



**2022
BUDGET ADDRESS
ADVANCING THROUGH ADVERSITY,
RESTORING PROSPERITY.**



Presented By

**The Honourable Premier
Minister of Finance and Health**

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ADVANCING THROUGH ADVERSITY, RESTORING PROSPERITY

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1 INTRODUCTION

Madam Speaker, I wish you, the Members of the House, the Clerk and staff, the persons seated in the gallery and the people of Anguilla everywhere a happy, healthy, safe and prosperous new year. Madam Speaker, the theme for last year's budget was 'Restoring Anguilla's economy, innovatively and sustainably.' This year's I am inspired to present this 2022 Budget to this House under the theme "*Advancing through Adversity, Restoring Prosperity*".

Adversity is a difficult or unpleasant situation, but it is one of the most powerful forces in life. It can bring out your best or your worst. It is up to you. Adversity provides the opportunity to believe—to revitalize your commitment to what you want to achieve and reassess what you are willing to sacrifice to make it happen. It builds character, learning, resilience, creativity and conviction. It teaches us to embrace challenges and grow from overcoming them.

When faced with adversity you have two options,

1. Let obstacles overwhelm and keep you from pursuing all you were destined to accomplish or
2. March forward; fight harder, push past the seemingly impossible circumstances. Turn adversity into triumph (prosperity).

Prosperity is a condition of being successful, flourishing or thriving; in other words, economic well-being. Prosperity enables people to gain meaningful employment, pursue opportunities, live productive lives and build a future for themselves and their families. It reduces vulnerability, enhances resilience and makes one economically stronger. But Madam Speaker, development and growth must not be a zero-sum game, one person's advancement must not be at the expense of another's. Shared prosperity is the order of the day.

Madam Speaker, when we took office on 30 June 2020, Anguilla's financial position and economic situation was as bleak as the photograph representing Anguilla on page 43 of the 2012 White Paper, that of a lone cactus struggling to survive on a barren rocky surface.

We inherited a distressed economy, still recovering from Hurricane Irma and stalled by the coronavirus pandemic; which we have stabilized, if not yet restored.

Restoring the economy requires *advancing through adversity*.

The borders were closed and our main industry tourism was at a standstill. Unemployment was at an all-time high.

Madam Speaker, there is much wisdom in the African proverb that **"A roaring lion kills no game."** *Advancing through adversity* required developing an increased appetite for risk and opening the hospitality sector in an informed, safe and sustainable manner. It was the considered policies and actions of this administration that gave investors, hotel and villa owners and restaurant owners the confidence to reopen; and that brought American Airlines and other airlines back to our shores to increase airlift.

I wish to thank the health team, the portal team, DITES, frontline workers and hospitality workers for their dedicated service during this pandemic to help keep Anguilla safe and reopen the economy.

The former 11th president of the World Bank, Robert Zoellick once commented that **"There are many roads to prosperity, but one must be taken. Inaction leads nowhere."** Madam Speaker, we must not repeat the mistakes of the past, allowing Anguilla to decay from passivity and negligence. This administration is here to get the job done, to make the difficult decisions and take decisive actions to restore prosperity to our Anguilla.

Madam Speaker, *Advancing through adversity* is not just for Government. For when they could not carry passengers, I saw the ferry boat operators offering tours and water adventures. While the ferry service to Marigot remains suspended, some of the ferries have started service to Dutch St. Maarten. Innovation, Madam Speaker. Anguillians *advancing through adversity*. This administration, along with the Ministries of Health and Infrastructure & Tourism created protocols for day trips. This took some time but required careful consideration for the health and safety of the country. I wish to thank the ferry boat operators for their patience and understanding.

Covid-19 has infected about 1700 persons Madam Speaker, several have been hospitalized, and unfortunately 5 have died. May their souls rest in peace. We witnessed the effectiveness of vaccination which has decreased transmission of the virus and decreased the chance of severe symptoms, hospitalization and death. I want to thank all who have taken the vaccine to protect themselves and those around them, and to encourage those who are still hesitant about the vaccines to be objective, seek credible advice and get vaccinated. I also encourage parents to get their eligible children vaccinated so that the classrooms can be safe environments.

Madam Speaker, we inherited a country crippled with high debt. The borrowing guidelines and debt service ratios were severely exceeded and there were no reserves. This significantly impacted our ability to introduce policies which we had agreed on. Fiscal prudence and responsibility required that we could not advance unfunded policies such as subsidized health care for Anguillians 70 years and older. We had to curb spending, decrease contingent liability, decrease arrears and make the Statutory Bodies more accountable.

Advancing through adversity, Madam Speaker. But the numbers will show that we are on the right track to restore prosperity.

Madam Speaker, we inherited a contracted economy with rising inflation due to increased cost of food, supplies, shipping and fuel. However, the construction sector, residential, commercial and touristic is on the rise, thus moving the economy in a positive direction.

Due to the vision and hard work of the Honourable Minister for Economic Development Mr. Kyle Hodge, incentives were given for fishing, farming and manufacturing, including duty concessions and exempt status for GST. These industries are encouraged to become prosperous.

Madam Speaker, it is disheartening to discover that ANGLEC is having financial difficulties. ANGLEC, a good corporate citizen and a vital asset to Anguilla, enacted policies to help customers during the initial months of the pandemic and reduced the fuel surcharge to limit the increased cost of electricity at a time when customers were least able to pay. Given the essential service that ANGLEC provides, even in adverse circumstances and a tight fiscal space, the GOA made advances totalling EC\$ 4 million to the WCA and AASPA to pay ANGLEC and decrease arrears.

Madam Speaker, I am convinced that ANGLEC, despite this adversity, can be restored to prosperity. That is why this administration is advocating for an urgent transition to renewable energy and the acquisition of the WCA for both entities to benefit from such a symbiotic relationship. ANGLEC is therefore encouraged to send out a Request for Proposal (RFP) for renewable energy, which will lead to clean, lower cost energy and higher paying jobs. ANGLEC is also encouraged to continue negotiations with the WCA since the potential of a combined utility service is immeasurable.

Speaking of environmentally friendly advancement Madam Speaker, the Blue Anguilla (BANG) Task Force Paper, which outlines the benefits of the blue and green economies, utilizing the 200-mile Exclusive Economic Zone in a sustainable manner was ably presented by the Parliamentary Secretary, Honourable Quincia Gumbs-Marie at COP26, discussed with Lord Goldsmith, the UK Minister for the Environment, and tagged by Prince William, The Duke of Cambridge in his remarks at the JMC.

Madam Speaker, the Financial Services sector has seen adversity over many years, culminating with Anguilla rated non-compliant with OECD and being Blacklisted by the EU. This administration has enacted legislation to help get Anguilla off the EU Blacklist and the Ministry of Finance continues to work with the OECD to become compliant. Better ratings will give confidence to companies, investors and regulatory agencies to register and do business in Anguilla. We are convinced that the Financial Services sector can be a viable pillar of the economy and lead to prosperity.

Madam Speaker we look into 2022 with a sense of optimism, not just because it is a new year but because we are laying strong foundations; *advancing through adversity, restoring prosperity* to Anguilla.

Madam Speaker, with that introduction let me present the economic review.

2 ECONOMIC AND FISCAL REVIEW

2.1 2021 REVIEW OF THE ECONOMY

In line with this year's fitting budget theme, it is worth quoting an aphorism from American evangelist Billy Graham who stated that **“comfort and prosperity have never enriched the world as much as adversity has.”** Madam Speaker, the Anguillian economy has been facing adversity. Nonetheless, we have been striving to adapt and recover from the economic damage inflicted by the onset of the COVID-19 pandemic.

Madam Speaker, permit me to summarise the economic performance in 2021, as well as look ahead to expectations for 2022. In real terms, the Eastern Caribbean Central Bank¹ (ECCB) projects GDP to grow by **1.04 per cent** in 2021, with a further consecutive **7.40 per cent** recovery this year, in keeping with positive global growth projections. Madam Speaker, Anguilla is a small open economy in a global playing field. Rising commodity prices in the US, and other countries, means cost inflation for us here in Anguilla. Consumer prices² were, on average, **2.08 percent** higher than the same period last year.

Madam Speaker, the economy is likely to operate below the 2019 or pre-pandemic level in these early stages while momentum builds. The slight growth in 2021 reflects a herculean and hope-filled clawing back from the collapse in 2020 and is a function of improving employment, consumption and investment. Due to subdued travel activity for three-quarters of the year, at year's end, output in Hotels and Restaurant is projected to decline by **7.00 per cent** year-over-year. Residents, visitors, and business owners alike have all rallied around the restoration of our tourism sector. Today, there are encouraging indicators in bookings and airlift capacity, and I anticipate a strong tourism season. Madam Speaker, one niggling source of uncertainty around the pandemic's effect on tourism stems from the emergence of new highly transmissible variants which can result in severe disease. This can be worrisome especially as the winter months approach and the recent global worsening of infection rates may result in a surge of waves across key source markets.

Activity in Construction, along with Wholesale & Retail, saw the most significant increases over the course of the year, growing by **4.00 percent** and **5.00 percent**, respectively. Madam Speaker, we can look around and see the uptick in construction of personal housing and tourism-related, foreign-

¹ Last updated August 2021

² Last updated September 2021

owned projects. Generally, other areas show broadly flat movements this year and my government is cognizant that the business landscape in Anguilla relies heavily on in-person contact in their everyday operations and precautionary health measures may have slowed traffic. But as visitor movements increase and the island shifts to a position of relative normalcy this will translate to better business.

Madam Speaker, addressing the immediate task of learning to live with the virus while laying the groundwork for inclusive growth and reinforcing resilience is a major challenge. However, my government remains committed to the restoration of prosperity in the Anguillian economy, through setting strategic direction, taking initiative and making the right investments. Last year, I put on record in this Honourable House that my administration will be working diligently to attract and deliver investment and I wish to reaffirm it. This theme, “*Advancing through adversity, restoring prosperity*” will not only be a theme for the 2022 budget, but a covenant by this government alongside my resilient and courageous Anguillian people, not to stall but to advance our economy.

2.2 2021 FISCAL REVIEW

Madam Speaker, I will now provide a brief synopsis on the 2021 fiscals, for revenue, expenditure and debt.

2.2.1 Recurrent Revenue

For 2021, the recurrent revenue, had an estimated year-end outturn of **EC\$263.30 million**, which is a **12.47 per cent** increase in comparison to the 2020 collections of **EC\$234.09 million**. However, as at December 31st, 2021 recurrent revenue outturn was at **EC\$263.65 million**, which is **1.47 percent** over the 2021 budget estimate of **\$259.82 million**. It is important to note, that included in the revenue receipts is **EC\$16.25 million** from the UKG in respect to COVID-19 Financial Aid. The Government of Anguilla is thankful to the UKG for its ongoing support.

This increase in recurrent revenue outturns was due in part to recoveries in the performance of the economy in key sectors. For example, the Interim Stabilisation Levy collections totalled **EC\$15.99 million**, a **2.36 per cent** increase above the estimate of **EC\$15.62 million**. Accommodation Tax also performed above estimates, with collections of **EC\$19.44 million**, that is **40.05 per cent** above the estimate of **EC\$13.89 million**. Also, Stamp Duty performed well above the budget estimate of **EC\$21.40 million**, with an actual outturn of **EC\$28.02 million** which is an increase of **30.92 per cent**.

Madam Speaker, I must at this point express my gratitude to all the hard-working staff in the Ministry of Finance as well as recognize the management and staff at the Customs and Inland Revenue Departments, once again you have delivered for Anguilla in these challenging times. We will continue to rely on them as our work is far from over.

2.2.2 Recurrent Expenditure

Madam Speaker, recurrent expenditure performance for 2021 was expected to be EC\$213.34 million. However, as at December 31st, 2021 the recurrent expenditure outturn was \$213.99 million. This estimate is EC\$13.37 million less than the budget estimate of EC\$226.71 million and the actual outturn is \$12.72 million less than the budget estimate. This result was accomplished through the prudent financial management of the public resources. Civil servants must be commended for their efforts in this regard. During this financial year, there were two Supplementary Appropriation Budgets that were approved to reallocate expenditure savings to areas of critical need including the clearing of specified outstanding obligations. It is important to note that these Supplementary Budgets did not change the approved budget total.

Some arrears clearing included the civil servants deferred salaries of EC\$2.34 million, contributions to the Eastern Caribbean Supreme Court of EC\$1.06 million, and contributions to the Public Service Pension Fund of EC\$2.76 million.

2.2.3 Recurrent Balance

The recurrent balance which is the difference between the recurrent revenue and recurrent expenditure is anticipated to be EC\$49.96 million. This equates to EC\$16.76 million or 51.00 per cent above the EC\$33.11 million that was budgeted.

2.2.4 Capital Revenue and Grants

Capital receipts during 2021 are projected to total EC\$3.78 million, a decrease of 62% in the capital receipts recorded for 2020. Receipts of note are EC\$2.7 million from the European Development Fund Budget Support Programme and EC\$1.08 million from the UK Government Conflict Stability and Security Fund.

2.2.5 Capital Expenditure

Madam Speaker, capital expenditure for 2021 is expected to top out at EC\$4.2 million, compared to the EC\$2.87 million originally budgeted. Supplementary budgets revised the Capital Budget upwards to facilitate the implementation of additional initiatives.

Madam Speaker, project focus and expenditure for the most part was on those projects that either met continuing obligations or counterpart commitments with development partners.

The high-profile developments under the Anguilla Programme were completed last year and into this year. On a smaller scale we have been able to undertake a retrofit to the Clayton J Lloyd International Airport to support the return of American Airlines and other airlines and to accommodate the safe arrival and COVID-19 testing of passengers. Several road improvements have eased the flow of traffic; building renovations have been progressed to fulfil the commitment to install energy efficient equipment and fixtures; and digitalisation of payment systems have promoted efficiency of government operations and improved the ease of doing business.

Madam Speaker, *advancing through adversity* calls for greater cooperation, and local partnerships. Perhaps my favourite feel-good projects were the renovation of the People's Market where we came together with the support of the St Lucia Association to ensure that the repairs were realised; and the partnership with ANGLEC and Digicel to put our network services underground.

Madam Speaker, let us continue to work together with the goal of prosperity.

2.2.6 Capital Balance

Capital receipts in 2021 totalled EC\$3.7 million and capital expenditure is projected to total EC\$4.2 million. Capital financing from the CDB loan to construct the Anguilla Community College totalled EC\$ 0.72 million in 2021.

The Capital Account Balance which is the difference between Capital Receipts and Capital Expenditure is a deficit of approximately EC\$0.42 million.

2.2.7 Overall Balance

Madam Speaker, Government's overall fiscal position is determined by the sum of the recurrent balance the capital balance. The recurrent balance for 2021 is expected to be a surplus of **EC\$49.96 million**. The projected capital expenditure totalled is EC\$4.20 million. The projected debt amortization is **EC\$32.82 million**. Therefore, the overall balance for 2021 is expected to be a surplus of approximately **EC\$16.72 million**.

2.2.8 Public Debt Report

Madam Speaker, preliminary estimates show that total public debt, which comprises of Central Government, and Government Guaranteed and Non-Guaranteed debt of State-Owned Enterprises (SOEs) ('General Government Debt'), as at the end of 2021 is projected at **EC\$452.33 million (63.15 per cent of GDP)**. At the end of 2021 Central Government debt stock is projected at **EC\$432.53 million**, a decrease of **EC\$20.27 million** over the 2020 debt stock of **EC\$452.80 million**. Government guaranteed SOEs debt stock is projected at **EC\$3.04 million**; a decrease of **EC\$1.67 million** over the 2020 debt stock of **EC\$4.71 million**. Non-Guaranteed SOEs debt stock is projected at **EC\$16.76 million**, a decrease of **EC\$2.65 million** over the 2020 debt stock of **EC\$19.41 million**. The projected decline in General Government debt stock is due to projected scheduled amortization exceeding disbursements for the 2021 fiscal year.

Of the outstanding debt for the period under review, Central Government debt stock projections account for **95.63 per cent** of the portfolio; and Government-guaranteed SOE debt stock projections represent **0.67 per cent** of the portfolio, comprising of loans for the Anguilla Development Board. The Non-Guaranteed SOE debt stock projections account for the remaining **3.70 per cent** of the portfolio, relating to a loan and two Public-Private Partnerships for the Water Corporation of Anguilla. Domestic and external debt accounts for **57.48 per cent** and **42.52 per cent** of the portfolio respectively.

Madam Speaker, during the fiscal year 2021, to support the implementation of the budget and to mitigate the effects of the pandemic, the government secured financing from the Caribbean Development Bank (CDB) to the tune of **EC\$20.25 million** in the last quarter of 2021. This loan is the second in a programmatic series of three loans to support GOA's reform programme for restoring stability and building resilience, to promote and sustain economic recovery and growth. The first PBL

in the series was disbursed in 2018 and aided in the restoration of fiscal stability and resilience building in the aftermath of Hurricane Irma. Disbursements during the fiscal year 2021 for the Anguilla Community College (ACC) Project Loan, contracted from CDB in 2014 is projected at **EC\$ 0.84 million**. At the end of 2021, projected total disbursements on the ACC Project Loan amounted to approximately **EC\$6.57million** with a projected undisbursed balance of **EC\$2.11million**. Existing lines of credit through the short-term facilities with Eastern Caribbean Central Bank (ECCB) and the National Commercial Bank of Anguilla Ltd. (NCBA) were prudently utilized for cash management purposes. There was no new borrowing or disbursements associated with Government Guaranteed and Non-Guaranteed SOE debt.

Proposed new borrowing, **EC\$13.50 million**, is projected for fiscal year 2022, where the Government of Anguilla will seek to secure phase three of the Programmatic Stability and Resilience Building – PBL which was agreed to in 2018 to assist in the restoration of fiscal stability and resilience building. Madam Speaker, this planned borrowing will now be reconsidered in light of the exceptional end of year performance in 2021 and in taking into account budget performance during this year. We will not unnecessarily burden future generations by borrowing, except where it is essential to do so.

Madam Speaker, the cost of servicing Central Government debt is projected to move from **EC\$46.58 million (amortization – EC\$32.82 million and interest payments – EC\$13.75 million)** in 2021 to **EC\$51.53 million (amortization – EC\$35.68 million and interest payments – EC\$15.85 million)** this year. This represents an increase of **10.63 per cent** or **EC\$4.95 million**, which is primarily due to the new debt contracted in 2021 and the expiration of a grace period on one of the CDB loans contracted in 2018. This Government stands committed to managing debt service costs through prudent debt management.

Madam 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) in the Fiscal Responsibility Act. The borrowing limits are that the net debt and debt service should not exceed 80 per cent and 10 per cent of recurrent revenue respectively, and liquid assets should be sufficient to cover 90 days or 25 per cent of recurrent expenditure. Unfortunately Madam Speaker, at end of 2021, projections show that the Government will continue to remain in breach of the borrowing limits. At the end of 2021, preliminary analysis shows that the net debt ratio is projected at **173.54 per cent**, the debt service ratio at **21.30 per cent** and liquid assets at **0.24 per cent** (approximately **1 day**). The debt-to-GDP ratio is **63.15 per cent** which is **3.15**

percentage points above the Eastern Caribbean Currency Union (ECCU) target benchmark of 60 per cent.

Madam Speaker, my government pledges our continued commitment to prudently manage Anguilla's debt portfolio notwithstanding the adversity we face.

3 RECURRENT EXPENDITURE 2022

Madam Speaker, the Recurrent Expenditure Estimate for this 2022 fiscal year is projected to be **EC\$224.58 million** excluding amortisation of **EC\$35.70 million**. This is a **6.11 per cent** reduction or **EC\$2.13 million** variation when compared to the 2021 approved recurrent budget of **EC\$226.71 million**. This is as a result of Government making some critical decisions to deal with the current financial challenges in order to meet its overall obligations.

Personal Emoluments for 2022 budget is estimated at **EC\$89.60 million** resulting in **9.00 per cent** or **EC\$7.31 million** difference over 2021 approved budget of **EC\$82.29 million**. This increase in part addresses statutory obligations under the Education Act to compensate teachers who attain enhanced qualifications, as well as, increases provisioning to facilitate additional policing needs and additional personnel needs related to the Inland Revenue Department and the Customs Department that will lead revenue mobilisation efforts.

Retiring Benefits show a slight increase of **EC\$0.47 million** for the 2022 of **EC\$10.41 million** when compared to the 2021 approved budget of **EC \$9.94 million**. This is due to the number of persons attaining the age of retirement for this year.

Interest Payments, which includes both domestic and foreign, has an estimated budget of **EC\$16.09 million**. This is **EC\$0.01 million** increase over the 2021 approved budget. This increased sum is due to anticipated increases in the domestic variable interest rate.

Goods and Services resulted in an overall increase of **EC\$4.41 million**, moving the 2022 budget to **EC\$60.16 million** when compared to the 2021 approved budget of **EC\$55.75 million**. This was mainly as a result of increases in provisioning for maintenance of buildings and roads, maintenance services related to electronic systems, insurance, and Government related GST expense from July 2022.

Current Transfers has an estimated budget of **EC\$48.30 million** for 2022. This is a decrease of **17.00 per cent or EC\$9.59 million** below the 2021 approved budget of **EC\$57.89 million**. Under this account, payments are made to statutory bodies, medical treatment overseas, public assistance, and; sports, youth, culture and arts development initiatives.

3.1 HM Governor's Office & Departments

The 2022 recurrent expenditure budget for H.E the Governor's Office and Departments is EC\$30.61 million. This represents an increase of 3.29 per cent or EC\$1.80 million above the 2021 approved budget of EC\$28.81 million. This increase is partly due to the establishment of a new department – the Financial Intelligence Unit, additional professional and consultancy resources in the Attorney General Chambers and additional officers for the Royal Anguilla Police Force and Her Majesty Prison.

Improved Administration and Delivery of Public Services

The impact of COVID 19 has signified the need to restructure and upgrade our processes in this 'new normal'. Madam Speaker, Public Administration has embarked on re-institutionalisation of Performance System which will commence this month as well as championed the digitalization of operations to improve timeliness of service delivery across the Anguilla Public Service. Last year saw the completion of policies relating to Social Media, Home and Remote Working, Flexible Working Hours, Engaging in Private and Conducting Workplace Investigations. These policies will promote accountability, transparency, and integrity, whilst ensuring the appropriate processes are in place to provide efficient and effective delivery of public services. Public officers are required to adapt to change, shift their mentality, keep abreast with learning, and be responsible by adhering to the established policies and procedures. Madam Speaker, we must continue to hold public servants accountable and improve public sector performance whilst curtailing the growth in expenditure.

Enhancing Safety and Security

Madam Speaker, my government stands firm in our commitment to tackling crime and criminality, and the recent incidences, which have left several families suffering, have only served to heighten our conviction.

The upcoming budget makes available additional funding to enhance the personnel complement of the Royal Anguilla Police Force to support their continued efforts to make Anguilla a great place to

live, work and invest. The Royal Anguilla Police Force's Policing Strategy clearly sets the direction for policing despite evolving complexities associated with reducing crime, increasing police visibility and investigating complex criminal offences.

The RAPF is committed to ensuring people get the best possible policing service. From listening to the concerns raised by local people and businesses, the RAPF will invest in frontline policing, pursue the most dangerous and protect those most at risk. The RAPF intends to introduce a new Community Policing Team; identify resources to assist in providing border security; develop intelligence capabilities; and invest in training, technology and equipment to pursue the most dangerous criminals.

Madam Speaker, enhanced policing efforts must be buttressed by rehabilitative programmes to support and serve those incarcerated. We will continue to improve prison facilities and programmes. Her Majesty's Prison has recently adapted to the challenges posed by the pandemic restrictions through providing virtual visits for those incarcerated to communicate with family and friends. Madam Speaker, maintaining these social support networks is crucial in ensuring successful reintegration of incarcerated persons into society.

In addition, the High Court has commenced the conduct of 'Virtual Courts' utilising video-conferencing facilities, which allows for the wheels of justice to keep turning amidst challenges associated with the COVID-19 pandemic.

Madam Speaker, in keeping with international best practice and standards Anguilla has taken steps to establish the Financial Intelligence Unit ('FIU') as a separate department within the structure of the Government of Anguilla. The FIU will operate under a hybrid model with responsibility for the receipt, analysis and dissemination of financial intelligence, as well as the investigation of terrorism and financial crimes. The FIU plays a pivotal role in the strengthening the jurisdiction's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) regime, protecting the economy and the integrity of the financial system from emerging threats.

Building Disaster Resilience

Madam Speaker, we are thankful to God Almighty that Anguilla has been spared within the 2021 Atlantic Hurricane season. The team at the Department of Disaster Management continues to clearly focus on building pathways to resilience and disaster risk reduction both as part of the Anguilla Public Service as well as within the wider Anguillian community. Efforts will continue to engage even further

with social media personnel, use the wider array of available avenues to ensure the information is wide reaching and further develop a robust communication platform. The department will be leading the promotion of Business Continuity Planning at all levels which improves capacity to deliver services and continue operations following disruptive incidents. Madam speaker, adversity is not a one-time occurrence. We will continually face challenges and through proper planning and preparation we can continue *Advancing through Adversity, Restoring Prosperity*.

3.2 Ministry of Home Affairs & Departments

The Ministry of Home Affairs has seen a slight decrease in the 2022 recurrent budget with a total of **EC\$8.51 million**. This represents a decrease of **5.00 per cent or EC\$0.45 million** when compared to the 2021 approved budget of **EC\$8.96 million**.

Promoting Labour Rights through Targeted Reforms

Madam Speaker if we are to have a progressive economy and a progressive society then labour must get its fair share of the returns of economic activity. To that end we intend to implement minimum wage legislation this year. Anguillian workers deserve the respect of a wage they can live on. We must also focus on occupational health. Consequently, amendments to the Labour Relations Act are intended to provide acceptable health and safety requirements and equal opportunity in the work place for all. Another point of focus is that labour has long been neglected at the negotiating table in Anguilla and consequently this year we will also be looking to implement a Collective Bargaining Act for trade unions in the tourism industry as well as other sectors to allow for collective bargaining. Madam Speaker, we are sensitive to the perceptions of persons that an informal ‘glass ceiling’ operates in Anguilla when it comes to job opportunities, particularly in the tourism sector. In order to address this, the Ministry of Home Affairs in conjunction with the Labour Department has undertaken a fundamental review of the Understudy and Career Development Policy in the tourism industry and will be enshrining elements of this into legislation. This is long overdue and will bolster the understudy requirement for work permits.

Securing our Borders

In January 2021, the Anguilla Immigration Department implemented its Online E-visa Portal which has allowed for the seamless processing of visa applications. For 2022, the E-visa portal system will be developed further, integrating other online processes in an effort to offer more improved services

by the department. The introduction of an Advanced Passenger Information System (APIS) is intended this year. With direct commercial flights from the US mainland into Clayton J Lloyd International Airport, the use of APIS will allow for even greater efficiency in the processing of passengers. We are also establishing a checkout booth at the Blowing Point Port that was delayed for 2021. This will allow for electronic capturing of passengers departing via that port and adds to enhancing border security and effective monitoring of persons.

Digitising Land Administration

Madam Speaker, in keeping with our principle of improving the delivery of public services through digitisation, 2021 saw the Department of Lands advance the implementation of a Land Information System (LIS). The LIS will address existing deficiencies by replacing an antiquated paper-based system with a digital system that will enable the Department to efficiently administer land matters which underpin investments in our precious land resources in Anguilla.

Building Resilience through Building Regulations

Madam Speaker, as we all know Physical Planning operates in a framework which goes back to the 1960s. Attempts to implement modern Physical Planning legislation has defeated all administrations in Anguilla since the adoption of Ministerial Government in 1976. Nonetheless, fundamental to building climate-resilient physical infrastructure is the adoption and enforcement of robust building codes. We will advance this pursuit by requesting that this Honourable House establish a Committee to hold hearings on the subject revolving around legislation drafted by experts funded by the CDB. The idea is that all sections of the community will be invited to give their views which will be recorded, recommendations made and a report submitted for the consideration of Executive Council.

Delivering Reliable Information

The Department of Information and Broadcasting plans to fully utilize new technologies including investing in high quality field cameras to improve visuals and further boost its online presence are underway. Radio Anguilla remains as the people's primary source of trustworthy news and information.

Supporting Constitutional and Electoral Reform

Madam Speaker, the aim is to finalise the current Constitutional and Electoral Reform process. Our people have been consulted throughout this process with Town Hall Meetings held in all seven

Electoral Districts last year, both in person and with live streaming facilities to garner comments from those viewing online. Rich feedback was received which will be taken into account. The new draft Constitution will be brought to this Honourable House for debate before engaging the UK's negotiating team. The Constitution is the supreme law of the land and we have to get it right.

3.3 Ministry of Economic Development, Investment, Commerce, Information Technology and Natural Resources & Departments

The Ministry of Economic Development has for its 2022 budget **EC\$12.95 million**. The increase of **10 per cent or EC\$4.24 million** over the 2021 recurrent budget allocation of **EC\$8.71 million** is due mainly to planned consultancy for an E-Government Policy, increased staffing for the Department of Statistics and increased provision for maintenance services for various government departments' digital systems.

Despite the economic shocks that Anguilla has experienced over the past few years, the Ministry of Economic Development, Investment, Commerce, Information Technology and Natural Resources remains committed to its vision of “a thriving economy for a sustainable future”. In accordance with this vision, this year the Ministry will focus on developing a Long Term National Sustainable Development Plan to guide Anguilla's development for the next twenty years and a series of initiatives designed to improve investor confidence in doing business in Anguilla, build economic resilience and increase food production.

Investment promotion

With the development of a new investment promotion framework, the Ministry will establish mechanisms to ensure a more positive investor experience. An investment promotion online platform will be used to raise awareness of investment opportunities and fiscal incentives and as a means of engagement with investors. The Ministry will actively support investors and provide guidance on navigating all of Government's processes which will be linked to the online platform, thereby ensuring a more timely and seamless experience. To support these efforts, fiscal incentives legislation will be introduced to the House which will formally establish and standardise the incentives being provided by Government as a means of attracting investment.

Improving Ease of Doing Business and Digitising the Delivery of Public Services

In addition to the efforts geared towards investors, there is much to be gained generally by improving the ease of doing business with Government. Overly bureaucratic and manual processes can be off-putting for local business and overseas investors. As such, the Ministry will develop an e-Government policy and strategy to provide an overarching framework and context for its e-Government's efforts. E-Government is a pillar of economic transformation which involves:

- digitalising delivery of government services, programmes and information;
- creating methods to pay digitally for goods and services including taxes; and
- removing silos from information transfer so government departments and agencies can share information, maintain records and improve data flow.

In this context, the Department of Information Technology and E-Government Services (DITES) will continue to work with Government Departments to offer more services online so that customers can transact business virtually. Additionally, DITES will increase its efforts to ensure that Government employees have access to the technology and collaboration tools required for reliable, scalable and flexible work.

Economic Resilience

The Ministry of Economic Development will adopt a multi-pronged approach to building economic resilience.

Firstly, the Ministry will facilitate investment which diversifies the tourism product:

- The Ministry will encourage investment in marina development and work with investors to realise the commencement of marina projects.
- Additionally, the Ministry will propose legislation which facilitates the development of a high-quality, well-regulated gaming industry which will provide additional opportunities for investment and cater to the diverse interests of our clientele.
- Further, by positioning Anguilla as a destination of choice for offshore tertiary education, the Ministry will actively pursue the development of medical schools and other similar institutions which will have positive spin-off effects on the economy.

Secondly, the Ministry will put measures in place to increase activity in other economic sectors:

- The Ministry will actively pursue the commencement of an offshore fishing licensing regime as a means of tapping into the economic potential of Anguilla's blue resources.
- In furtherance of the goal of food security via increased local food production, expanded support will be provided to the agricultural sector in order to improve the methods of food production and the quality and volume of outputs by transitioning from traditional farming to more climate-resilient methods using technological innovation.
- To complement the work on decriminalisation of marijuana, the Anguilla Marijuana Commission will be established to develop a roadmap for the development of a sustainable marijuana industry in Anguilla. This will enable the growth of spin-off industries in which marijuana is converted for use in various products.

Lastly, sound data must underpin all decisions and actions taken by Government. As such the Ministry is committed to undertaking the Anguilla Population and Housing Census this year which will provide critical information on the social and economic characteristics of our population. Significant resources are dedicated to the conduct of this census within the 2022 Budget.

3.4 Ministry of Finance and Health & Departments

The 2022 recurrent budget for the Ministry of Finance and Health is EC\$101.10 million. This is a 6.09 per cent or EC\$6.09 million decrease when compared to the 2021 approved budget of EC\$108.09. This variance is mainly attributed to the discontinuation of the public assistance program for COVID-19 as the island re-opened and persons have been returning to work.

Improved Quality and Delivery of Public Health Care

Madam Speaker, the Health Division of the Ministry remains committed to protecting and promoting the health of all residents of Anguilla. The work to repair, redevelop, renovate and improve the health infrastructure, which was damaged during the passage of Hurricane Irma, has essentially been completed. The health services delivery capacity is now better than pre-Irma levels. The construction of the Western polyclinic and the Valley Health Complex, upgrades at the Princess Alexandra Hospital, and renovations of the Welches Polyclinic have all been completed. The Ministry is currently working with the relevant authorities to advance the construction of a new Dialysis Unit and Isolation

Ward at the Princess Alexandra Hospital. It is anticipated that construction will commence early this year and be completed by year end. Again, I would like to thank the contractors and project managers, the Governor's Office, the Foreign, Commonwealth and Development Office, the Ministry of Health and the Health Authority of Anguilla for their commitment in ensuring that the public health sector is resilient and developed in a sustainable manner.

Madam Speaker, 2021 has been an extremely difficult and tough year for staff at the Health Authority of Anguilla (HAA). They are the unsung heroes on the front lines managing the Isolation Ward, the Laboratory COVID-19 Testing, Accident and Emergency, Respiratory Triage and the COVID-19 National Vaccination Programme. The personal sacrifices of the HAA staff, who have been working beyond their allotted shifts and across departments to attend to the medical needs of the population, must be recognized.

Through assistance from the UK Government, the HAA continued to implement infrastructure improvements with the renovation of the Princess Alexandra Hospital Dietary Unit, the upgrading and installation of a Central Sterilization Unit with the latest sterilization equipment for ensuring that HAA meets international standards in the reprocessing of medical equipment and instruments. The procurement of a new digital GE X-ray machine (funded by the U.K. Government) after decades of analog X-rays at the Imaging Unit of the Princess Alexandra Hospital, the commissioning of a new mobile X-ray machine, and the installation of a new oxygen bank, donated by the Health Authority of Anguilla Foundation, are all initiatives we can be proud of in 2021.

The upcoming year will see the climax of several policy initiatives as HAA undergoes accreditation through Accreditation Canada International and the reintegration of primary health care services in all three-health districts at the three polyclinics. The HAA will also pursue full time psychiatric services in Anguilla for the first time in order to address mental health programmes and services in a comprehensive manner.

Minimising Health Related Risks from COVID-19

Madam Speaker, for the second straight year the seminal issue has been the COVID-19 Pandemic. In the Ministry, the last two years have been dominated with developing programmes and providing human and financial resources to fight the SARS-CoV-2 virus. We are, however, confident that the strategies put in place by the Ministry of Health over the last twelve months have averted large numbers of hospitalizations and deaths.

Through the donation of over 20,000 doses of AstraZeneca COVID-19 vaccine, and 5,850 doses of Pfizer COVID-19 Vaccine, the Government of Anguilla has been able to administer 10,117 first doses, 9,230 second doses to residents of over the age of 12 years and 1255 booster shots to residents over the age of 18 years. I would like to place on record our gratitude to the U.K. Government for assisting in the provision of vaccines through its department and agencies. I also wish to extend my gratitude to the health services staff that enabled this mass vaccination effort. This level of coverage no doubt has contributed to the resilience of our people and economy as we advance through this adversity.

Madam Speaker, while the island has experienced ongoing local transmission of the virus since August 2021, this has not resulted in any major extended public health measure to restrict the movement of people or the gathering of persons in outdoor spaces, allowing for continued economic productivity locally, and minimizing social disruption. Most cases have been mild to asymptomatic with few hospitalizations and deaths.

The government continues to implement an aggressive testing, early detection and quarantine/isolation strategy to limit the spread of the disease. As of 20th December, the government has conducted 57,196 RT-PCR tests and 7,342 rapid antigen tests since January 2021. To maintain this level of testing capacity, the Government of Anguilla, Governor's Office, Government of the United Kingdom, and the Health Authority of Anguilla have worked synergistically in the areas of procurement of lab equipment and supplies, recruitment of laboratory staff and the collection of samples.

The Government of Anguilla was assisted greatly with three doctors and two nurses from the Republic of Cuba whose placement ended in March 2021. This additional human resource in the clinical setting, public health and quarantine was of great assistance to the Government and people of Anguilla, and I would again like to thank the Governments of the U.K. and Cuba for this assistance.

Over the last two years the Ministry has expended approximately EC\$12.00 million directly and indirectly in order to protect the public from the spread of COVID-19. This level of expenditure is not sustainable and diverts scarce resources from other government programmes. It is critical that all residents do their part to ensure that the Anguilla is protected from the pandemic so that we can get back to some normalcy as soon as possible. As the disease continues to test the resilience of the system, the involvement of all sectors of society in the national effort will become all the more critical.

Hence, this year the Ministry and the Unit will focus on revitalizing the Unit's mission while guiding workplaces and schools to develop sustainable actions to continue to navigate through the pandemic.

Financial Management and Accountability

Astute stewardship of public finances remains the focus of the Finance Division of the Ministry. Madam Speaker, I continue to call for prudence, fiscal responsibility and accountability and my Ministry will be at the forefront of this agenda.

The planned revision and update of the Financial Administration and Audit Act and the associated Financial Instructions, which was delayed last year, will be swiftly progressed in the first half of the year. Persons must be held accountable for how they spend public funds which are duly supplied by the hard-working taxpayers of Anguilla.

In 2021, the public procurement framework was expanded to statutory bodies. Madam Speaker, some of these statutory bodies have been entering into contracts that were producing significant liabilities and which their revenues could not sustain; with little demonstration of value for money. When these statutory bodies are unable to service these contracts, the burden falls on the people of Anguilla. This is not a state of affairs that my administration could accept. The procurement legislation was fully extended to statutory bodies and we will continue to work to ensure the long-term sustainability of all statutory bodies. Further work will continue in relation to the public procurement framework to improve the functionality of and increase public confidence in the procurement proceedings.

Debt Sustainability

Madam Speaker, I mentioned earlier that our debt service for this year is around EC\$51 million. 'Debt service' means what we pay in both principal and interest payments. This equates to around a quarter of the Government's recurrent budget. When we have to pay increasingly more to service our debt, it leaves little to spend on areas that improve our quality of life such as education, healthcare and community activities. This year we will not spend EC\$ 51 million on education. We will not spend that on healthcare. We will barely spend that on health and education combined. Now, we will supply the Health Authority with around EC\$ 20 million from the consolidated fund, which will support a little over 50 per cent of their operating expenditure, but Madam Speaker we could do more. We could do better, if it was not for this noose around our necks that we casually refer to as our 'debt burden'.

We must return our debt, which was built up over the years, to a sustainable path. While our debt profile is projected to return to sustainability over the medium to long-term; our debt servicing costs are projected to increase over the next three years. The government's ability to service its debt remains dependent on our fiscal situation. Debt sustainability analyses indicate that we will only be compliant with target borrowing ratios in 2030; almost a decade from now. Imagine facing the prospect of continued strangulation for an entire decade. Nonetheless, the return to sustainability requires prudence. In order to achieve this my administration, will continue to foster economic growth and increase revenue mobilisation to aid in *restoring prosperity* through prudent debt management.

Fiscal consolidation and Revenue Mobilisation

A prerequisite for sustainable economic growth, is restoring our public finances. Madam Speaker, expenditure curtailment, minimising debt accumulation and revenue mobilisation remain the order of the day as detailed in our 2022-2024 Medium Term Economic and Fiscal Plan. In 2021, we were able to curtail expenditure to around EC\$ 13 million below budget. This was not done through hiding arrears, but through prudent fiscal management. In fact Madam Speaker, last year we were able to pay down around EC \$ 6 million of arrears, some of which were accumulated since 2009. We will continue to 'trim the fat' as we right size government to ensure the efficient allocation of resources for the delivery of quality public services.

We will continue to strengthen our revenue collection systems to mobilise the resources necessary to fund public services. This 2022 budget equips our Inland Revenue and Customs Departments, our lead revenue collecting agencies, with additional personnel resources for this task. But Madam Speaker, this is not simply additional bodies to passively collect taxes from compliant and civic-minded citizens. These departments' strategic work programmes will be based at enhancing voluntary compliance whilst curbing revenue leakages through targeted enforcement activities. We all must share the burden, Madam Speaker.

I spoke earlier to the digitalisation of the delivery of public services, this year the Customs Department will forge ahead with the upgrade of the ASYCUDA platform which will simplify processes and improve the ease of doing business. The Inland Revenue Department will continue with the digitisation of tax filings and payments through their recently launched online portal; improving the customer experience and making paying taxes simple and efficient.

Improved quality service delivery to the public through Digital Transformation - modernized service delivery and efficient payment gateways

Madam Speaker, Anguilla's financial services sector continues to underperform as we are yet seeking to find a niche sector in this global competitive environment. The pressure to comply with international regulatory standards has curtailed our ability to exploit our current products forcing us to explore new avenues. Madam Speaker, currently, the Companies Act and the International Business Companies Act are in the process of being replaced and repealed by a new piece of legislation the "Business Companies Act" which will provide a modern flexible companies regime, catering to the needs of our international clientele providing for structures such as the Segregated Portfolio Companies, Exempted Companies and Restricted Purposes Companies.

Madam Speaker, our new and highly secured bespoke company registration system is now a reality and is scheduled to launch at the start of 2022. The bespoke system is governed by its own piece of legislation and will also house the Beneficial Ownership Register, an initiative that will see Anguilla be at the forefront of the global agenda in setting the standard for transparency of company ownership. The bespoke system provides services for both our local and international customers through payment gateway. It provides real time information and reports on the management of entities thus helping Anguilla to be a viable choice for business. Madam Speaker, these new offerings will allow the financial sector to remain relevant and compliant.

The ecommerce services, Home Shopping and E-zone, at the General Post Office (GPO) continued to experience significant growth due largely to the effects of Covid-19 pandemic. They contributed to 80% of total annual revenue collections at the GPO. During the period January – October, 2021 the Home Shopping and E-zone services realised a combined 18 per cent increase in revenue collection, 45 per cent increase in new customer sign ups and a 21 per cent increase in packages received when compared with the same period during 2020. Efforts will continue towards upgrading the digital systems of the GPO to modernize as well as improve efficiency, accountability and performance. Such improvements will include introducing online payments and other web-based and mobile applications to meet customers' needs. The online payment facility would ensure customers could do business with the GPO in an efficient manner.

Improved social security benefits and pension administration

Madam Speaker, the Pensions Act and the Social Security Act requires the conduct of Actuarial Reviews triennially, that is, every three years. Upon commencement of my administration's term in 2020, I was presented with actuarial reviews of both funds as at 31st December 2019. Given the concerning findings of these reports, I requested a further review of both funds as at 31st December 2020. These reports will shortly be tabled before the Honourable House and formally presented to the people of Anguilla for their consideration. Madam Speaker, I must be candid, the Pension Fund and the Social Security Fund are in precarious states, but timely and responsible decision-making can avert the adverse state of affairs.

The Social Security Board's estimates of income and current expenditure for 2022 anticipates a surplus of EC \$5.2 million (before accounting for depreciation). The revised 2021 excess of income over expenditure is estimated at EC\$ 9.3 million, this is despite the challenges of high levels of unemployment due to Covid 19 and the rise in sickness (quarantine) benefits. The higher surplus is also attributed to the outstanding performance of the Board's investments in the US stock market. However, I will not mislead this Honourable House, these surpluses are set against a backdrop of the fund being projected to be depleted between 2035 and 2038. The actuarial review finds that **“the Fund is not financially sustainable over the medium and long-terms at current benefit provisions and contribution rate.”** Madam Speaker the time is now for frank conversations and difficult decisions. We will shortly be bringing this matter before the House and presenting these issues to the people of Anguilla.

In keeping with efforts for **“*advancing through adversity, restoring prosperity*”**, the Social Security Board will continue to focus on implementation of its transformational Multi-Benefits Solution providing a new administration system and online portal services for improved service delivery to its customers. The strategic program will include developing a benefits funding policy as well as refocusing on alternative investments through reactivation of the Board's Investment Committee. All of this will be as the Social Security Board celebrates its 40th year of operations, continuing to serve the people of Anguilla.

The Public Service Pension Board continues to administer the Pension Fund for the Government of Anguilla and its agencies. My administration intends to ensure the sustainability of the fund through responsible and timely decision-making. The most recent actuarial review finds, and I quote **“with**

the current contribution rates and investment strategy, fund assets will be depleted in 2028 if no changes are made to contribution and benefit rules”. This existing state of affairs is beyond my administration’s tolerance levels; firm and decisive action is required. My administration recently approved an increase in contribution rate for the employer contributions of the Government and Government Agencies from three (3) per cent to four (4) per cent to take effect 1st Jan 2022. This contribution rate has remained untouched in the last 18 years. Given that the Fund now serves almost 200 pensioners, and the fact that the pension liability continues to grow, some further changes in the rate of contributions are expected in the near future to ensure a proper financial balance and will follow the requisite consultations with stakeholders. Madam Speaker we will continue *advancing through adversity, restoring prosperity* to both funds.

3.5 Ministry of Social Development and Education & Departments

The Ministry of Social Development has a 2022 recurrent budget of **EC\$48.11 million**. This is a **7.00 per cent or EC\$3.50 million** decrease over the 2021 approved budget of **EC\$51.61 million**. The reduction in this Ministry is mainly attributed to a reduction in the transfers and subsidies account

Delivering Social Support Programmes

The Ministry of Social Development & Education will continue *Advancing through adversity, while restoring prosperity*. The Ministry entered into a partnership with the UN Joint Programme Fund. The fund will support programmes and initiatives around youth Entrepreneurship and Innovation; Social Protection Shock Responsiveness; and TVET (Technical & Vocational Education & Training) Skills Development in Anguilla. The adversity of COVID-19 demonstrated the need for shock responsive social protection systems. As such, with sponsorship from UNICEF, the Ministry undertook a major assessment of Anguilla’s social protection shock response to the pandemic. The assessment findings will inform the development of a social protection management information system and assist in future planning. Madam Speaker in responding to shocks, the demand for assistance with medical treatment overseas is spiralling even as we engage in these proceedings. The Government’s contribution to medical treatment remains significant and speaks to the need for a comprehensive national health fund. We have taken the first step in this process by making the former Interim Stabilisation Levy a permanent tax measure known as the Universal Social Levy. The next step will be ring-fencing these funds to provide for the healthcare needs of our people. This will

have to be done in a considered manner when we can afford to do so. My administration will continue to treat this as a top priority.

Developing alternative modes for delivery of quality education services

There is a renewed focus on the delivering of quality education services to the people of Anguilla. I am reminded of a proposition of the great philosopher, Aristotle that “**Education is an ornament in prosperity and a refuge in adversity.**” The Department of Education will proceed with plans to firstly, strengthen the delivery of educational instructional services to student who speak English as a second language with the establishment of an English Immersion Programme and the employment of additional ESL specialist teachers; secondly, launch a national programme to support students with Special Education Needs post the compulsory school attendance age of 17 years; and finally continue efforts to strengthen the Department of Education focus on transitioning the education system to a blended learning modality that fully integrates technology into the teacher and learning process. This year, we will see the finalization of the revised Education Development Plan, the implementation of an Education Management Information System and E-Learning Platform and the long-anticipated opening of the new Alben Lake Hodge Comprehensive School Campus.

In 2021, the Education Sector welcomed major infrastructural improvements with the commissioning of the new Morris Vanterpool Primary School as well as new blocks at Orelia Kelly Primary School, the Valley Primary School and the Adrian T. Hazell Primary School. We are thankful to the UK government for the funding made available for these projects. The Anguilla Community College also commissioned a new site.

Madam speaker, social needs are exacerbated in times of crisis, but we must continue to ensure that social expenditure is efficient continuing to deliver social programmes to those most in need.

3.6 Ministry of Infrastructure, Communications, Utilities, Housing & Tourism

The Ministry of Infrastructure has a 2022 recurrent budget of EC\$23.24 million. This is a 13.00 per cent or EC\$2.73 million increase when compared to the 2021 approved budget of EC\$20.51 million. This increase is primarily for maintenance of roads, buildings, training of firefighters and a consultancy related to an energy management program.

The Ministry of Infrastructure has revised its National Infrastructure Development Initiatives, and for this year it intends to implement more structured road maintenance programs, whilst also spearheading an extensive maintenance program for Government of Anguilla's assets. This cost effective approach includes long-term planning using elements of renewable energy, whilst also strengthening systems' capacities to absorb and recover from various shocks and stresses. Madam Speaker, in order to advance through adversity, we must ensure that we have resilient systems.

Sustainable Energy Sources and Water Security

The Ministry, recognizing the vulnerability of Anguilla as a Small Island Developing State, is forging ahead with an inclusive approach to renewable energy and sustainable water supply, moving towards building a sustainable, climate smart, resilient environment for the people of Anguilla. Madam Speaker, one of the pillars for **restoring prosperity** will be building a climate smart resilient economy, powered by a mix of renewable energy options, with lowered energy costs and reduced carbon emissions.

The Ministry of Infrastructure will accelerate investment in early-stage technology research and development for affordable, reliable and efficient energy options and works will be progressed to begin energy management improvements throughout the public service and Anguilla. The Ministry will also enhance the sustainability and resilience of the public water supply in Anguilla through the development of a Groundwater Resource Management Plan and the integration of renewable energy resources for the improvement of private and public water access, distribution and supply.

Air Access Development

In the wake of COVID-19 and its many variants, **advancing through adversity** takes on a whole new meaning. While the aviation industry has been dealt a significant blow, the industry remains strong and resilient as airlines are aggressively seeking new markets. Madam Speaker, we recently celebrated welcoming new transatlantic airlift from Miami to our shores by American Airlines. Since then we have seen the rapid expansion in this service to now daily flights from April. This is a strong signal of our tourism products continued attractiveness. The island's economy is largely dependent on the ability to maintain these new routes and actively seek connectivity from various international and regional hubs will prove to be a vital element that will aid in **restoring prosperity** to the people of this nation. Bold approaches are necessary to maintain safe skies and increase passenger arrivals into Anguilla.

Resilient Public Infrastructure

Madam Speaker, crumbling infrastructure not only impacts productivity and economic growth, but it also renders us increasingly vulnerable to extreme weather events. My administration continues to champion for expanded investment in sustainable infrastructure to support Anguilla's development. This year, the Department of Infrastructure will continue delivering the Carter Rey Blvd which will upgrade the main spine of transport within the capital commercial center. Likewise, construction of the main feeder road to the new site for the Albena Lake-Hodge Comprehensive School will be delivered. The 2022 budget significantly enhances provisioning for road maintenance by an increase of ECD 0.5 million. The coming year will see the development of a changed policy in relation to road maintenance and improvement programmes with a focus on reducing the number of unpaved roads in an effort to improve the entire road network system.

The construction of the Blowing Point Ferry Terminal has commenced and is about twenty per cent (20%) completed. Most of the schools under the Anguilla Programme have been completed and occupied, thereby providing the spatial capacity to ensure that our students can learn in a safer environment. Furthermore, the Ministry will continue to respond to the needs of the Government's aging infrastructure by employing efficient maintenance systems to sustain the life of the public infrastructure.

Tourism Marketing Development

What makes Anguilla "*Destination Ready*" is the resilience of our people coupled with savvy and focused leadership. Amidst the global pandemic, Anguilla was lauded as the blueprint that guided how destinations should cautiously forge ahead with in welcoming visitors through carefully considered protocols. Why? Because we took risks and stepped outside the box to restore our main economic driver, tourism. But the protocols were not the only ways in which we exhibited our chutzpah. When many islands balked at the notion of going back on the road in the face of COVID-19, Anguilla stepped out on strategic planning, armed with the marketing message "***Lose the Crowd, Find Yourself,***" and waving the "***covid-19 safe destination***" flag. This was a step toward restoring prosperity.

But this is not the time for Anguilla to rest on its laurels. Though the threat of the Omicron variant is looming, and it is impossible for us to gauge what this will mean for travel; what is certain is that we must continue to move forward. But how do we do this? By staying the course, ramping up our boots on ground marketing efforts, and through strategic partnerships with consortia, stakeholders, tour operators and travel advisors. The Anguilla Tourist Board is traversing new territory, with an aggressive budget. They are being called upon to do more with less with the renewed focus of regaining our market share; solidifying our place in the luxury arena and increasing output in the hotels and restaurants sector beyond pre-pandemic levels, assiduously ***“Advancing Through Adversity, Restoring Prosperity.”***

4 RECURRENT REVENUE 2022

I will now provide the recurrent revenue estimate breakdown. Madam Speaker, the recurrent revenue estimate for 2022 is EC\$237.66 million, which represents a 9 per cent decrease in comparison to the 2021 recurrent revenue estimate of EC\$259.82 million. Taxes on International Trade continue to be a significant revenue source and we estimate to collect EC\$48.88 million which represents 21 per cent of the total estimated recurrent revenues. Import Duties are the largest driver of this revenue category and is estimated to total EC\$43.51 million. Taxes on Goods and Services accounts for 47 per cent of the budgeted total recurrent revenue and is projected to be EC\$112.44 million. Taxes on payroll and workforce, which includes the Interim Stabilisation Levy, are expected to generate EC\$15.39 million. Which is a slight decrease from the actual outturn in 2021 which is expected to yield EC\$15.96 million. Taxes on Property is projected to bring in EC\$ 11.66 million, which represents a 69 per cent increase over budget for 2021 of EC\$6.91 million.

Madam Speaker, I will now speak a little on new tax measures that will be introduced this year, but first I want to expound on the purpose of taxation. Madam Speaker, any true assessment of the ‘fairness’ of a tax system must be assessed alongside consideration of the spending it finances. The most essential reason for taxation is to generate resources needed by the Government to deliver critical public services and to benefit society in general. Taxes pay for many of the things that are central to the functioning of our society and a sustainable economy, such as health care, schools, social services, police services and economic infrastructure to name a few. As responsible people, we all have to pay

our fair share, thus enabling the Government to generate sufficient resources to fund services of our society. In turn, the Government's duty is to improve the lives and well-being of the people of Anguilla. Madam Speaker, taxation and justice are commonly debated concepts. It is incumbent on government to invest resources prudently and be accountable to the citizenry. Madam Speaker, it is my administration's intent that to improve our tax system making it simple, fair and efficient. It is against these principles that we are asking persons to stay the course. We are asking persons to share the burden of funding public services, whilst we are ensuring there is a bedrock of protection for persons who are least able to do so.

Good and Services Tax

Madam Speaker, there are two new taxes passed in 2021 which come into effect in 2022, the Goods and Service Tax and the Money Transmission Levy. We inherited the GST because the first phase was implemented in October 2019. As stated previously, the GST is a broad-based tax with a more predictable revenue and replaces 5 other taxes. The rate and threshold levels are set to have less effect on small businesses and the poor. GST will take effect in Anguilla on 1st July 2022 at a rate of 13% and a registration threshold of EC\$300,000. Madam Speaker, I said earlier that we need to share the burden whilst protecting those who are least able to do so. The GST has been designed in line with accepted best practices and principles whilst still provided a bedrock of support for those who need it most with targeted exemptions and exclusions through the exempted and zero-rated list of items. Essential food items such as bread and flour will not attract GST. Also, the revenue will be able to fund essential services, health, education and social programs which benefit the vulnerable and poor. Also medical services and education services are exempt from GST.

Money Transmission Levy

Madam Speaker, in 2020 almost EC\$ 38 million left Anguilla via money services businesses such as Western Union and Money Gram. This amount was even higher in 2018 at almost EC\$ 50 million. These money services businesses are popularly utilised for the transfer of remittances, in particular non-commercial transfers of money by workers in Anguilla with familial ties abroad. Beginning this year, where money is transmitted outside of Anguilla via such money services businesses, these transactions will attract a 2 per cent levy on the principal amount of money transmitted. Madam Speaker, this is not an 'anti-foreigner tax'. We are sincerely grateful for the contributions made to our economy by these workers, who are part of the 'people of Anguilla'. Undeniably in our history,

Anguillians have relied on seeking employment abroad and supporting loved ones back home through such remittances. This tax simply says “when you send a hundred dollars out of Anguilla, please leave back two dollars”; so we can continue investing in Anguilla to benefit us all. This levy is anticipated to generate EC\$ 0.83 million in revenues.

Universal Social Levy

I touched on the Universal Social Levy earlier; this is not a new tax in the sense that it is materially the same as its precursor the Interim Stabilisation Levy. Madam Speaker, my administration made two covenants to the people of Anguilla concerning this tax. Firstly, that this levy would be made a permanent tax measure. This has now been done. Secondly, to reform this tax and advance the transition of this tax into funding universal healthcare ensuring all persons have access to needed health services. Madam Speaker I wish to repeat our pledge. This remains a top priority of my administration. The reforms will commence this year as we work diligently on restoring public finances so that this levy is no longer required to fund general public services but can be earmarked specifically for national health insurance.

5 CAPITAL REVENUE AND GRANTS 2022

At this time, no capital grants or revenue are confirmed or programmed for this year.

5.1 CAPITAL BUDGET

Madam Speaker, the capital expenditure envelope for this year is EC\$2 million and will support the implementation of the Anguilla Population and Housing Census and the outfit of the ALHCS laboratories.

While not inherently capital in nature, the implementation of the Anguilla Population and Housing Census is very critical. It is through this that we secure important information on demographic issues such as population growth rates, age structure, fertility and mortality, migration and urbanisation among others. These issues are central to Anguilla’s development. Having access to high quality and reliable data will allow us to formulate evidence-based policies and plan for the development and prosperity of our country. I take this opportunity to encourage all to participate and engage with the representatives of the Anguilla Statistics Department on Census Day.

Our other focus is to elevate the achievements of our development partnerships. We will focus on filling any gaps that were not fully met under the Anguilla Programme. Of a high priority here is to equip the high schools to meet the requirements of examination boards and to ensure that our children are certified to the highest standards.

As we close out our territorial arrangements with the European Union we express our thanks to them. We also pursue deeper engagement with the UK Government. Madam Speaker, we highlight the recent FCDO announcement to fund projects that improve Anguilla's economic resilience and support recovery from COVID. Funds of up to £4 million will be made available during this year and even more, beyond. The project selection and programming is underway and we look forward to greater opportunities for expansion of our education, health and transport infrastructure.

Our projects will seek to support our strategic goals and the aim of advancing through adversity and restoring prosperity dictates that we focus on building our resilience. Our social resilience through helping our people, environmental resilience where we address environmental opportunities and threats and building our technological resilience that allows us to perform efficiently and offer better services to the customers that we serve.

Madam Speaker, it is here that we will make great gains to *restore our prosperity*.

6 CONCLUSION

Madam Speaker, in conclusion, Anguillians are a proud people, with a strong sense of heritage and legacy. We were once the Gem of the Caribbean, and with God's help and the support of the people, Anguilla will regain that status. *Advancing through Adversity, Restoring Prosperity*.

People are seeing a silver lining and the dark clouds are passing by. The veil of darkness is being lifted and the Spirit of Obstruction is cast out. The Anguilla solution is one of economic stability, recovery, restoration and sustainable growth leading to prosperity. That is economic resilience. That is the legacy of a proud and strong people.

Madam Speaker, the outlook for 2022 is good. There are several development projects being negotiated, some of which I have mentioned in other settings. Of note, all MOU's signed with this administration must have a social project included and there must be a bond to cover Anguillian

contractors so that they must be paid. We must develop our people and our communities. That is restoring prosperity.

In last year's budget address, I said that to restore Anguilla's economy would require partnerships. Madam Speaker, we have a major partner, the United Kingdom.

With the UKG we have developed a relationship of mutual respect with our commitment to financial responsibility, economic stability and development of our people. I must thank the UKG, H.E. Dileeni Daniel-Selvaratnam, Governor of Anguilla, The Minister for the Overseas Territories, The Rt. Honourable Amanda Milling, and the Director and staff of the FCDO for developing and maintaining a good working relationship with this administration. We are grateful for the financial and technical assistance which has helped to fund and maintain essential projects and services, and for the vaccine doses which have helped to keep us safe. The grant of GBP 4 million per year for 3 years to fund economic resilience projects shows the continued commitment and trust of the UKG.

I would also like to thank the GOA UK Representative Ms. Dorothea Hodge and her staff for the stellar work being done on behalf of Anguilla.

We have partnerships with American Airlines and the other airlines, which have increased airlift into Anguilla. We are partners with the Hotel owners who contributed to renovations at the airport terminal. The Richard Schulze Foundation donated laptops to the Department of Education and has committed to procuring an MRI scanner for the Princess Alexandra Hospital. Dr. Maher Soudah and the American University of Anguilla for donation of computers to the Library and setting up a Learning Centre in Island Harbour. Mr. Tim Reynolds of ANI Villas for donating to the computer lab at the Vivien Vanterpool Primary School. The St. Lucian Community for replacing the roof on the People's Market. All good partnerships, which enhance the community and advance the economy.

I wish to acknowledge and thank all who contributed to get us through 2021. I also wish to thank all who made this presentation possible, the Ministers, Parliamentary Secretary, Ministerial Assistants, the dedicated public servants from all of the Ministries and Departments, especially the Permanent Secretaries and the Principal Assistant Secretary from the Ministries of Finance and Economic Development.

I want to thank you the people for your presence here in this Honourable House or watching and listening on the various media platforms. Your patience and attention are noteworthy and greatly appreciated. Your interest and involvement in the work of your Government and the future of your country is admirable.

In the 2020 Budget Address 'Building a Dynamic Economy', the Minister of Finance quoted economist Joseph Stiglitz from his book 'Power and Profits: Progressive Capitalism for an Age of Discontent', where it is postulated that a transition to the service, innovation and green economy will maintain jobs and opportunity, provide for better social protection, provide better care for our aged, sick and disabled; provide better health, education, housing and financial security for all our citizens."

This is the economy we support reverting to innovative and sustainable development projects. Actions by government, businesses, civic and educational institutions must be coordinated to innovate, invest, create jobs and raise incomes. I saw a WhatsApp forward going around which says "none of us is as good as all of us together. We can do better when we do it together." I agree with that statement wholeheartedly.

Governments deliver public goods that benefit all of society. Government must bring along the private sector and encourage new investment. We must ensure equal opportunity, a level playing field with fair regulations, and open competition for contracts. We must not favour who you are, who you know or where you come from. We must make Technology more accessible, boost creativity and critical thinking and inspire each person to reach their full potential.

While last year's budget was about sacrifice, this year's budget is about hope and prosperity, as we continue financial responsibility, prudent spending and sustainable economic growth. We must rise above adversity, become transformational leaders, not defined by the challenges and obstacles but by our commitment, determination, innovation and inspiration. Henry Ford said, "**When everything seems to be going against you, remember that the airplane takes off against the wind, not with it.**"

Although challenges appear daunting, make them springboards not roadblocks.

Madam Speaker, as we move forward restoring prosperity and Anguilla's good name, I beg to move.