excellence and despite the financial constraints have managed Government's aging network infrastructure and other end of life equipment well. In addition to all Government departments, DITES continues to support various statutory bodies, improve the data centre, strengthen the data, fibre and wireless networks and implement virtualization solutions. The uptake of ICT in the public and private sector is important for moving Anguilla towards modern information and knowledge based society and in that regard, a review of the legal framework for a modern information society was completed during 2014 with a view to implementing some options in 2015/16.

### **Anguilla Fire and Rescue Services**

Madam Speaker, plans are afoot for the construction of the new fire station building service and the replacement of an aging Air Traffic Control Tower. Government is in the process of resubmitting documents to the regulating authority, ASSI for consideration and approval. Once compliance is assured, construction on the proposed site will commence.

Arrangements have been made for the establishment and provisions of search and rescue (SAR) services to civil aviation. This is in compliance with the requirements of the Convention on International Civil Aviation and of the requirements of the International Civil Aviation Organisation.

### **The Water Corporation of Anguilla**

Madam Speaker, the Water Corporation of Anguilla (WCA) aims to provide a reliable supply of potable water to the people of Anguilla. This can best be achieved by developing a customer oriented approach and establishing a sound customer base for the Corporation's long term sustainability. The business model of the WCA is being reshaped by new management to establish a competitive brand and a preferred choice to alternative supplies. Although the debt owed to GE has been settled, there continues to be significant challenges to a reliable island wide supply of water and the WCA should complete negotiations for the new plant at Crocus Bay shortly, for the plant to be installed in early 2015.

Madam Speaker in sum, I now restate that Recurrent Expenditure for 2015 is budgeted at **EC\$192.17 million** and I now turn my attention over to recurrent revenue.

## **4. RECURRENT REVENUE 2015**

Madam Speaker, the revenue estimate for 2015 is **EC\$192.28 million**. It is **4.82 per cent** higher than the 2014 estimate of **EC\$183.43 million**. The projection is based on anticipated

increases in revenue resulting from improved collection of arrears with the establishment of the Collections Unit and some activity related to tourism development projects. Madam Speaker, there will be no increases in taxes or the introduction of new taxes in 2015.

Madam Speaker, the following presents a summary of the revenue composition in 2015.

**32.50 per cent** of total recurrent revenue is projected to come from Duties and is estimated to total **EC\$62.49 million**. Another significant contributor to revenue is taxes on domestic goods and services, accounting for some **24.43 per cent** of revenue or **EC\$46.96 million**. Of that total, Accommodation tax accounts for **EC\$18.95 million** and Stamp Duty **EC\$12.20 million**. The Interim Stabilisation Levy is projected to collect **EC\$13.50 million** and is **7.02 per cent** of the revenue estimate. Tax on Property is estimated at **EC\$5.25 million** which represents **2.73 per cent** of the recurrent revenue estimate. Taxes on international trade and transactions continue to be major source of revenue and in 2015, anticipated collections are **EC\$19.31 million** or **10.04 per cent** of revenue.

Non-tax revenues account for some **EC\$30.34 million** or **15.77 per cent** of revenue of which Fees, fines, and permits account for **EC\$21.14 million**.

## **5. CAPITAL BUDGET**

Madam Speaker, despite the tight fiscal constraints, we place particular emphasis on carefully selected projects that serve the dual role of constructing and repairing much needed infrastructure and facilitating our developing sectors all in a bid to promote economic activity and support economic development.

### **Overview of 2015 Capital Budget**

Madam Speaker, the proposed Capital Budget for 2015 is **EC\$19.81 million** and the anticipated sources of funds include Private Grants that will finance Literacy Development and the remainder of the UK Government grant funds that will finance the Adrian T Hazell Primary School Redevelopment Project, Minor Education Projects, Telecommunication Tower Replacement and the Fire Station and Air Traffic Control Tower Development.

The remaining Loan and Grant from the Caribbean Development Bank will continue the ongoing development of the Anguilla Community College. Our students must be nurtured and educated in an environment that is conducive to learning.

Throughout the year it may be necessary to dip into Reserves to support the most crucial equipment and facility needs in the area of Healthcare and we also hope to secure the assistance of our local corporate partners in this regard.

The European Development Fund of the European Union will once again finance the remainder of our most basic capital requirements and they have also been approached to support the Development of Anguilla's Long Term National Development Plan – the joint vision for the development of our nation.

These investments represent difficult tradeoffs between funding programmes and/or capital investments alongside the need to exercise fiscal prudence. Going forward we will continue

to make the disciplined choices to maintain fiscal sustainability while still providing the quality programmes that Anguillians deserve and have come to expect.

## **6. CONCLUSION**

In conclusion, Madam Speaker, I would like to again express my deep and profound gratitude to the people of Anguilla who have demonstrated resolve, patience and faith in us over the last five years. Anguillians have faced tremendous challenges which severely tested our spirit but that indomitable spirit is a true testament of our nature.

Madam Speaker, we have made significant progress over the last 5 years but our work is not yet done. Our work is not done until every single Anguillian who wants to work can get a job, until our health care is adequate and our air and sea ports infrastructure meet our needs. Our work is not yet done until we can continue to train and educate our young people up to the tertiary level. So Madame Speaker, this Budget builds on much of the difficult work we have done over the past four years. It is designed to drive growth by creating opportunities for those seeking employment and ensures that those working can feel secure in their jobs and homes.

Madam Speaker, the budget that is here before you today reflects our commitment to putting Anguilla on a sustainable path. It is evidence of our desire to act responsibly in reversing the unaffordable position that we found ourselves in when my government took office in 2010. We are now on a trajectory of long term fiscal sustainability and growth.

Madam Speaker, This AUM administration can only pledge and endeavour to continue to do what we know must be done to protect and promote the interests of Anguilla. I am heartened by their high standards and expectations of those who lead them. Even though there may be those who show discontent, it is the majority of Anguillians that exhibit patience, selflessness, and a genuine love for country that command our attention.

Madam Speaker, as I give the final budget address as Chief Minister and Leader of Government business, I cannot express enough gratitude to the people of Anguilla for having the confidence in me at this critical time in Anguilla's life. As I depart, I cannot say all of my work was done but I am proud to have been placed in this position to navigate the country through this most difficult time and emerge on the other side with positive growth, growing investment and a bright future ahead.

Madame Speaker, I must also commend you for your leadership in this House. I am especially proud that this administration is the first to ever elevate a lady to that hallowed position. To my colleagues, I commend you for your hard work and determination in ensuring that we remain steadfast despite the difficulties. To the public servants of Anguilla, we are extremely grateful for the support that you provide to us and the sacrifice you have made and that is why I could never agree to any cut in the Anguilla public service. The support from the Honourable Jerome Roberts, the Honourable Evan Gumbs and the Honourable Walcott Richardson, who backed me up during those tough early days, which cannot be underscored. To my advisor and my Parliamentary Secretary Tourism and Sports, I thank you. You have brought a fresh look to the administration and your, thinking outside the box has bode well for Anguilla. I depart knowing that Anguilla will be in safe hands as you

continue to ensure that the special interests of the youth of Anguilla are catered to while looking out for the most vulnerable amongst us.

Madam Speaker, I must also add a heartfelt thank you to the men and women of the Royal Anguilla Police Force, despite equipment and other constraints. Madam Speaker, Tourism is our main industry, so it is essential that our tourists feel just as safe as we do when they visit. We commit to providing the Police Force with even more support in 2015 to ensure crime does not raise its ugly head in our island paradise.

I look to 2015 with hope and optimism. I know the difficult days are behind us. While there will always be challenges, I know that our future is bright, so while I depart, I do so with optimism and joy and with the confidence that a brighter day is before us. I thank you Madame Speaker.

May God bless you and may he continue to bless Anguilla