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MINUTES OF THE SPECIAL MEETING OF THE TWELFTH ANGUILLA
EXECUTIVE COUNCIL TO BE HELD ON MONDAY 11th DECEMBER 2023
AT 11:00 AM

PRESENT: Her Excellency the Governor, Ms. Julia Crouch

The Honourable Premier and Minister for Finance, Economic Development & Investment and Health, Dr Ellis Webster

The Honourable Deputy Governor, Mr Perin Bradley

The Honourable Minister for Social Development, Cultural Affairs, Youth Affairs, Gender Affairs, Education and Library Services, Ms Dee-Ann Kentish-Rogers

The Honourable Minister for Home Affairs, Immigration, Labour, Human Rights, Constitutional Affairs, Information and Broadcasting, Lands and Physical Planning, Mr Kenneth Hodge

The Honourable Minister for Infrastructure, Communications, Utilities, Housing and Tourism, Mr Haydn Hughes

Acting Clerk to Executive Council, Ms Jennyville Smith

IN ATTENDANCE: The Honourable Parliamentary Secretary, Mr Merrick Richardson

The Head of the Governor's Office, Mr Orlando Ames-Lewis

ABSENT: Minister Sustainability, Innovation and Environment, Mrs Quincia Gumbs-Marie

The Honourable Attorney General, Mr Dwight Horsford

EX MIN 23/368 **EX MEMO 23/296 Cost Of Living Support- Exemptions From Customs Duty And Tax For Essential Items**
Hon Parliamentary Secretary and Head of the Governor's Office remained

PAS, Finance, Ms. Marisa Harding-Hodge

PS, Finance, Mrs. Kathleen Rogers
Budget Officer, Ms Rochelle Bryan

The Hon Minister for Finance and PAS, Finance briefed Council. Ex Min 23/179 refers to the approval by the Executive Council as to the removal of duty and tax on essential items to make them more affordable for consumers from April 2023 to December 31, 2023.

These items were exempted from Import Customs Duty (ICD), Interim Goods Tax (IGT) and customs administrative costs fee. Since then the IGT has been repealed and a large portion of the items are zero rated for GST.

It is proposed to extend this exemption in respect of ICD and CSF until 31st December 2024 due to continuing inflationary pressures.

Under Section 76 of the Customs Act, the Governor in Council may by regulation exempt goods or classes of goods subject to such conditions, if any, as may be specified. Such regulation must either implement an item in a budget approved by an Act of the Legislature; or be approved by resolution of the House of Assembly.

Council:

1. Noted the estimated total revenue loss of EC\$153K per month based on current revenue loss trends during the period April 2022 to November 2023. Noted that the total extension will cost EC\$1.83M (\$153K x 12) and that the projected recurrent surplus for 2024 is **EC\$128M** which can adequately accommodate the revenue loss. Also, that the approved budget estimates will have to be revised downward. The total revenue loss thus far is as follows:

<u>Essential Items: Food Products</u>		
Rev. Head	Apr - Dec 2022	1 Jan - 1 Dec 2023
Import Customs Duty	\$705,357.23	\$1,121,709.00
Customs Service Fee	\$267,816.93	\$411,473.16
Interim Goods Tax	\$544,874.31	\$0
Total	\$1,518,048.47	\$1,533,182.16

2. Approve the extension of the current exemption on essential food items until 31st December 2024 for ICD and administrative fee;

3. Instructs the Attorney General's Chambers to draft Regulations to waive the administrative fee under the Customs Administrative Costs Recovery Act in respect of the goods exempted of Customs Duty under Section 76 of the Customs Act for subsequent execution.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, FIN; PAS, FIN; COC; HON, AG; HON, PREM

EX MIN 23/369

EX MEMO 23/297 Removal of GST from Specified Essential Food Items

Hon. Parliamentary Secretary and Head of the Governor's Office remained

PAS, Finance, Ms. Marisa Harding-Hodge
PS, Finance, Mrs. Kathleen Rogers
Budget Officer, Ms Rochelle Bryan

The Hon Minister for Finance and PAS, Finance briefed Council. Schedule I of the Goods and Services Tax (GST) Act provides for the GST to be zero-rated on supplies of essential goods and food as designated under the Regulations. In the Regulations made under the GST Act, certain types of rice, flour and fish were not included as essential items.

Staples items such as rice and flour in addition to fish that provide essential omega-3 are critical for heart health and a healthy diet. It is therefore proposed that all types of rice, flour, canned/preserved fish and fresh/frozen salmon be included on the list of zero-rated essential items. These types of fish are not sourced locally and as such do not compete with local fishers.

The proposed exemption will in turn help improve healthcare by supporting nutritional requirements, as well as making healthy foods more accessible and affordable therefore proactively facilitating the prevention of diseases.

Council:

- 1) noted the GST revenue loss of **EC\$450K**. Noted that the projected recurrent surplus of **EC\$128M** for 2024 would adequately accommodate for the revenue loss. Also noted that

the already approved budget estimates would have to be revised downward;

- 2) approved the removal of the application of Goods and Services Tax from the supply of all types of rice, flour, canned fish and fresh/frozen salmon, that are essential goods.
- 3) instructs the Attorney General's Chambers to prepare the amendments to the Goods and Services Regulations to amend Schedule I of the Zero Rated Items.

Action: PS, FIN; PAS, FIN; COC; CIR; HON, AG; HON, PREM

EX MIN 23/370

EX MEMO 23/298 Removal of Excise Tax on Gasoline

Hon Parliamentary Secretary and Head of the Governor's Office remained

PAS, Finance, Ms. Marisa Harding-Hodge
PS, Finance, Mrs. Kathleen Rogers
Budget Officer, Ms Rochelle Bryan
Finance Officer, Ms. Rukeya Jeffers

The Hon Minister for Finance and PAS, Finance briefed Council.

This objective is to protect consumers from significant cost of living increases from the application of Excise Tax to gasoline imports.

To subsidise fuel prices to consumers, it is proposed to extend the reduction in tax on gasoline imports. Specifically, to lower the cost of gasoline by extending the removal of excise tax until 31st December 2024.

Currently, Excise tax is imposed on such imports at a rate of EC\$ 1.59 per Imperial Gallon. In full, the importation of the following gasoline attracts the following rates:

Gasoline

Excise Tax (EXC) 0.04 per L

Customs Service Fee (CSF) 1 %

Import Custom Duty (ICD) 0.40 per L

The excise tax exemption was first implemented on the 27th April 2022 and expires on 31st December, 2023. Excise Tax foregone is EC\$ 6.49M for 27th April 2022 – 1st December, 2023.

27 April – 31 December 2022 - \$2,490,572.49
1 January – 1 December 2023 - \$4,000,235.84
Council:

- 1 noted that the estimated cost of extending the exemption for twelve months is **EC\$4.4M**. Noted that Excise Tax collections for 2024 are projected to be **EC\$14.8M** which will result in an underperformance. The projected recurrent surplus for 2024 is **EC\$128M** which can adequately accommodate the revenue loss. The projected revenue in the approved budget estimates will have to be revised downward.
- 2 approved the extension of the removal of the application of Excise Tax on Gasoline until December 31, 2024; and
- 3 instructed the Attorney General's Chambers to prepare the required Regulations under Section 11 of the Excise Tax Act, 2022 for subsequent execution.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, FIN; PAS, FIN; COC; HON, AG; HON, PREM

EX MIN 23/371

EX MEMO 23/299 2024 Budget Estimate – Approval of 2024 Budget with detailed estimates

Hon Parliamentary Secretary and Head of the Governor's Office remained

PAS, Finance, Ms. Marisa Harding-Hodge
PS, Finance, Mrs. Kathleen Rogers
Budget Officer, Ms Rochelle Bryan
Finance Officer, Ms. Rukeya Jeffers

The Hon Minister for Finance and PAS, Finance briefed Council.

The Ministry of Finance issued the 2024 Budget and Forward Estimates Call Circular No. 1 and 2, with specific reference levels for recurrent estimates, based on preliminary projections in line with the 2024 -2026 Medium Term Economic and Fiscal Plan (MTEFP).

Ministries and Departments were required to submit new spending requests, savings options and updated revenue estimates for revenue-earning departments. For the most part, savings did not meaningfully fund the new expenditure requests.

Call Circular No. 2 advised ministries and Departments of approved new spending allocations as approved by Executive Council. Minor corrections and adjustments were made to these amounts.

The Medium Term Economic Fiscal Plan provided an expenditure envelope of EC\$383.37m, with capital expenditure at \$100.68m and recurrent baselines totalling approximately EC\$270.18m.

The 2024 baseline was prepared using the 2023 budget allocation as a base with the inclusion of certain additional amounts which were made available during 2023 via supplementary. The following adjustments were made to the 2024 baselines:

- Automatic adjustments to international travel and utilities to increase the 2023 base by 40% and 12% respectively. Followed by manual checks and adjustments of all utility and communication accounts to ensure sufficiency based on 2023 usage of electricity and communication services.
- General adjustments of baselines by forecasted inflation (which is low so no meaningful increases).
- Incorporation of MTEFP measures such as increased carnival allocation, increased contributions to sports organizations and sports programme funding, and increased contributions to preschools.
- PE was set in tandem with Public Administration based on the revised 2008 salary scale. These PE baselines incorporated all positions budgeted for in 2023, irrespective of whether filled or vacant. These provisions also included several unbudgeted posts, which were erroneously filled in 2023.
- As a contingency measure, a sum of \$4m was assigned to restricted expenditure under the Ministry of Finance in accordance with the Medium Term Fiscal Framework (MTFF).
- In accordance with the MTFF, a provisioning of \$5.5m was placed in Treasury's accounts for clearance of arrears.

Approximately EC\$12.5m was approved for new spending which was applied to the 2024 draft estimates.

Council

1. Thanked the Ministry for a job well done;
2. Agreed on the summary 2024 Budget Components, as follows:

i. Recurrent Revenue:	EC\$ 410,690,444
ii. Recurrent Expenditure:	EC\$ 282,690,804
iii. Recurrent Surplus/(Deficit):	EC\$ 127,999,640
iv. Capital Grants/Revenue:	EC\$ 2,987,000
v. Capital Expenditure:	EC\$ 100,681,942
vi. Capital Deficit	EC\$ (97,694,942)
vii. Overall Balance (before amortization):	EC\$ 27,317,698
viii. Debt Amortization:	EC\$ 38,277,168
ix. Overall Surplus/Deficit (after amortization):	EC\$ (7,972,467)
x. Financing: (Drawdown on Financial Assets)	EC\$ 25,000,000

3. Instructs the Attorney General's Chambers to prepare the Bill for tabling in the House of Assembly.

Council authorised the issue of the Action Sheet before confirmation of the Minutes.

Action: PS, FIN; PAS, FIN; PERM, SECS; BD; ACC, GEN;
HON, PREM; MINS OF GOV'T; HON, DG
