

# Government of Anguilla



## 2012 Budget Address

*Steadying the Ship...Moving Cautiously Ahead*

by:

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

**Mr. Hubert B. Hughes**

**December 16<sup>th</sup>, 2011**



## **STEADYING THE SHIP: MOVING CAUTIOUSLY AHEAD**

Madam Speaker, it is that time of the year when the Ministry of Finance under my leadership is obliged to present its annual budget to the House of Assembly on account of the Government of Anguilla. Madam Speaker, members of this honourable house, ladies and gentlemen good morning. I am honoured to have the opportunity to deliver this important budget address but Madam Speaker I will do so with great humility

My theme for this year's budget address is "**Steadying the Ship: Moving Cautiously Ahead.**" I am fully aware, Madam Speaker, that this theme is very challenging and it represents a far cry from last year's theme which, if you can recall, was influenced by the dismal poor state of Anguilla's fiscal situation that my AUM Government inherited from the out-going AUF Administration.

This theme brings back memories. These are memories when in this honourable house; unflattering remarks were made about my ability as a seaman. For the record Madam Speaker any old timer will tell you that the Hughes' were more accomplished seamen than the Flemings and I am a Hughes.

In all seriousness Madam Speaker, the theme has a dual message. First of all the economy and fiscal position of the Government of Anguilla needed to be stabilized hence "Steadying the Ship."

Now that we have achieved a measure of stability it is time to progressively pursue prosperity through economic initiatives. I am very passionate about this pursuit Madam Speaker, because it the engine that is going to drive every aspect of Anguilla's economic, financial and social development as we proceed into the second decade of the twenty-first century. If we are going to take a holistic approach to Anguilla's development, we must always and I emphasize always examine the adverse factors that have impeded us in the past and those factors that impede us as we speak.

Madam Speaker, while I am known to be incredibly prudent in my every day private affairs, my record in public life has always been characterized by prudent fiscal management as was the case when I unexpectedly assumed the Finance portfolio from Mr. Banks in May 1999 just two months after the AUM/ADP Coalition went back in power for its second term. From January 1999 until May the same financial year, the then Minister of Finance in the Coalition Government had already built up a debt state of Anguilla's financial status.

Madam Speaker, in my private affairs I have learnt to be incredibly careful in the management of my personal finances, my record in public life has been characteristically prudent.

Forgive me Madam speaker if in any way or form my budget address resembles that of a Throne Speech, for in past years, like most Westminster systems of Government at a particular period the House would be prorogued and after such period allowed, there would be a new opening of Parliament, and in Anguilla's case – the House of Assembly

with a Throne Speech setting out the Government's plans and programs for the new session. But over the last fifteen or more years the annual budget address had been presented in the form of a Throne Speech.

But getting back to my record of sound financial management I was accused of playing the role of Opposition by an ANA elected member because as Chief Minister in the ADP/AUM Coalition Government from 1994 to 1999 I constantly differed with my own Minister of Finance, Mr. Victor Banks over his callous approach in dealing with the public finances.

This approach was echoed by him many a time in his speeches touting the idea of deficit financing, even though all the economists were saying deficit financing will prove disastrous for small island states.

When the coalition was returned to office in the general elections of March 1999, those fundamental differences between Mr. Banks and me were publicly expressed in both of our speeches before a large gathering assembled in the yard of the Caribbean Commercial Complex. I promised then not to tolerate much of what I tolerated in the first term.

From January 1999 until May when the Minister of Finance had resigned he had already put the island in an EC \$4.5 Million debt. After Mr. Banks resigned, I went on to run the finances although being officially shut out of the House of Assembly, for the next ten months, and not only paid all government bills, I also left a healthy surplus, and a stable economy which the newly created AUF government benefitted immensely from, and soon after squandered.

Returning to Government on the 16th of February 2010, exactly ten years after I was savagely removed from office, was uniquely historic in that for the first time I ended up with my own AUM winning enough seats to form a Government. Of course, the politics would change with Hubert Hughes the anti-colonialist back in government.

The constant song that was echoed by the leading members of the ANA dominated AUF Government that we are favoured by HMG in London would now be reversed. From the first day, the people knew that their AUM administration was going to be seriously destabilized and undermined as it first was when I became Chief Minister in 1994.

And as predicted, sadly enough, every effort was made to undermine and destabilize my AUM Government, while the AUF, the defeated party, now in opposition was encouraged to continue the campaign being guaranteed that Hubert Hughes and his Government would be sacked at some point in time. There was a two prong attack on my government. Firstly to force burdensome taxation on a dead, non-performing economy, and the other would be to stall any new private foreign investment projects, thus ensuring no jobs for our people, and very little additional revenue going into the Treasury.

This is nothing new Madam Speak. Let us not forget that it was the issue of the closure of the House of Assembly orchestrated by the then Governor Malcolm Harris to prevent my government from passing a budget which resulted in me being removed from office in 1999/2000.

Madam Speaker, the AUF Government boasted of official support in continuing to function in 2010 on a budget passed in the House for 2009. There is clear evidence from written correspondence sent to Mr. Victor Banks on the 18th January 2010, less than a month before the 15 February 2010 general elections of actually supporting the AUF to hold back the passing of the budget until after that party had gotten over the elections. That letter also revealed that there were a number of taxes to be implemented following those elections.

So my government, Madam Speaker encountered hostility from the word go. My first budget was immediately worked upon and the technical staff whom I found to be most professional and conscientious produced that budget within two months. The Speaker was given written permission by His Excellency the Governor to have the budget processed in the House, and although it was unanimously passed it was not assented to by the FCO, so the governor could not sign it.

Two months later, we went back to the House with a second budget. By that time the Treasury had lost some \$8 Million. My government now was only left with six months in the year to repair damage. Our technocrats worked like beasts to significantly reduce the massive deficit left by the AUF Government.

In the continuing hostility that my Government was facing and although the staff in the Ministry of Finance produce the 2011 Budget in time, and though the expenditure was cut down to the bone and the large deficit was drastically reduced, lo and behold that Budget too did not receive its approval and was not signed. Instead the FCO decided to send two experienced budgetary consultants to analyze the Anguilla budget.

When I read the correspondence from the FCO which suggested drastic cuts to the numbers in the Civil Service while imposing more taxation, I personally appealed to the three financial institutions from which Anguilla receive assistance to send to Anguilla representatives to observe the work to be done by the FCO/DFID budgetary team.

Before the budget consultants arrive in Anguilla to analyze our budget I took the entire staff of the Ministry of Finance to a leading hotel to treat them to a Christmas dinner and on that night I complemented and thanked them for the hard work and long hours they had put in producing the 2011 budget. I also made them a promise that I will not put them through the agony of producing this budget a second time whatever the FCO does.

Madam Speaker, I would never have assured the technical staff in the Ministry of Finance that I would not burden them with trying to produce the 2011 budget a second time if I did not know that they had taken all due caution in reducing Expenditure to the bone while maximizing Revenue.

The facts and figures Madam Speaker were approved before the Governor and members of the EXCO and HE the Governor had given his consent to the Speaker in writing for the budget debate in the House of Assembly. Even though, Madam Speaker, the finance staff had done all the correct measures I know that the budget would not be signed as this was the third budget my newly elected government had produced in nine months. Compare that to the fact that the AUF government had never had a problem with its budgets the last of which was done in 2008.

At this juncture, Madam Speaker, something needs to be said in respect of the Interim Stabilization Levy. On the day that the budget consultants made the announcement that the 2011 budget was approved by them after proper examination and evaluation we were told that the Secretary of State had given his consent, but strangely enough we had to wait for another month to get it signed because we had to wait until the Interim Stabilization Levy bill was passed in the House of Assembly. In fact, the proposal was that Government of Anguilla collect a 5 % tax across the board from each individual void of a floor and a ceiling of \$7,000 to reflect that of Social Security but the Ministry of Finance, recognizing that Anguilla has no social safety net and the cost of medical care in particular was so high endeavoured to identify a real benefit from the fees collected as a result of the interim stabilization levy.

As a consequence there was a counter proposal that instead of simply taxing the entire population another 5% tax Government of Anguilla should introduce a contributory National Health Insurance Scheme whereby the employer will contribute a 3% of the wage bill and matching 3% to be paid by the employee.

In the meantime, since it would take some time to properly set up the system, the money would go in the Consolidated Fund up to December 31st 2012. So Madam Speaker, from the 1st January 2013 the National Health Scheme would kick in place. The idea that the Social Security system should collect the money was to minimize administrative costs. Early in the New Year a delegation led by the National Health Insurance Board should be visiting the Turks and Caicos Islands to see the health system there.

What was most disturbing is that the AUF Administration which passed that legislation and spent a lot of money in consultancies to establish the National Health Insurance Scheme, so ridiculously desperate to be back in power, that their most important political topic was on the Interim Stabilization Levy. Though, it is widely admitted by them that the 2011 budget would not have been signed if the Interim Stabilization Levy was not approved in the House of Assembly.

Still trading on their favoured status with the FCO they even wrote the Minister in England begging him to repeal the Bill.

In my argument with London over the fiscal measures proposed by the FCO which included reducing the cost of running the Public Service by dismissing civil servants while imposing more taxes, could not work in a small economy like Anguilla's. The response was that they were making tough decisions, so we must as well.

In 1994 when I first became Chief Minister and Minister of Lands and Tourism I encountered a similar situation. Then as in February 2010 there was no economic activity that a single construction in the private sector was allowed. So my quarrel with Governor Shave then was over his objection to my insistence in creating jobs in the construction sector. I argued with the Governor at the time that housewives in the United Kingdom could do their lavish shopping every week while Anguillian housewives refrigerators were empty.

Mr. Shave and his Deputy Governor Mr. Harry MacCoursy did their best to turn away foreign investors and they even accused me together with the local ANA friends of being a shareholder in the Cuisinart Hotel Project which I insisted must come to Anguilla. I also went on to re-direct any houses proposed on our shoreline as Tourism projects thus creating many jobs and generating money in the economy.

This economic activity had a profound positive impact on the Social Security Fund, the local banks and local private business ventures such as rentals of locally owned apartments, more rental cars, more heavy equipment businesses, bigger and better ferry boats, and government was in so strong a financial position that we were able to give a large number of university scholarships and road upgrades.

Madam Speaker, so vibrant was Anguilla's economy that the Minister for the Dependent Territories wrote to congratulate me on my robust economy while the Caribbean Development Bank reported that Anguilla had the fastest growing economy in the region. When therefore I was thrown out of office finally in March 2000 I decided that it was very important for me to give the new Chief Minister a proper handover.

This had never been done before, but knowing how important it was for an Anguilla Government to stick to a particular course of development, learning from what it took me to fight Governors over foreign investments into Anguilla, I was dedicated to continuity, for direction and for economic and political stability. I therefore committed myself to the opposition while supporting the Chief Minister.

Two days after Mr. Osbourne Fleming sat in office as Chief Minister I went in and told him that he can count on me although in opposition to support the new government when it's in the best interest of Anguilla. I promised to do whatever it took to facilitate a stable and sustained economy. In particular the projects like the airport at Bremigen, the seaport development project, the water and electricity projects all of which involved the French.

Madam Speaker, the then Governor and the FCO were opposed to the French investing in Anguilla. But up to the last year when I went to the EU meeting in Brussels there was much emphasis on the question of functional co-operation between the OTs. I shall return to that later.

But in the meantime madam Speaker, I want highlight the other economic development projects I asked Mr. Fleming to continue. I had recently approved the granting of an Alien Land Holding License for Mr. Rizzuto for four additional acres of beach land to expand Cuisinart hotel.

However, being denied access to the House by the Speaker I could not table the MOU and therefore the Government of Anguilla could not grant the hotel's the concessions for expansion. Unfortunately, by the time it was approved the global financial situation was deteriorating so that project was put on hold.

Another project we had approved for Mr. Rizzuto was for him to use the unused 24 acres of land in Cinnamon Reef to develop a yacht marina. That project would have hired hundreds of workers on a continuous basis.

Again Madam Speaker, even though Chief Minister Fleming had accepted it, it was not supported by the hierarchy. The Governor and the FCO were happy that these projects were rejected by ANA/ADP United Front. Madam Speaker, for the next four years the banks took so much homes and vehicles from our people due to the lack of jobs to service their loans. The auctioneers did well.

Additionally, Madam Speaker, the AUF Government also lost a Domain project which an Australian Company that was owned by the Donahue family had proposed to my Government, all because some persons in the AUF party that are now writing weekly articles, had demanded shares. After this project was already killed by creating bad taste, the Ministry of Finance still arranged a large expensive delegation which went to Australia but nobody would talk to them.

As a matter of fact Madam Speaker, the 2001 budget speech was already written on that domain project being a principal contributor.

In a general way the hotel industry and lands with vast potential for tourism development were being squandered thus creating the conditions for economic decline.

Additionally, Madam Speaker, under that AUF Government Anguilla rums was lost, Dolphin Discovery, Cinnamon Reef Hotel project was destroyed in a strange design; vulture Cocoloba was closed; Mariners was closed; Sonesta was destroyed. Madam Speaker, an Alien Land Holding License was granted for 275 acres of prime coastal tourism land to Robert FX Sillerman to create what could amount to a gated community. The Barnes Bay Development – KOR Group was allowed to buy up lands from Savannah Bay and Sile Bay to Meads Bay and Barnes Bay in contravention of the Alien Land Holding and the Labour Policies. So much so, workers with serious communicable diseases were allowed to enter the island unchecked and in the end, the KOR group ended up losing all of their property on island with exception to a slither of land in Meads Bay.

Madam Speaker, under the AUF Administration untold irreparable damage was done in the way the Land and Immigration Policies were broken. Any non-belonger could buy

up and trade in lands and real estate in Anguilla; multi-million dollars of taxes were not being collected. Madam Speaker some even in perpetuity. This means Madam Speaker, forever and ever, Amen.

Madam Speaker, this means that employment opportunities that should have been reserved for Anguillians were squandered in an economic boom that was merely a bubble, destined to burst. This in effect meant that very little spin off from that type of development stayed in the Anguilla people's hands or local business providers. The money paid to the thousands of Asians, Mexicans and Eastern Europeans went out by Western Union.

Unfortunately, this resulted in Anguillians that invested in apartments being impacted negatively because those apartments remained unoccupied, while the two major projects of Temenos and Viceroy housed their labour force in imported trailer houses. At the end of all this, a record number of Anguillians lost all they ever possessed to the banks. Madam Speaker, the bubble lasted for three years from late 2004 and by 2008, the people and treasury of Anguilla was much worse off than before.

At the closing days of the AUF government its leaders were falling out with their friends in the FCO over the borrowing guidelines which the Anguilla Government had breached by borrowing too excessively and unsustainably. So much so, that the leader was for the first time in his long political career, asking the people to consider seriously, the option of independence for Anguilla.

While all the above mention squander was going on the supporters of the party were allowed to rake off the Treasury. Hundreds of thousands of dollars were spent in subsidizing the private school and some of the political assistants were taking money on false projects; the ASSIDCO project was set up by Social Security just as a pretense to buy a property just before the elections.

Furthermore, record increases in salaries were approved by the Executive Council just to ensure that politicians retired with big pensions and big gratuities going home.

Madam Speaker, from 2009, the Public Servants has experienced what amounts to a temporary reduction in salary due to a decision by the then Executive Council. In that decision, it was agreed that Public Servants and Minister would be given back all the deferred payments at some point in time when the economy improves. This means, that potentially, this liability can linger on indefinitely and put the country in an untenable situation. Madam Speaker, while it may be tough and unpopular, I can assure you. In this age of austerity and fiscal prudence, consideration has to be given to establish a cutoff date, after which, these deferred payments will not apply. Madam Speaker, this is critical because this is the least of all the evils - the better of the options. The option that is being promulgated that we should cut the civil service would be more damaging to families and dependents than this option and we hope it will be supported by both the Opposition and affected persons.



Madam Speaker, while my government has steadied the ship, in order to continue the reversal of the damage done to Anguilla's economy by the AUF administration over their two terms from 2000 to 2010, has to progressively pursue prosperity through economic initiatives. This becomes increasingly important because the application of fiscal measures in this continuing global recession will have minor, short lived fiscal success and total economic collapse.

The BVI, Madam Speaker, was smart enough to hold on to the Financial Services/Offshore banking portfolio but Chief Minister Gumbs at the time surrendered the Portfolio to the Governor. As a result while the BVI has some diversification in its finance base while Anguilla is financially restricted and has to rely on Tourism which can be negatively impacted by natural disasters and global economic shocks.

Madam Speaker, the British Government is applying more pressure on an already troubled tourism product by doing all it can to prevent British tourist from visiting Anguilla and other Caribbean territories by imposing a burdensome, discriminating tax on her citizens traveling to the Caribbean from the United Kingdom. The CTO Chairman, the Hon. Ricky Skerrit is quoted as saying, "the British Government's announcement on Tuesday that it will continue to discriminate against the Caribbean in relation to the banding aspect of the Air Passenger Duty (APD) system has been a slap in the face for all Caribbean people." He went on, "it's a slap in the face of the Caribbean people because at no point in recent months, has the Caribbean being led to believe that its concerns would not be addressed. As recently as the second week in November, I sat face to face with a senior Minister in the United Kingdom treasury who reassured me that the British Government was sensitive to our concerns and would be announcing shortly a decision that would have addressed the issue of parity."

If Anguilla is to survive our people will need to consider serious constitutional advancement so that our Government can interact with other friendly governments without hindrance.

Madam Speaker, we are paying our own way, thus the barriers which now retard our ability to do so must be removed immediately.

Madam Speaker, ladies and gentlemen the theme, "Steadying the Ship: Moving Cautiously Ahead" is a recognition of the critical and uncompromising role that economic growth and development will play in Anguilla's immediate, medium and long term future. It is recognition that my Government did not allow the ship to sink, but pursued initiatives which are ongoing and were always under review so that we do not marginalize the people of this country.

All of our goals, individually and as a nation will depend on the ability of the economy to rebound and return to a robust state. Yes, we have all intentions of paying our own way but we cannot embrace policies that are counter to the achievement of that objective. The

issue of taxation immediately comes to mind and I must use this opportunity to clear the air. It is wrong to say that my Government is opposed to taxation.

However, it is correct to say that at this juncture given all the revenue raising measures that have been implemented over the two last years and the sluggish nature of the economy that my Government is extremely apprehensive. The impact of further taxation will prohibit the Anguillian economy from rebounding. Madam Speaker I will return to the issue of taxation later in the speech when I present the revenue estimates for fiscal year 2012.

This government has been engaged in a balancing act in terms of revenue and expenditure from the time it came to office and it is no secret that at the end of 2009, there was a recurrent deficit of approximately 70 million dollars and an overall deficit of 66.4 million dollars plus 20 million dollars in unpaid invoices. Madam Speaker, we have steadied the ship because at the end of 2010 the recurrent deficit was reduced to 41.7 million dollars and the overall deficit to 12.2 million dollars. The capital grant from the European Development Fund EDF and the Caribbean Catastrophe Risk Insurance Fund CCRIF contributed significantly to the overall decrease in the deficit. At the end of 2011 a recurrent account surplus of 28.9 million dollars is projected and an overall surplus of 20.4 million. Stamp duty played a pivotal role in achieving the surplus position. Now that we have steadied the ship we can continue the pursuit of prosperity through economic initiatives. Much has been made in certain quarters about the source of some of our revenue that has helped us on our way to fiscal recovery.

I am referring to Stamp Duty and the impression I get from some quarters is that we must discount this revenue source because of its unpredictability. I say today Madam Speaker, that we are who we are, our economy is what it is, our revenue sources are what they are and we must embrace who we are and until structural changes are made to our revenue sources, we must be pleased with the Stamp duty generated revenue which has come the government's way from the back drop of our sluggish economy.

Our research has indicated that in every jurisdiction where stamp duty is a source of revenue, it is classified under recurrent revenue and I can find no plausible reason why it should be otherwise in Anguilla as it was, prior to February 15th 2010. The bigger issue Madam Speaker is not only how do we treat revenue from Stamp Duty but also how do we treat revenue in general and how do we balance our revenue intake with our expenditure outlays.

Madam Speaker, as one of AUM's campaign slogans said, "We are on the Move". We are on the move and seeking to improve our approach to fiscal management going forward. Since February 15th 2010, there have been expenditure and revenue studies as well as initiatives to improve our budget process. We preached openness, transparency and accountability and indeed my government is practicing it. We recognize the need to improve our administrative capabilities when it comes to fiscal management and this is a key element as it relates to self-reliance as we forge ahead.

Madam Speaker, the establishment of the Public Accounts Committee which this Government has approved with the Leader of the Opposition as Chair will force us politicians to be totally objective and accountable when it comes to fiscal matters because that Committee will provide a forum for the truth to be told and if necessary found out. Madam Speaker, it is widely believed that I am in the autumn of my political life and if that is true, I certainly want to leave knowing that my beloved country is back on a firm footing. The record will show that I did that before and when I do depart, I will leave Anguilla in the hands of fiscally responsible, open, transparent and honest persons who will put God and Anguilla first, above all.

Madam Speaker, let us look at the performance of the economy and the fiscal performance for 2011.

### **ECONOMIC AND FISCAL REVIEW 2010/2011**

Madame Speaker, it is important that I give a brief review of Anguilla's economic and fiscal situation.

Preliminary estimates from the Anguilla Statistics Department indicate that in 2010 the economy contracted by 5.59 per cent, representing the third consecutive year of economic decline. Gross Value Added (GVA) in real terms totaled EC \$575.73. GVA is the measure of the contributions to the economy of each individual producer, industry or sector in Anguilla.

Madame Speaker, the main contributors to the economy in 2010 were Hotel & Restaurant Sector, Real Estate, Renting and Business Activities, Financial Intermediation, Public Administration, Defense & Compulsory Social Security and Transport, Storage and Communication.

In 2010 the Hotel and Restaurant sector was the number one contributor to the economy accounting for 21.03 per cent or EC \$121.08 million of total GVA. The sector also grew by 5.74 per cent following two years of successive decline in 2008 and 2009.

Real Estate, Renting and Business Activities totaled EC \$81.07 million and represented 14.08 per cent of total GVA.

Financial Intermediation was the third largest contributor to the economy. It accounted for 12.08 per cent or EC \$69.52 of GVA. The sector recorded minimal growth 1.02 per cent.

Public Administration, Defense & Compulsory Social Security and Transport, Storage and Communication accounted for 11.05 per cent and 10.01 per cent of GVA respectively. While Public Administration, Defense & Compulsory Social Security grew by 1.45 per cent, Transport, Storage and Communication declined by 7.05 per cent.

### **Fiscal Performance**

Madame Speaker, fiscal performance looks in combination at recurrent revenue relative to recurrent expenditure, and combining this with capital revenue and expenditure to give a picture of Government's overall fiscal balance

### **Recurrent revenue**

Recurrent Revenue collections are expected to total EC \$194.23 million in 2011. This would represent an over collection of EC \$16.54 million of the original estimate of EC \$177.69 million.

The main contributors to recurrent revenue in 2011 are Stamp duty, Import duty other, Accommodation tax, the Custom Surcharge and Import Duty -Fuel and Gas. Stamp Duty collections are expected to total EC \$54.00 million, making it the top earning revenue head in 2011. This represent an over collection in excess of EC\$ 30 million. The superb performance of this revenue head is directly attributable to the activities related to the sale of Viceroy this year. This level of activity is not expected to take place in 2012.

Import Duty- Other collections for 2011 are projected to total EC \$40.33. This represents an under collection of EC \$1.91 million. Though import duty other continues to be a leading revenue head the actual are moving in line with the declining economy and consumption.

Accommodation Tax collections are expected to total EC \$19.79 million making it the third largest contributor in 2011. This represents an over collection of EC \$5.22 million over the budget estimate of EC \$14.57 million. The performance of this revenue head is attributable to increased tourism activity in 2011 and payment of arrears.

The Customs Surcharge and Import Duty Fuel and Gas are expected to total EC \$10.83 million and EC \$10.62 million respectively, rounding out the top 5 revenue collecting head. Both heads are performing below expectations.

### **Recurrent Expenditure**

Madame Speaker, recurrent expenditure at year end is projected to total EC \$172.72 million. This is EC \$15.28 million less than the budget estimate of EC \$188.00. Due to the fiscal constraints and the commitment with the British, expenditure has to be kept at a minimum. Civil servants must be commended for their efforts in this regard.

### **Recurrent Balance**

The recurrent balance, the difference between recurrent revenue and recurrent expenditure, is anticipated to be EC \$21.51 million.

### **Contribution to Fiscal Reserves**

Madam Speaker, Government will be able to contribute to reserves for the first time since 2007. EC \$15.0 million has been placed in reserves to be used to meet government obligations in the event there is a cash flow problem.

### **Capital Expenditure**

Capital expenditure for 2011 is expected to total EC \$10.81 million, far less than the budget estimate of EC \$23.31. Madame Speaker, capital expenditure continues to be one of the areas affected by the current fiscal situation, as government is unable to invest in that area. In 2011 a greater portion of capital expenditure was funded by the EC \$11.5million CRRIF insurance payment that was received in 2010 following the passage of Hurricane Earl.

Madam Speaker, the projects that have been completed to date or in progress under this programme include the Queen Elizabeth Avenue, the purchase of backup power supplies for several government premises, air conditions for the Royal Anguilla Police Force Head Quarters, the upgrade of the Roaches Hill- Limestone Bay Road and repairs to navigational aids.

Madam Speaker, other capital investment though minimal took place in several key areas. The Anguilla Population and Housing Census, currently being under taken is one such area. Monies were spent on Health Services Development which aids in the purchase of equipment and supplies for the Health Authority of Anguilla. Under the Tourism Sector Development Project, the Sustainable Tourism Master Plan has been completed by the Halcrow /CHL consulting team, with the support of the Special Resources Fund of the Caribbean Development Bank. The plan contains very specific recommendations for the development and management of the tourism sector over a ten year period to 2020. The plan is available to the general public.

Madam speaker, the private sector has been most generous to Education and related services in the area of capital projects. In 2011, the Kindergarten Class at the Valley Primary School was the envy of all with a brand new Kindergarten Block, through the contributions of the Windsong Anguilla Foundation. We also saw the start of the Literacy Development Project, the Ministry's response to its number one priority, Literacy Development. The entire community has embraced this project and contributions were many and varied with The Windsong Anguilla foundation and the Social Security Board again coming forward and making significant contributions.

Digicel was also prominent with the adoption of the two special needs centers at the Adrian T. Hazell Primary School and the Orealia Kelly Primary School to the tune of EC\$90,000.00. The funds were used to renovate and upgrade the two special needs units and to purchase needed furniture and educational resources including 6 new computers. The Library also benefited from contributions towards the development of a new Library ICT Centre soon to be made available to serve the general public. The community support component of Alwyn A. Richardson Primary School is finally being completed through a contribution of some US\$100,000.00 from the Anguilla Children's Fund

resulting from the efforts of Bob and Melinda Blanchard. Funds towards the completion of the Auditorium were also contributed by the West End Community Committee chaired by Mr. Valentine Davis a past parent of the school.

To our private sector partners I say a heartfelt thank you for your contribution to the development of our children and Anguilla.

At this time Madam Speaker let me also take this opportunity to thank our development partners, The EU, The Eastern Caribbean Central Bank, The Caribbean Development and CARTAC, for their continuous support and efforts to help Anguilla come through and come out on top at the end of this financial crisis we currently face. We look forward to your continued commitment and support in the years to come.

### **Overall Balance**

Madam Speaker, Government's overall fiscal position is determined by the sum of the recurrent balance and the capital balance. The recurrent balance for 2011 is expected to be a surplus of EC \$21.51 million. Projected capital expenditure totaled \$10.81 million. Therefore, the overall balance for 2011 is expected to be a surplus of approximately EC \$ 10.70 million.

It is time now Madam Speaker for me to unveil our plans for fiscal year 2012 but before doing so I want to make an important point. Budget preparation is part of the budget cycle and this cycle is part of the overall planning process. As the system continues to evolve, we are now at a stage where continuity is very important and as a result, the proposals articulated in the 2012 budget estimates in many cases would only potentially represent the partial achievement of objectives which could be finally realized in let us say 2014. We are integrating multi-year planning into the budget process and while the document produced for public perusal would not reflect this, the internal budget documents would contain where necessary details which reflect the multi-year planning just mentioned.

Madam Speaker no adversity whatever the cause removes the responsibility of the government to deliver services to the people. As we look at the recurrent expenditure outlays for 2012, let us be cognizant of the fact that the numbers are simply the representation in money terms of plans that the government has for the delivery of services during the fiscal year. We must also bear in mind that it is a time of tremendous financial constraint.

### **FISCAL BALANCE**

Recurrent Expenditure by the Government of Anguilla for 2012 is estimated at EC 183.51 million dollars while the Recurrent Revenue is estimated at EC 187.65 million dollars. The government continues to embark on a policy of fiscal restraint which has resulted in expenditure being severely curtailed since my government came to office. At

the same time, revenue sources continue to be explored but the options are very limited because of the sluggish economy. Capital expenditure for 2012 is estimated at EC 28.21 million dollars I will now look at these three important fiscal phenomena individually.

## **RECURRENT EXPENDITURE**

Madam Speaker, the Government of Anguilla has been seeking to do more with less in order to reverse the adverse fiscal situation we inherited. Over the last two years there have been significant decreases in many areas of recurrent expenditure. I am convinced that we have all embraced the notion that recovery from the economic and financial crisis will not happen overnight and we must therefore be in it for the long haul. More importantly we cannot misinterpret pockets of recovery as total recovery and then make decisions that are based on inaccurate information and allow history to repeat itself. Recurrent expenditure restraint must continue Madam Speaker because it is this restraint that enabled this government to reduce the overall deficit which stood at 66.42 million dollars at the end of 2009 to EC 12.23 million dollars at the end of 2010 and now, to a surplus position. We must continue to prioritize and this is always a difficult task when we have to choose between desirable and desirable rather than between good and bad. This is the reality that we now face at all levels of government and Madam Speaker I learned about opportunity cost many years ago and I can tell you that today I really see it in action. The highest valued alternative that must be forgone because a specific choice was made has certainly become a reality when it comes to recurrent expenditure.

Madam Speaker as I examine the various ministries and departments, I want everyone to realize that although some departments are larger than others and interface more with the public, the importance of the smaller departments must not be underestimated because it is all about the ability of each department to perform functions for which it exists. At the end of the day, it is how successful we are collectively and as a result we must be our brother and sister's keeper.

The management of departments depends on the dedication and competence of its staff and there are limitations as to how far streamlining staff can take place without a consequent decline in the quality of service rendered. There has been and continues to be debate about the size of the civil service and the need to down size it. It is important that we proceed very carefully with matters relating to the civil service and the recently concluded Civil Service Review is an attempt to put some structure in to civil service reform.

## **MINISTRIES AND DEPARTMENTS: RECURRENT EXPENDITURE**

Madam Speaker, an extensive analysis of the recurrent expenditure of all the departments within the ministries would be a very long process but I will attempt to make a presentation which is fairly short in terms of length but high in quality.

## **PUBLIC ADMINISTRATION**

The allocation in the 2012 budget for Public Administration is EC 7.01 million dollars. It must be noted that the training of our citizens has also been affected by the expenditure constraints with a decrease in excess of one million dollars between the 2011 and 2012 budgets. I will now examine some of the initiatives pursued by that department.

### **Customer Service Training**

The Department of Public Administration believes that good customer service adds value and there's no way around it. There is a need in the Anguilla Public Service to improve the level of customer service offered. Public Administration took the initiative to carry out training in this area with the expectation that one day the APS will be in the league of extraordinary customer service providers.

### **Review of Training Policy**

The Government of Anguilla Training Policy needed revision to keep up with the growing trends of training worldwide. The New policy offers a more comprehensive view of each stakeholder's role. It hopes to bring about a more coordinated effort for all concerned.

#### **3. Cost-Sharing Financial Assistance**

Cost-sharing is a new element to the training of persons by distance at the two local institutions. In these difficult economic times it underscores the Government of Anguilla's commitment to educating its people, but also ensures that these students are stakeholders financially in their education. It is believed that the 30% that students are now expected to pay will make them more accountable and committed to the process.

The Department of Public Administration is committed to the implementation of a Performance Management System (PMS) at the beginning of 2012. It is a system that has been designed to improve overall performance and productivity of the public service by actively linking individual work performance to department/ministry, organizational and national goals.

Some of the main objectives are to:-

- Ensure the optimum utilization of human and other resources
- Improve efficiency, effectiveness and economy within the Anguilla Public Service
- Create a culture of continuous performance improvement

In an effort to ensure proper 'buy in', Public Administration, throughout the year, (2011) engaged in a system wide consultation (first with managers then with all officers in the Anguilla Public Service). The consultations aimed, among other things, to sensitize



managers and officers and to gain their commitment to the process, while at the same time allowing them the opportunity to influence the process.

Training for all officers was conducted throughout the year. The aims of the training were to strengthen the confidence of managers/supervisors and officers, while at the same time to help them to understand performance management principles and to equip them to carry out the processes of the performance review.

Used constructively, the Performance Management System could prove to be a valuable organizational tool and result in increased productivity throughout all areas of the Anguilla Public Service.

## **MINISTRY OF FINANCE AND CHIEF MINISTER'S OFFICE**

Madam Speaker during these times of financial restraint, the Ministry of Finance and Chief Minister's office is attempting to lead by example. The allocation for my twin department is EC 24.10 million dollars which represents a reduction of minimal increase of less than half a percent compared to 2011.

These are critical times for my ministry in terms of plotting a recovery path, both economic and financial and then in keeping with our policy on public consultation, taking these initiatives into the public domain. To their credit my staff is virtually immune to the negativity that often emanates from sectors of our society when they pursue difficult projects. They attempt to rise above this negativity and do their best ultimately for the government and people of Anguilla. My department will continue to forge ahead.

My opposition to leadership changes in my ministry have been well documented elsewhere and I will use this opportunity to indicate to all and sundry that my views have not changed.

It is now time to take a look at the public debt situation because my aversion to debt is well known and debt management is one of my ministry's most important functions.

### **Public Debt**

Since coming to office in February 2010, Madam Speaker, my AUM Government took the decision that public debt must be controlled and carefully managed and monitored in order to ensure a sustainable debt level. As a responsible Government, we have continued our stabilization efforts in 2011 through our reform programme and will continue to do so for the remainder of our term of office.

During the fiscal year 2011 no new debt was contracted. However, there were varying levels of the usage of the ECCB Cash Advance Facility and the Overdraft Facility with the Caribbean Commercial Bank. Madam Speaker, while we have been prudently managing these two facilities, Government has also restarted rebuilding reserves, in spite of the challenging economic times. Presently reserves stand at EC 16.55 million.

Madam Speaker, these are some of the measures that demonstrates this Government's commitment to, "Steadying the Ship: Moving Cautiously Ahead" and you will see further indications as I will outline under the Capital Budget and Financing section as to how the 2012 financing gap will be sourced.

Madam Speaker, total public debt which comprise of Central Government and Government Guaranteed debt is expected to decline from the 2010 stock of EC 235.08 million (Central Government EC 217.35 million and Government Guaranteed EC 17.73 million) to a preliminary estimate of EC 229.80 million (Central Government EC 213.42 million and Government Guaranteed EC 16.38 million) by the end of 2011, a decrease of 2.25 per cent. While this may be considered a marginal decrease, Madam Speaker, it is notable in light of the historical growth path of debt with an average increase of 17.70 per cent over the period 2008 to 2010. Another factor to note is there would have been a more substantial decrease in the debt level were it not for the five year moratorium on principal repayments on the Caribbean Development Bank Policy-Based Loan (CDB PBL) of EC 148.50 million which was used to refinance debt in 2010, a loan accounting for over 64 per cent of the current public debt portfolio.

The nexus is that while debt levels will have decline marginally in 2011, Central Government debt servicing cost is projected to decline eleven fold topping out just over EC 10 million when compared to the 2008-2010 three year average of EC 114.19 million owed largely to debt refinancing activities. Madam Speaker, it would also mean a debt service to recurrent revenue ratio of under 6 per cent, thus Government will be in compliance with the stipulated UK Borrowing Guidelines ratio of 8 per cent. At this point I would like to make mention that the Government of Anguilla is still negotiating with the UKG the proposed Framework for Fiscal Responsibility to replace the Borrowing Guidelines and it is anticipated that these discussions will be completed in 2012.

Madam Speaker, Government is aware that there are still some inherent risks in the debt portfolio, and in particular that debt servicing could be an issue when the moratorium on the CDB PBL expires. To this end, we will continue to explore other options in managing public debt, such as utilizing the Regional Governments Securities Market which is an avenue for lowering borrowing cost.

Sound debt management practices must continue to persist, Madam Speaker. Through our debt portfolio reviews and debt sustainability analysis, conducted in conjunction with the Debt Management Advisory Service (DMAS) Unit of the ECCB, Government will continue to use these as some of the tools to monitor the debt situation and take the appropriate action to ensure that the debt level is consistent with fiscal sustainability, one that will not create a debt burden for future generations.

## **TOURISM**

Madam Speaker Tourism also falls under my portfolio and I will state what has become the obvious that tourism is the mainstay of Anguilla's economy and all efforts must be

made to keep this industry buoyant. The allocation for the Department of Tourism is 8 million dollars. This is the same allocation as in 2011 and again is an indication of trying to do more without the corresponding increases in available funds.

This Government recognizes that the future development of Tourism in Anguilla must be guided by sound policies and strategies, to ensure long term sustainability of the sector and to meet the aspirations of the people of Anguilla.

A Sustainable Tourism Master Plan was completed in October of 2011 with funding support from the Caribbean Development Bank. The objectives of the plan were to elaborate:

- A formal long-term 10-year plan to serve as a reference for informed, strategic decision making by Government of Anguilla as it relates to tourism management and development in general.
- A vision of the future direction and content of the sector which could guide the actions of the various stakeholders towards a shared goal.
- Strategies for the development of tourism products and facilities ,with environmental and cultural preservation and conservation in mind.
- To provide a comprehensive planning framework for the sustainable development of the tourism sector.
- To develop action plans and timeframes to meet the vision, and Secure long term benefits at both the macro-economic and community levels.
- To recommend the appropriate structures, strategies and systems required at both the policy and operational levels, for the implementation of the master plan.

The Executive Council was convened in retreat to deliberate over the recommendations of The Master Planning team. Recommendations that were developed after an extensive stakeholder consultation process lasting some seven months, and supported by research at the local and international levels. We believe that the Master Plan met its objectives.

During the consultation process, a Vision was formulated by the people of Anguilla for Anguilla's Tourism in the future. It states:

‘We are a premier Caribbean destination known for our world class beaches; pristine azure waters; top class resorts and restaurants; relaxed ambience; sense of place, peace and tranquility in a safe setting among a friendly and hospitable people that take pride in their identity, cultural heritage and environment’.

“Tranquility wrapped in Blue “the positioning statement which we previously used in marketing Anguilla and which research shows is widely preferred by the travel trade and visitors alike , encapsulates this Vision for Anguilla's tourism.

Three (3) Tourism Development Scenarios were outlined in the plan and upon close examination of the implications of these , the Government of Anguilla accepted that the medium growth rate scenario, ( which was based on the restoring Anguillian standards of living to 2008 levels by the year 2020) , was both achievable and sensible.

This Scenario calls for several targets to be met by 2020, including an average growth rate of 7.5% per year and a target of stay over visitors reaching 196,500.

There is a fundamental mechanism to achieve the wider objective of obtaining sustainable benefits for the people of Anguilla by generating additional economic activity. That mechanism is by increasing tourism revenue. Without an increase in revenue there can be no growth in income; no improvement in employment; no addition to foreign exchange earnings or Government tax revenues; and no possibility of improving community benefits from tourism.

In order to secure an increase in tourism there must either be:

More visitors, increased per capita spending by visitors, longer stays or some combination of the above. To increase the number of visitors, encourage them to stay longer and to spend more money will require the implementation of several strategic action programmes.

These include Increasing and marketing our tourism more efficiently, Improving air & sea access, managing the tourism sector more efficiently, reorganizing the institutional arrangements for the sector, upgrading our standards of service, enhancing and diversifying our tourism product, improving physical and environmental planning, and improving integration between tourism, the environment and the community.

The achievement of the optimum growth path will also require the development of a number of projects, sites and attractions which have the potential for further enhancing the Anguillian tourism product. These include economic infrastructure projects, visitor attractions projects which are primarily public sector/community projects, and tourism facilities projects which are planned private sector projects involving hotel, villa, condominium, golf course and marina projects.

The GOA is actively pursuing the mobilization of resources to embark upon an aggressive approach to implementing the strategic action programmes.

## **INLAND REVENUE DEPARTMENT**

The importance of this department is growing by leaps and bounds and will have to perform a pivotal role as the government's fiscal regime becomes more sophisticated. It has continually been hampered by a shortage of staff and this cannot be ignored because an upgrade in the administration of the Inland Revenue Department has been highlighted as an area for improvement in revenue studies.

Steps are being made in the right direction and there is a developing relationship between the department and the tax payer which in the end would encourage voluntary compliance by the tax payers.

Fiscal year 2012 will be a busy one for the Inland Revenue Department. It is important that the department begins the process to be in a position to hold its own when structural changes are made to the tax regime. The department must be an agent and leader in the change process when it comes to placing Anguilla's tax regime on a sound footing. Therefore over the medium term the department will continue to experience growth and increased functions and must prepare well for the future.

### **Anguilla Development Board**

Madam Speaker, the Development Board too is constrained by the Government of Anguilla's inability to make contributions to its development fund. The Board however continues to play a critical role in providing financing for selected projects for people from all walks of life in Anguilla.

Over the past 32 years of operations, ADB has been an active partner in developing the fishing, agriculture, tourism, housing, education and industry sectors in Anguilla by providing financial and technical assistance.

ADB's gross loan portfolio of \$34m as at December 31, 2010 was dominated by loans to Housing which accounted for 43%, student loans comprised 29%, tourism related projects were at 14% with the remaining 14% of the portfolio comprising loans for fishing, agriculture and light manufacturing.

The Anguilla Development Board continues to be a viable entity with a record of being profitable despite its limited access to concessionary funds. For the year ending December 31, 2010 ADB recorded profit of just under \$100,000 with an Asset base of \$37m. The ADB's debt to equity ratio continues to be favourable at a level of 2:1 (the acceptable rate for Development Banks is 4:1)

Long term loans from the Caribbean Development Bank remain the primary source of funds for ADB. At year end the outstanding balance for CDB loans totaled \$15 million, whilst the other source of funding, The Anguilla Social Security Board loan had an outstanding balance of \$1.2 million.

In 2010-11:

ADB and the Anguilla Community College have partnered in ensuring the best use of resources available from the student loan financing so as to maximize the benefits to the wider community.

ADB engaged in assessments with the Caribbean Development Bank (CDB) and other local and regional stakeholders in determining the way forward for future involvement with Small and Medium Enterprises.

ADB was involved with identifying and benefited from a number of training programs specifically geared to the Development Finance Institutions of the Eastern Caribbean. A

number of regional training attachments for businesses were also undertaken during the year.

The success of ADB is largely attributed to the continued level of dedication and commitment of the staff and the Board of Directors.

Whilst ADB is ever mindful of its mandate as well as future sustainability and impact on national development it remains without doubt that a consistent flow of adequate funding is essential.

Some of the immediate goals of ADB include;

The acquisition of funding

Greater diversification in the loan portfolio composition

The marketing of ADB as a significant player in national development.

## **MINISTRY OF SOCIAL DEVELOPMENT**

The overall allocation for the Ministry of Social Development is EC 69.69 million dollars. The increase in the allocation over 2011 is less than 1% again showing that even in this area has tremendous social responsibility, sacrifices are also being made.

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

The Government of Anguilla (GoA) agreed to a package of budget measures aimed at ensuring that we achieve a budget surplus by the beginning of 2013. One of the central budget measures accepted by GoA was the need for a preliminary programme of health service reorganization. A consultant was commissioned to carry out a Health Sector Review with a view to:

- assess the current state of health care systems and their cost to government;
- assess options for the future delivery and financing of health care based on their likely relative costs and effectiveness; and
- prepare a timetable for executing the recommended options.

Now that the review has been completed, the GoA is in the process of reviewing the recommendations and consulting with relevant stakeholders.

The Ministry also undertook a project to cost the implementation of the National Strategic Plan for Health which was funded by DFID. This project was important for several reasons. We have spent considerable time and energy in developing our national strategic plan for health, but we have never analyzed the financial resources necessary to meet our targets. In all times, but in these difficult economic times in particular, it is critical that we understand the cost implications of healthcare delivery, as achieving value for money is central to the appropriate use of public funds. Understanding the cost implications helps us to make strategic decisions about how to best use limited resources

and meet our targets. This may be scaling projects back if they are cost prohibitive or focusing on a small number of very urgent health priorities. It may mean shifting priorities or strategizing as to how targets can be achieved in areas where resources are limited. This costing exercise is important in helping us all to plan, to reform our health services and to negotiate with regard to the provision of health services.

Chronic non-communicable diseases continue to plague Anguilla and nations around the world. The launch of the Chronic Care Passport, a pilot project to monitor, educate, and manage the care of diabetic patients will go a long way toward enhancing treatment for those who struggle with this disease. The Ministry is currently developing the terms of reference for a Commission on Chronic Non-communicable Diseases which will serve to broker effective involvement of all relevant sectors in programme implementation including the private sector, non-governmental organizations, faith based organizations and civil society, to assist in the mobilization of resources to facilitate the implementation of prevention and control programmes; and to monitor regional and international trends and to provide direction for national responses. Such a commission will make recommendations for a framework that encourages and promotes behavior change and the prevention of chronic non-communicable diseases.

Taking Action against AIDS in the United Kingdom Overseas Territories is a DFID funded project aimed at ensuring a low rate of HIV/STI transmission amongst at risk populations and improving the quality of life for those living with HIV infection. There were a number of outputs from this project in Anguilla over the past year such as the tourism HIV and wellness study, the policy and legislative review which resulted in a series of recommendations and draft legislation to be considered by policy makers, training for teachers in conducting Health & Family Life Education, and the development of a terms of reference for our multi-sectorial HIV Committee.

The importance of qualified nurses in the delivery of effective health care cannot be under estimated. With this in mind, the Ministry successfully graduated another cohort of young people from the Nursing Cadet Programme. The Nursing Cadet programme was designed to cultivate an interest in the field of nursing among Anguilla's young people. Cadets have the opportunity to learn about nursing first hand from trained nurses and participate in a series of learning sessions that cover various aspects of nursing.

2011 saw the official Ribbon Cutting Ceremony and commissioning of the St. James School of Medicine. In addition to the school paying monies into the government coffers in the form of various levies and stimulating the local economy, the first student to benefit from the school's tuition waiver programme for Anguillian students, Ms. Jilma Hodge, has completed her Basic Science courses here in Anguilla and has gone on to Chicago to complete her clinical training.

The Environmental Health Unit of the Department of Health Protection launched a very successful Solid Waste Awareness Campaign which culminated in June of this year. The campaign aimed to:

Make the general public aware of the public health significance of proper solid waste management

Improve the sanitary status or aesthetics of homes, communities, roadside and beaches by making the public aware of the magnitude and consequences of improper solid waste disposal. Prevent and control the transmission of mosquito-borne/vector borne disease outbreaks among locals, visitors and tourist alike by educating the public on proper solid waste management, improving environmental aesthetics and reducing the risk of injury from debris.

In an effort to achieve these goals, the Environment Health Unit has reached out to the public in a number of ways---church services, community projects, banner displays, radio quizzes, radio shows, text messages, clean beach and school competitions, debates and free bulky waste removal.

The Unit also undertook its annual Vector Control Awareness Campaign aimed at raising awareness about the dangers of disease carrying vectors and the importance of controlling them. Like the Solid Waste Awareness programme Vector Control Awareness programme actively engaged school children and the general public.

With regard to Correctional Services, the Ministry has embarked on a number of notable initiatives. A Criminal Justice Board jointly chaired by H.E. The Governor and the Hon. Minister of Social Development has been established. This Board comprised of the Head of Governor's Office, Permanent Secretary of Social Development, Commissioner of Police, Chief Probation Officer, Superintendent of Prisons, the Prison Services Consultant and other relevant stakeholders. The Board meets quarterly to discuss cross-cutting criminal justice issues.

The Parole Bill has now been passed through the House of Assembly. Such legislation provides a framework for diversion from custody of low risk offenders and for a formal process of independent assessment for release with supervision at the halfway point of a sentence. A training event for parole implementation was held in November for the overseas territories at which Anguilla was represented. It is hoped that the first parole hearings will take place sometime in early 2012.

The new Probation Legislation also recently passed, provides a much wider scope for the provision of probation services as well as the Juvenile Residential Centre. It makes components of family counseling and payment of maintenance mandatory and seeks to address offending behaviours in a holistic manner.

A team comprised of the Prison Services Consultant, Chief Probation Officer and the Commissioner of Police is working together to manage the introduction of electronic monitoring in Anguilla. Electronic monitoring will be used as a requirement for temporary release of prisoners at an appropriate stage of their sentence to gain work skills prior to final release, for low risk offenders and for those on curfew being monitored by the Department of Probation.



Rehabilitative programmes continue at both Her Majesty's Prison and Zeniada Haven the Juvenile Rehabilitation Centre. Both institutions have introduced the "Just Think" counseling programme designed to address offending behavior and to teach life skills. The Department of Probation has also initiated a substance misuse group programme for the clients with whom they work. The Senior Probation Officer Adult was awarded the prestigious Chevening Scholarship and is currently undergoing studies towards a Masters of Science in Clinical Criminology.

DFID has provided support to the Ministry of Social Development through the Safeguarding Children in the Overseas Territories (SCOT) Project. Through the SCOT project the Ministry developed a Child Abuse reporting form which has been piloted at the Department of Social Development, and developed the Child Protection Protocols. The SCOT project also provided training to Church leaders in safeguarding children. The "Safeguarding Children in Anguilla Policy Guideline" launched last month was the latest output of the very important project.

Anguilla will become a part of United Nations Children's Fund's (UNICEF) Multi-Country Programme beginning January 2012. UNICEF is able to lend support to Anguilla in meeting the requirements for the Convention on the Rights of the Child and the Convention on the Elimination of all forms of Discrimination against Women, as well as to offer assistance in the areas of child protection, social protection/social safety nets, early childhood development, and disaster/emergency relief among other areas.

In working toward its strategic objective to develop poverty alleviation programmes for greater client self-reliance, self-sufficiency and independence, the Department of Social Development continues its Agriculture Programme and its Sewing Programme. Through the Agriculture programme participants are doing continuous cropping and reaping. Some crops are produced for their own consumption other produce is sold. The Sewing Programme teaches students and others to sew clothing and in particular school uniforms. This enables participants to make clothing which reduces the need to purchase clothing which is often cost prohibitive.

The Department of Social Development also provides assistance geared towards individuals and families who are financially unable to meet their basic needs. The department has undertaken a full review to ensure that the eligible persons continue to receive the assistance to ensure that they can live at an acceptable level. Presently there are in excess of 150 persons receiving Public Assistance and an equal number of holders of medical exemption cards.

The Department of Social Development's Continuing Education Scheme is geared towards assisting school-leavers in particular, who desire to continue their education but are financially unable to do so. In this initiative the department partners with the Comprehensive Learning Centre and this year the Anguilla Community College. Subjects are taken at CSEC and Cape levels. Since its inception approximately four years ago about twenty persons have benefitted some of whom have managed to secure higher paying jobs. There are six students in the programme for 2011/2012.

## **COMMUNITY COLLEGE**

### **MISSION & VISION: THE MISSION OF THE ANGUILLA COMMUNITY COLLEGE IS,**

“To respond to the needs of the community through the delivery of an array of high quality programmes and services in an environment which promotes innovation, open access and lifelong learning; and to empower students through the acquisition of skills, knowledge and values to contribute meaningfully to the development of Anguilla, the region and world.”

The Vision of the Anguilla Community College is “To be a leading institution in the region which promotes quality teaching and passionate learning in an ever changing global environment?”

The Anguilla Community College is the only educational facility in Anguilla offering face-to-face tertiary education. As at September 2011, three of the College’s six Divisions are in operation, namely; the Divisions of Hospitality, Social Sciences and Adult and Continuing Education. Data from the Tertiary Education Survey Report, 2004 p.21 by the Anguilla Statistics Department shows that at least 65% of persons polled would consider pursuing tertiary education in Anguilla with a preference (78%) for part-time evening sessions.

The Division of Hospitality, the most popular courses include, Supervisory Management, Human Relations, Marketing, Front Desk Operations, Quality Customer Care and International Cuisine; total enrollment in short hospitality courses 2009/2010 was 109. For the Academic year 2010/2011 the following are being offered Certified Hospitality Department Trainer CHDT – internationally recognized qualification. Food and Beverage Leadership – organized in conjunction with the Florida Association for Volunteer Action in the Caribbean and the Americas.

ACC continues to receive request for specific Hospitality training – our most recent request was for Excellence in Customer Service (part of our Corporate Solutions) as well as Event Planning and Management.

The Division of Adult and Continuing Education (CAE) began systematic functioning in academic year 2009/2010. The offering includes a range of personal development courses as well as secondary level education certification through the Caribbean Examinations Council (CXC).

#### **Caribbean Secondary Education Certificate (CSEC)**

The most strongly subscribed programme within the Division of CAE was the Caribbean Secondary Education Certificate (CSEC). Though CSEC is a secondary level certification it was offered primarily to adults who wanted to strengthen their certification which they had not achieved while at school.

The total number of students Registered CSEC Classes stands at 164, covering a diverse areas such as English, Math's, Accounts, Biology, Principles of Business, Information Technology, and Office Administration.

Other CAE Courses. The College also offered personal development courses such as Cake making and decorating, Sewing/dressmaking, Introduction to Microsoft office suite, Conversational Spanish, Flower arranging, Parent Skills Training and Literacy Development. Fifty (50) persons subscribed to these classes over semesters 1 and 2 in academic year 2009/2010.

Our president authored a Scholarly Publications. Louden et al (2010) "Maintenance of Weight Loss in Adolescents current status and future directions" – Journal of Adolescents Vol. 2010 pp3-13.

#### **NEW PROGRAMMES WITHIN THE DIVISIONS OF HOSPITALITY AND SOCIAL SCIENCES**

This academic year, (2011-2012) the ACC launched two new programmes within the Divisions of Hospitality and Social Sciences that speak directly to the human resource needs in tourism and commerce. These are the Associate of Science in Business Studies and in Hospitality and Tourism Management offered as a franchise with the Council of Community College of Jamaica (CCCJ). The Associate of Science in Business Studies offers majors in Management and Finance, Accounting, Human Resources and Marketing whereas the Associate of Science in Hospitality and Tourism Management offers majors in Food and Beverage, Accommodation Studies, Travel and Tourism and Special Events and Entertainment.

Enrolment in the Associate of Science Degrees for Academic Year 2011/2012 are as follows

Business Studies 28 and Hospitality and Tourism Management 15 for a total enrollment of 43

#### **NEW PROGRAMMES WITHIN THE DIVISION OF CONTINUING AN ADULT EDUCATION.**

In addition to the established repertoire of CAE courses, the ACC has launched new courses in Graphic Design and Web Design. Registration is ongoing. Both are expected to reach the maximum 15 persons before teaching starts. For academic Year 2012/2013. Certificate in Early Childhood Education as well as certificate program in Geriatrics/Gerontology will be offered in Association with the Council of Community Colleges of Jamaica (CCCJ) and Portmore Community College.

The Certificate in Early Childhood Education is a response to one sector of education which remains largely unregulated and privatized. Notwithstanding, the GOA has increasingly recognized the sector as critical and therefore has begun intensified monitoring and assistance to the sector. These interventions have highlighted a glaring need for training in the provision of Early Childhood Education. The certificate in Gerontology addresses the need for training of those who provide care to the elderly in Anguilla RN to BSN Conversion Programme.

Establishment of a Fit for Purpose Campus Site. Because of the space available as well as the configuration of the classrooms our current space at the Rogers Office Building no longer meets our needs. The rooms are small and present scheduling constraints as well as limit class size and restrict the College from offering new programmes or managing larger classes. With this in mind, the ACC has secured 11.97 acres of land at Block 69114B Parcel 169, One Community College Drive, Long Path, (The Shell Factory) for the long-term home of the College. ACC is now awaiting a response from FAO regarding our request to borrow US\$2 million to complete renovations on this site so that our 6th form can move there for September 2012 Academic year.

As part of our Outreach effort we have established a Quarterly Lecture Series

March 2011 – “Nation-Building Women” – 100th Anniversary of International Women’s Day.

September 29th, 2011 – 5th Annual National Conferences on Youth and Development “The Role of Education in Skills Entrepreneurial Development”.

APANY- Anguilla Progressive Association of New York Presentation June 4th 2011.

November 9th – 11th, 2011 (Grenada) - Association of Caribbean Tertiary Institutions (ACTI) - presentation on “Grants, Research and Institutional Effectiveness – Partnerships and Collaborations through ACTI: Office of Sponsored Research”; and Community-Based Participatory Research – A Paradigm Shift Who’s Time has Come in Caribbean Academic Research”.

Membership. ACC became a member of the Association of Caribbean Tertiary Organization last year (2010) and was elected to the Association Council in 2011.

Involvement in the Community ACC has been involved with several local organizations such as the Anguilla Cancer Steering Committee; and the St. James School of Medicine our joint activities include a recently held lecture entitled The Origins of HIV as well as the Establishment of the Island First Institutional Review Board (IRB) commonly known as Ethics Committee for the conduct of Scientific Research.

ACC also participated in UWI Country Conference held here in Anguilla– April 2011. Four papers were presented at this conference, namely: Parental Education & Aspiration in Anguilla; Students Awareness knowledge and Practices Regarding the Effects of Obesity on Lifestyles, and Fragile Families Their Characteristics and Impact in Anguilla

Technical and Vocational Qualification. The ACC expects to introduce a range of Technical and

Vocational programmes within the Division of Technology. The need for this is highlighted in the 2001 census report that points to the fact that males are less likely to complete secondary and tertiary education. We are awaiting the passage of the Education Bill establishing the TVET (Technical Vocational and Education Training) Council to introduce vocational programmes such as plumbing, welding, electrical and mechanical engineering. We believe will go some way to address enhanced outcomes for (especially) males.

Zenaida Café, launched in 2009, is an integral part of the Division of Hospitality. Not only does it provide the training requirements for students in Hospitality and Adult and

Continuing Education short courses, it also offers catering services and has potential to be a strong income earner for the ACC.

## **DEPARTMENT OF EDUCATION**

The allocation for the Department of Education for 2012 is 25.5 million dollars which represents less than .5% increase over 2011. The government is very wary of tampering with the ability of the education department to deliver on its mandate and as a result the expenditure outlays have been fairly consistent over the last two years,.

The Ministry and Department of Education have had a rather fruitful 2011. Much was achieved in line with our five year strategic plan, the Education Development Plan 2010 to 2015. The five year plan which speaks to a vision of creating an Ideal Anguillian Society, one that is Productive, Competitive, Literate, Creative, Tolerant and Imbued with National Pride has five priority areas. These are i) Literacy Development, ii) Improved Performance in Math, Science and Technology, iii) Institutionalizing Culture, Morals and Values, iv) Establishing the TVET Framework and v) Improving Comprehensive Secondary Education.

Literacy Development is the number one priority in Education for the period . The Literacy Development Project was launched in February this year with the full support of the Anguillian Community. With the ultimate goal of improving literacy levels in schools, many initiatives have been implemented. These include but are not limited to, the development of a national approach towards the improvement of literacy, the literacy marketing campaign, the strengthening of the human resource capacity in literacy across the education sector, the launch of the “Just Write” campaign with the Big Book and the catch up programme. Many of the initiatives are being led by our newly appointed Literacy Champion and our Literacy consultant. Efforts will continue in the New Year. The Ministry and Department of Education are extremely grateful to the entire Anguillian community who have embraced this project and supported us financially and otherwise.

Improved performance in Math, Science and Technology is the next area of emphasis for the Ministry and Department of Education. Our students need to be placed on a level playing field with regards to these areas. It is hoped that initiatives developed and planned for 2012 in this area will be fully embraced and supported, financially and otherwise by the Anguillian community as for the Literacy Development Project.

Work has begun in the area of Culture, Morals and Values with the Introduction of a Local History Month in all schools where an agreed aspect of our history will be highlighted in schools each year. We have also seen the Introduction of a drama group as part of our after school programme at secondary level. There are plans in the New Year to develop a similar initiative at primary level. CXC has now also introduced Theatre Arts as a CSEC Subject and there are plans for it to be offered at CAPE. During this academic year a number of initiatives under Culture Moral and Values will be continued. These include

Activities at National and school levels to promote local history

Increased access to books and other resources to support the teaching of local history

Enhancement of the school environment- includes partnering with Tourist Board and ABC on beautification projects and competitions  
Strengthening of HFLE programme at Primary and PSHE at Secondary  
Development of National Behaviour Policy Guidelines and review of School Discipline policies.

Work has begun in the areas of stakeholder awareness and soliciting of public input in the other two priority areas of TVET and Improving Comprehensive Secondary Education. Round Table Stakeholder Discussions and Public Forums have been held with the intention of gaining the views and insights of stakeholders and the general public on a whole on initiatives in both of these significant aspects of the education system. The Albena Lake-Hodge Comprehensive School and the TVET Council have done much of the ground work towards taking Anguilla forward in terms of providing the necessary opportunities, certification, training and skills development to enable our young people to take up gainful employment and become productive citizens in the Anguillian community. It is hoped that going forward in the New Year that work in these areas will be fully supported so that optimum potential of initiatives in these areas can be realized.

## **HEALTH AUTHORITY OF ANGUILLA**

The provision of health services is the mandate of the Health Authority of Anguilla. However, the provision of health care is such a sensitive area that questions is often asked directly of government in relation to health issues. The allocation for the Health Authority for 2012 is 8 million dollars. This is the same as for 2011 and again demonstrated the restraint policy which the government is using in the stabilization effort.

The Health Authority of Anguilla has continued to provide health care services to the residents of and visitors to Anguilla and in some cases to individuals from our neighbouring islands despite being confronted with several challenges.

Even with a significantly reduced subvention to the organization and reduced internal revenue in difficult financial times, the organization has managed to keep within budget via strict expenditure controls.

Various austerity measures have been implemented to ensure the viability of the only 24-hour per day health service on the island. Despite the fall off in revenue sources, it has been widely expected that the same level of services that existed in good financial times should continue and every effort is being made by the Board, management and staff to maintain the same standards of quality service.

The provision and maintenance of major equipment at the Princess Alexandra Hospital continue to be a challenge and the absence of what may be considered basic equipment on occasion necessitate patients being transferred to St Martin for certain services. The

equipment where the major challenges have been witnessed are the portable X-ray machine, the CT scan, the Ultrasound machine and, at times, the incinerator.

In collaboration with the Ministry of Health and the Pan American Health Organisation (PAHO), the Health Authority has been reviewing the development of its human resources capacity in relation to an exercise headed by Latin America. There has also been an assessment of a report carried out by Mr Roger England at the request of the Ministry of Health and financed by the British Government after the initial report by the Committee to review the Health Authority was not accepted by the Ministry of health.

The organization has been reviewing its admissions and discharge policies in an attempt to improve both patient care and collection of revenue.

Madam Speaker, there are many challenges facing the Health Authority of Anguilla, the organization's Board, management and staff have given their commitment to provide quality health care services to every client.

The 2012 draft budget projections indicate total income of EC 26,098,600 comprising Recurrent Income of EC 9,298,600 and a government subvention of \$16,800,000 and Recurrent expenditure of EC 25,234,177 producing a positive recurrent gap of EC 864,423. The organization is proposing capital expenditure of EC 1.2 million with EC \$700,000 to be financed by the Government of Anguilla and EC \$500,000 from the organization's resources. Unfilled personal emoluments will compensate for clearing the proposed budget deficit.

## **LIBRARY**

Madam speaker the allocation for the Public Library has been decreased by 7% between 2011 and 2012 and now stands at 1.07 million dollars. I know Madam Speaker, that it appears that there is a reduction in areas that affect the personal growth of individuals but the truth is madam Speaker that the reductions have affected all areas in terms of the provision of services. There are many initiatives which the Public Library will continue to promote and in so doing will continue to provide an opportunity for the advancement of knowledge of young people.

As part of the strategic planning exercise measurable objectives were established to assist with more proactive management as user needs, economic changes and technology advancement impact library and information services. Cooperative ventures proved valuable for implementing and maintaining programmes. Acclaimed author Dan Browne provided funds for starting the construction phase of a computer lab which, when completed, would provide opportunities for wider exposure to electronic information. Longstanding support from institutions and individuals facilitated the annual summer workshop for children which will focus on environmental awareness in 2012 in collaboration with the Department of the Environment. Teaming up with the Department of Youth and Culture has resulted in mounting a new after school programme to encourage primary and secondary school students to express knowledge and creativity in

art. The Library participated in the launch of the national Literacy Campaign as a venue for promotional initiatives and early literacy is being viewed as an area for resource allocation in the upcoming year. It is also hoped that public participation in library services will be strengthened by providing website access to relevant information.

## **Department of Sports**

Madam Speaker, sports is an instrumental part of our everyday lives. In fact, sport now offers educational and professional opportunities, the like, previous generations were not privy to. Sports encompasses many disciplines and discipline and we will work hard to promote sports and sporting endeavors.

### **Much has been accomplished in 2011 and there is much more to do including:**

- The Sports Strategic Plan was approved in principle by Executive Council.
- The Sports Department signed a three year contract with Louis Price to use the facilities for tournaments and training of national teams.
- The Anguilla Tennis Association was accepted as a C class member of the International Tennis Federation. This membership entitles Anguilla to financial and technical assistance. We owe Mr. Mitch Lake our gratitude for his vision and hard work where this is concerned.
- Anguilla hosted the Leeward Island Youth track and field Championships and placed 3rd overall, their best result since 1999.
- Anguilla hosted the Eastern Caribbean Junior male volleyball tournament for the first time.
- Anguilla was a finalist in the one day Leeward Island Cricket tournament. Subsequently, three Anguillians made the Leeward Islands team.
- The Anguilla Drag Racing Association has been meeting with us and we hope to have approval for their long awaited track in the very near future.
- Our own Verdine Connor placed first runner up in the prestigious Central American and Caribbean Body building championships held in San Salvador

The goals for the department in 2012 are:

To continue with ongoing programmes.

To deliver more structured programmes in the following sporting disciplines in the primary schools and communities.

- Run Jump Throw
- Table Tennis
- Netball
- Volleyball
- Basketball
- Cricket
- Soccer



## **DEPARTMENT OF YOUTH AND CULTURE**

The Department of Youth and Culture (DYC) continues to strive for the well-being and empowerment of young people in Anguilla and the preservation and promotion of the island's cultural heritage. During the year 2010 - 2011 DYC held several Culture Policy Forums to consult with cultural experts, enthusiasts and the general public in preparation to draft a Culture Policy for Anguilla in 2012. These forums examined how issues such as Technology, Education and Religion impact our Culture.

DYC continued its support of the Blowing Point Youth Development Center as well as offering financial and/or technical support to other Community Center initiatives in areas such as Island Harbour, East End, The Farrington and Little Dix. A Fun Summer Camp that brought together the various children from their respective Centers was also held.

Our Job Link-Up programme was heavily subscribed again as we strive to reincorporate at-risk youths into the Anguillian work force.

The Youth ESCAPE programme ran during the summer and catered to dozens of children, teaching culture, heritage and the culinary and finer arts to the next generation.

DYC also partnered with the Anguilla Tourism Board in the implementation of the Valley Street Festival which was held three times this year. A major initiative of DYC in 2011, was the vote for the island's National Symbols. Polling stations were set-up island wide and several hundred Anguillians participated in determining the symbol in each category. The results of which will be taken to the Executive Council shortly.

Our year ended with our Annual Conference on Youth Development where after hearing presentations from various experts young people made precise recommendations to the Anguilla Government on issues that affect them in their lives and communities.

The DYC was pleased to serve the people of Anguilla in 2011, supporting many cultural festivals such as Festival Del Mar and will certainly persist in fulfilling its mandate to protect, preserve and promote our culture while attending to the empowerment, well-being and peaceful coexistence of Anguilla's youths.

### **Lands and Surveys**

The main goal of the Department for 2012 is to provide a computerized Land Information System by first of all ensuring that the necessary legislation is passed to sanction this venture. A computerized Land Information System will help the Department to provide a more efficient and reliable service to all customers especially for the present and future generations of Anguilla. With this system the Department will be well placed to modernize our existing customer service facilities by launching its first online service to customers which would eliminate the need to visit the physical office. For a small fee, customers would have the option of accessing, downloading and printing their land information from the comfort of their homes or offices anywhere in the world. This additional customer service facility brings with it the opportunity for increased and/or

more immediate revenue streams. Additionally land is one of Anguilla's most valuable resources and the computerization of the land registration system will provide a more secure system of recording, filing and retrieving of land information.

During the year 2011, the Department has seen the departure of two (2) of its most experienced Land Surveyors and the Department now has a shortage of Surveyors. One of the Department's goals is to promote the training of local Anguillians to be in a position to fill the vacant positions within the Department.

Another goal of the Department is the change of our coordinate system to WGS84 system thus providing for international recognition.

## **Environment**

In 2011 the Government's focus on Environmental management saw serious challenges as a result of the severity of fiscal outlook for Anguilla. However in 2012, the Government will ensure that improved human resources would benefit from its still fledgling Department of Environment. The leadership of the Department of Environment has been consistent and despite existing shortcomings related to a permanent home, the Government of Anguilla understands the value of sound environment management to our continued physical and economic advancement.

In 2012 the Ministry of Home Affairs through its Department of Environment will embark on a detailed habitat mapping programme. Additionally, the roll out and implementation of some relevant policies and legislation to ensure effective holistic environmental management will commence in 2012. With respect to ensuring that the Dept of Environment fulfills its mandate of heritage conservation, tours have begun by the department as part of the implementation process of the Biodiversity and Heritage Conservation Act. The goal is to ensure that every Anguillian experiences the rich and unique heritage of Anguilla and maybe very soon expand the tourism brand to reflect such a heritage. During 2012 the Dept of Environment will be revising and revamping its environmental marketing programme.

Lastly, in 2012 there will be several environmental policies (Climate Change, Biodiversity,) and legislative (Draft Bill for the Environmental Protection Act) documents that will be formally endorsed by the Government of Anguilla for which swift implementation will follow. The Valley Reserve which is a diverse 7.35 acres of land opposite the University of the West Indies Distance Centre was approved by Executive Council for the sole use by the Department of Environment as a demonstration site with regard to environmental management and development, as well as to be location for the permanent home of the Department of Environment.

## **Agriculture**

The Department of Agriculture, both at the organizational and the activities levels, has developed over the years. Accomplishments include updating of existing legislation,

introduction of new and improved technology such as, drip irrigation, mulching and other soil conservation techniques in vegetable production, and the establishment of improved animal genetics for distribution to farmers.

### **Priority areas for 2012**

The Department of Agriculture will continue its development of farmers by:

- (a) conducting vigorous marketing campaigns and other strategies to assist farmers in the marketing and sale of their produce. The identification of local and overseas markets and linking the producer to the purchaser will be our goal.
- (b) Developing effective land use policies and programs to insure that farmers have access to adequate and good quality land.
- (c) Aggressive lobbying, to insure that farmers have access to good quality water at affordable rates.
- (d) Updating and introducing supporting legislation
- (e) Increasing trained technical staff and orienting the department to more scientific activities.

Agriculture has been recognized as one of the engines for local economic growth, and the renewed interest in agriculture, especially the youths, will go a long way in reducing our food import bill and create economic activity for the island.

### **Labour**

The Department of Labour is the technical arm of the Ministry of Labour. The Department is mandated to ensure that Anguilla's labour laws are adhered to and to advise government on labour matters generally. The core functions of the Department of Labour include the Conciliation process, Labour Administration, Labour Inspection of workplaces, Processing of work permits, Labour statistics and Employment services.

The Department of Labour's priorities for 2012 includes the following: the establishment of a website, to undertake a labour market survey in collaboration with the Department of Statistics, staff development and training, the implementation of an integrated Labour Management Information System, increased labour inspection of workplaces, the implementation of a public awareness programme and ongoing effective conciliation and mediation.

During 2012, the Department and Ministry of Labour will be also embarking on a programme to ensure that Anguilla Labour Laws are updated and the relevant provisions are enacted. More public consultations will be conducted on the draft Labour Code Bill 2003 in order to garner the views of all stakeholders. The said brings together the labour laws in a comprehensive Code. Essentially, the objective of the Bill is to create standards to ensure that fair and reasonable minimum working conditions are available to employees and that relationships between employers and employees are conducted on an equitable footing.

## **Information and Broadcasting**

For the year 2012, The Department of Information and Broadcasting - Radio Anguilla will focus on improvements and outreach. As Anguilla's national broadcasting service Radio Anguilla will continue to cater to the entire community through news, information and entertainment programmes. With an aim at improving news presentation, in-house training in news reading will be conducted. The station also hopes to take advantage of any external training opportunities for staff throughout the year.

In the year ahead, the Department of Information and Broadcasting intends to work closely with other Government Departments and agencies to share information with them and public on how the civil service operates. The station will focus on increased interaction with the public, through call-in programming catering to all age groups on the island. This will also serve to create new sponsorship opportunities.

In 2012, the Department will continue to seek ways of cutting costs during these difficult times. Technology has already facilitated much of this for the station. Radio Anguilla intends to use the latest technologies to improve the quality of commercials, in conjunction with existing and potential clients. The station will maintain its presence in the community through the broadcasting of important national events and activities

## **Gender and Human Rights**

The main focus for Gender in 2012 will be the extension of CEDAW to Anguilla. Much of the preparatory activities for this are currently being undertaken which includes a comprehensive audit of relevant legislation. The groundwork has already been laid for the setting up of a Gender Affairs Commission in 2012 with the training for key stakeholders earlier this year.

The establishment of a Gender Affairs Unit continues to be a need and this will be vigorously explored in the New Year. Human Rights education and training will continue to be a priority in 2012. There is a continuing need for Civil Society, the Media, the religious community and youth and community groups and indeed all forms of social media to get involved in educating our people about the issues of justice, dignity, equality, participation -- the rights enshrined in the Universal Declaration.

## **Immigration Department**

The Immigration department is in the process of upgrading security, facilitating and regulating the movement of people to Anguilla. As a result, emphasis will be placed on improving the overall operations carried out by the Immigration department in order to improve the efficiency of the services offered.

Priority will be given to the updating of Laws and Implementing of Policies in order to meet the growing demands of the Department.

## ENSURE THAT IMMIGRANTS COMPLY WITH THE LAWS OF THE IMMIGRATION DEPARTMENT

Every effort will be made to ensure immigration laws are adhered to as set out. In addition, measures will be put in place to reduce the outstanding sums owed to the Government of Anguilla and ensure that fees are paid for services granted.

## MINISTRY OF INTRASTRUCTURE, COMMUNICATIONS UTILITIES AND HOUSING (MICUH)

Madam Speaker, the allocation for the overall ministry is EC 12.74 million dollars representing a decrease of 12.2 % from 2011.

The ongoing economic and financial constraints have placed tremendous pressure on the ability of the Government of Anguilla to maintain, upgrade and expand Anguilla's public infrastructure and to implement critical initiatives in the areas of communications, utilities, housing and transportation. The lack of funding to maintain public infrastructure will eventually lead to the increase cost of reconstructing and rebuilding roads, buildings and other public infrastructure facilities as these facilities as structures are rapidly deteriorating beyond the point where routine maintenance is no longer adequate.

Despite the economic, financial and other constraints the Honourable Minister of Infrastructure, Communications, Utilities and Housing and member for Valley South, Hon. Evan Gumbs has led his Ministry well in the implementation of a number of critical initiatives.

### **Electricity and the Energy Sector**

In May of 2011 the Minister of Infrastructure, Communications, Utilities and Housing outlined his vision for the reform of the electricity sector and this is now bearing fruit as the Ministry of Infrastructure, Communications, Utilities and Housing is working along with Anguilla Renewable Energy Officer (AREO) and Climate Development Knowledge Network (CDKN), ANGLEC and the AG's Chambers to implement legislation to allow for the introduction of renewable energy into the electricity sector in Anguilla. The Minister is hoping that this portion of the reform of the electricity sector would be substantially completed before the end of 2012. Anguilla stands to benefit significantly in terms of preserving its environment and reducing the variability of the cost of electricity. Simultaneously, the Minister has instructed his team to seek technical and other assistance in the reform of the other aspects of the electricity sector, namely the restructuring of the tariff and in the governance and regulation of the electricity sector. Recently Madam Speaker, the new Board of Anglec announced a \$1.00 reconnection fee special. This is exactly what Minister Gumbs promised and he is delivering on those promises.

### **Road Infrastructure**

The roads of Anguilla are under tremendous stress due to increased traffic, larger and heavier vehicles and lack of funds to properly maintain the roads. Therefore, the road infrastructure is deteriorating at a much faster rate than normal. The roads in Anguilla will shortly need major rehabilitation, reconstruction and replacement. Nevertheless, in 2011 the Minister and his team have managed to maintain the road infrastructure and to reconstruct part of the much debated Queen Elizabeth road. Work is ongoing on the road to Limestone Bay. In 2012 the Minister will provide the necessary instructions and approval to his team to seal and pave a number of feeder roads. Sealing of roads will save the Government a significant sum of money in the long term, as the Minister and his team work to reduce the annual maintenance cost of marl roads and reduce the consumption of marl at Corito, which is being depleted.

As envisaged in the Roads Act, the MICUH will retain and expand its role in road safety including road side cleaning. This activity will prioritise issues related to road user safety around bends and at junctions but will also focus on pedestrian safety.

The Department of Infrastructure in conjunction with the Transport Board stands at the forefront in promoting road safety on the island. A Speed Hump Policy to regulate the placement of speed control measures is currently being reviewed to be put into operation in the upcoming year.

### **Public Buildings and other Public Infrastructure**

The regular maintenance of public building continues to be a challenge for the Government of Anguilla. However, various ministries are finding creative ways to source funding for construction and maintenance of public building. During 2012, it is expected that the Government of Anguilla will aim to address the funding framework for the construction of Government of Anguilla's office accommodations.

### **Water Corporation of Anguilla and Well Infrastructure**

The Water Corporation continues to make strides to becoming an independent self-financing entity. In 2011 the Water Corporation of Anguilla commissioned the Crocus Hill Brackish Water Reverse Osmosis Plant and reactivated the Valley Well Fields after a period of almost 15 years. The Government of Anguilla agreed in 2011 to stop subsidizing the operations of the Water Corporation of Anguilla. However, the Government of Anguilla recognizes that the Water Corporation faces significant challenges due to the high cost of electricity especially the fuel surcharge. Without the imposition of the high cost of electricity, the Water Corporation would be totally independent of Government financial assistance. For the first time in its short history, the Water Corporation has submitted a business plan and the Government of Anguilla is currently reviewing the 2012 Annual Business Plan of the Water Corporation of Anguilla with a view to approving the business plan with a few minor adjustments. The Government of Anguilla at the moment will not support any increase to water rates and may have to find a way to assist the Water Corporation in offsetting the cost of electricity.

The Water Corporation has made significant strides in addressing non-revenue water and in transitioning from a Government Department. However, the Government of Anguilla will continue to insist that more effort is made to address the losses, improve the efficiency of the operations and improve the level of service offered to the public. The Government of Anguilla will also insist on the accountability and transparency of the operations of the Water Corporation of Anguilla. The implementation of Regulations for the extraction of ground and sea water will also be a priority in 2012.

### **Airport and Sea Ports**

Anguilla's major commercial ports namely the Clayton J Lloyd International Airport, Road Bay Port, Blowing Port and Corito and under the statutory responsibility of the Anguilla Air and Sea Ports Authority. Although this government was not in favour of the creation of the Anguilla Air and Sea Ports Authority, the reality of the situation is that at this stage the disbandment of the Anguilla Air Sea Ports Authority may be more costly to the people of Anguilla. Therefore this Government through the legislative authority granted to the Minister of Infrastructure in the Anguilla Air and Sea Ports Authority Act will use its legislative authority to monitor and control any excessive behavior of the Board and Management of the Anguilla Air and Sea Ports Authority. 2011 marked the transition period of the Anguilla Air and Sea Ports Authority from a Government department to a more self-autonomous entity. This process will be completed in 2012. The Board of the Anguilla Air and Sea Ports Authority has submitted its business plan and this government is going through that plan with a fine teeth comb. As mentioned by the Hon. 1st Nominated Member and the Minister of Infrastructure, The Government of Anguilla is working with the Anguilla Air and Sea Ports Authority with respect to the extension of the airport runway to accommodate transatlantic flights and the construction of the new Blowing Point Port facility.

### **Telecommunications**

The Government of Anguilla through the Ministry of Infrastructure, Communications, Utilities and Housing (MICUH) has just enacted legislation that would allow the service providers to upgrade their mobile networks to accommodate 3/4G, LTE technologies. This would allow the service providers to offer roaming services to North American visitors and to provide the necessary bandwidth that the new smart devices require in order to take advantage of the higher data speeds currently available with such devices, eg: the iPhone. Thus our local users will now be able to use their iPhones and other smart devices to their fullest capabilities.

There are two dominant service providers and both have expressed a keen interest in upgrading their mobile networks and moving to either the 700 MHz, 850 MHz or 1900 MHz bands. To this end, they are currently seeking to acquire spectrum authorization from the PUC to accomplish this.

## **Aviation and Maritime Matters**

Aviation and maritime transportation are vital to Anguilla's economic and social development and to the travel and tourism industry. 2011 continued the process of MICUH strengthening its capacity to administer the maritime sector and to participate in the administration of the aviation sector. This process will continue in 2012 when MICUH will consider the implementation of a number of maritime conventions and review with the UK Government the possibility of Anguilla establishing an off shore aircraft registry and directorate of civil aviation.

MICUH continues to strengthen its two-way licensing regime with the introduction and use of MMSI numbers maritime crafts. It has also instituted the registering of EPIRBS, ELTs and PLBs. The introduction of these systems and devices will improve safety at sea and in the air.

## **Anguilla Fire and Rescue Service**

Following the major challenges that the Fire and Rescue Service had in 2010 with the maintenance and failure of major appliances that led to the closing of the lone airport, the officers of the Fire and Rescue Service despite the fiscal challenges, made tremendous strides in maintenance of the appliances and responding to fire and rescue operations. The latest report from the Air Safety Support International (ASSI) highlighted the tremendous strides the Fire and Rescue service has made in reaching to international standards expected of a category 5 airport firefighting and rescue services.

In 2012, the Government of Anguilla hopes to construct a new fire station and to look in the possibility of purchasing a rescue vehicle.

## **Vehicles**

This government campaigned on need to rein in the abuse and cost of public vehicles. The Ministry of Infrastructure has drafted a Vehicles Usage Policy. It is expected that after stakeholder consultation that the vehicle usage policy as amended and approved by Executive Council will become the policy for the usage of public vehicles. The Government of Anguilla has been making strides in reducing the number of public vehicles

## **CAPITAL BUDGET AND FINANCING**

My government would have been delighted to be in a position to inject money into the economy via capital expenditure in order to be able to stimulate economic growth and provide more jobs and income for the people of this country. While our efforts have been largely successful in stimulating growth through the private sector, government's options have been limited because of the absence of a yearlong surplus on recurrent account and the stringency of the borrowing guidelines. I always stress prudence when it comes to



borrowing but when borrowing is for a productive purpose that will enhance the lives of all Anguillans, it is a worthwhile undertaking.

Madam Speaker, the 2012 capital budget has made provision for EC \$ 28.21 million worth of investment. The financing of the 2012 capital budget will be sourced from the EDF 10 programme (EC \$12.24 million), Grants from the private Sector, foundations and the UKG (EC \$5.97 million), CRRIF funds (EC \$ 5.0 million) and reserves (EC \$5.0 million).

Madam Speaker, key projects to be funded include the continuation of the Anguilla Housing and Population Census, Tourism Sector Development Project, Tax reform, Equity Investment in Resolution Trust Company, Valley Primary School Development, Literacy Development, the National Health Fund, The Valley Multi-Sport Centre, Prison Development and The National Strategy for Sustainable Development. The remaining CRRIF projects will be completed in 2012.

Madam Speaker in 2012 EC \$900,000 will be dedicated to the Anguilla Housing and Population Census. With the enumeration phase completed, the Anguilla Statistics Department's focus in 2012 as it relates to the AP&H Census 2011 would be to move on to the Analysis and Report Writing stage. It is intended to complete both the Census Administrative Report and the National Census Report. However, prior to this basic Preliminary, Thematic and Special Area Reports as well as a demographic atlas will be produced. Once publications have been completed dissemination of these important country findings will be published in various formats so that the use in the production of plans, programmes and policy decisions is more widespread.

Under The Tourism Sector Development Project EC \$800,000 has been set aside to aid in the implementation of the some of the recommendations of the Sustainable Tourism Master plan. Areas of interest include product development, capacity building and institutional development. Additionally, efforts will be focused on the development of new projects and enhancement of sites and visitor attractions in the three Tourism Development Areas (TDA's).

Madam Speaker EC \$3.36 million will be dedicated to Tax Reform. 2 components of tax reform in 2012 will be Property Tax Reform that will focus on the supporting administration systems, improving legislation and valuation surveys, and the initial work towards the implementation of GST.

EC \$5.00 million will be dedicated to The ECCB Investment in Resolution Trust Company. It was established with the mandate to restructure and recapitalize financial institutions and manage troubled assets. Each member country is required to pay a promissory note of EC \$5.00 million.

Madam Speaker, through the Windsong Anguilla foundation investment in Valley primary School Development will be made to the tune of EC \$1.77 million. This will facilitate the completion of phase 2 of the project, the construction of the first floor which will serve as classrooms.

Literacy Development is the number one priority for the Ministry of Education for the period 2010-2015. Funding to the tune of EC \$722,428 will be provided by the Windsong Anguilla foundation to facilitate the implementation of the key activities that will aid in the improvement of literacy in Anguilla by 2015.

Madam Speaker, as we know on December 31, 2012 the Interim Stabilization Levy comes to an end and The National Health Fund will begin January 1, 2013. To enable the implementation of the National Health Fund it is necessary to acquire a Management Information System. Hence, EC\$ 1.00 million has been allotted for that purpose.

The Valley Multi-Sport Centre will be constructed using funds donated by the Warren Foundation of EC \$672,050.

The United Kingdom Government, who has responsibility for Law and order has committed to making a grant of EC \$ 1.02 million for the expansion of Delta wing at Her Majesty's Prison. The project involves the construction of 11 new cells.

Finally Madam Speaker, EC \$810,000 has been dedicated to the National Strategy for Sustainable development. It is expected to be funded by the UK. This national plan will guide the development of our beloved country for a 20 year period.

Madam Speaker, this level of investment remains contingent upon receiving both EDF funding and other capital grants in 2012. We are committed to doing whatever it takes to facilitate the realization of this level of investment as it is key in stimulating our economy and accomplishing many goals set for 2012 and beyond.

## **RECURRENT REVENUE**

Undoubtedly, it is indeed an understatement to describe the raising of revenue over the last two years as a challenge. I say that because my economic and financial knowledge along with my conscience do not allow me to place financial burdens on my people which in normal times would be bearable but at the present time are severe. However, Madam Speaker, in good times and bad the services provided by the Government of Anguilla must be financed. That was the challenge yesterday, is the challenge today and would be challenge tomorrow.

But Madam Speaker, the financing of services must not be a mechanism through which the people of Anguilla endure further hardship. In order for prosperity to be progressively pursued through economic initiatives, then the economic initiatives cannot be subjected to sustained activities which limit the robustness of the economic initiatives. There is no doubt that our economy has reached its saturation point in terms of new taxes in this short time frame. We have to take a time out and gradually make the transition from being essentially a low tax jurisdiction to become a regime which displays more sophistication in terms of taxes and certainty in terms of revenue collection in general.

We do not have the option to do nothing because doing nothing signals that we have given up in the face of adversity. That is not the Anguilla I know. That is why Madam Speaker, despite my Government's misgivings about further taxation, we recognize the need to raise revenue as a top priority. We supported the revenue study and the various consultancies sponsored by London over the last two years and we are confident that while our revenue regime is not as yet where we want it to be, we will get there in the medium term around 2014. That is a year when hopefully our revenue system will have a solid anchor as we pursue over the next two years the implementation of the Goods and Services Tax (GST) as we move away from Customs Duty. This in turn will help businesses by way of creating liquidity Madam Speaker and by so doing, help the general economy as more jobs will be created, savings passed on to the consumers and Government revenues become more predictable and sustainable.

This state of affairs in 2014 would replace the piecemeal manner in which revenue measures have been implemented over the years. Madam Speaker, I am referring to the plethora of revenue measures including the communication levy, increases in customs surcharge and duties on fuel and gas and an assortment of other items, increases in property tax, liquor licenses, and the implementation of the much talked about some would even say, much maligned Interim Stabilization Levy.

The technical staff in the Ministry of Finance as well as relevant department heads within the larger ministry has been in constant dialogue with representatives from the UK Government on the persistence issue of the raising of revenue. The outcomes of these discussions have often resulted in tough compromises in relation to the implementation of revenue raising measures. However, Madam Speaker, there are two measures in particular which my Government emphatically oppose on further discussion. These were the proposed restaurant and car rental levy. The view held both by my Government and tourism industry stakeholders was that these two measures would negatively impact the tourism industry at this time. As a result, these two measures were not taken forward.

At the same time Madam Speaker it was decided for the fiscal year 2012 that the following new revenue measures would be implemented; Withholding Tax and an Education/Training Levy. There will also be an increase in the Communication Levy from 7% to 10% and driver's licenses.

The performance of recurrent revenue in 2011 under the current economic conditions and administrative limitations has performed creditably. There are areas where expectations were not met and others where performance was beyond expectations. In the end, it can be established that Anguilla has the potential to develop into a law abiding tax community and to develop a unique tax culture of its own.

The collection of recurrent revenue in Anguilla is at a crossroads and the next two to three years will determine how reliable the revenue system will be. Plenty has happened in a short time so it is now time to settle down and put the groundwork in place so the new anchor for the revenue system will become quickly entrenched.

The allocation for the Inland Revenue Department is 1.96 million and it is the intention to incur expenditure in such a manner that initiatives can be carried out during the whole of 2012 and there would be an easy transition into 2013 and beyond. What the department does not want is for projects to run out of funds because the smooth running of the projects will be greatly affected.

## **CONCLUSION**

Madam Speaker, the future for Anguilla looks bright. This Government has signed a number of MOUs that will undoubtedly bring in much needed revenue into the treasury but more importantly, provide hundreds of jobs to our construction workers and school leavers.

On the 18th of March 2011, we signed a MOU with the Goldstein family to develop the 148 room ZEMI BEACH RESORT & RESIDENCES. We visited that site along with the Leader of the Opposition on Friday 9th December and we were all pleased with the volume of work going on there. They have assured us that many, many more people will be hired and it is estimated that more than 250 people will be hired in the finish product.

The new owner of Temenos and its Golf Course Mr. Rizzuto, has hired 95 new persons since acquiring that property earlier this year and we are on the verge of signing a new MOU for the development portion of that property that will provide in excess of 400 new construction jobs and a boost in the economy.

We recently signed a MOU for a hotel, golf course and Marina project for Scrub island and since then, the developers have had lots of interest from the very best hotel operators in the world. That though, will have to wait until the Environmental impact assessment is done and reviewed.

Due to the hard work of my Tourism team, our arrivals are rebounding and we expect steady growth in that industry thus providing more opportunities for our people.

My Government was presented with an exciting new proposal for the production and manufacturing of Bath Salts in Anguilla using the Road Bay Salt Pond. While it is in its early stages of review, we are very excited about this and the prospect of diversification and putting that pond to good use. That in itself will become a major tourism attraction and a source of jobs and revenue to all.

Madam Speaker, in our most recent visit to the United Kingdom, discussions were held with regard to further diversification of the economy through alternative means by the West India Committee. We trust that these discussions will bare good fruit in the not too distant future.

Madam Speaker we are being very practical and realistic in our approach to moving ahead. The British Government is insisting on a contingency plan but if the primary plan

does not work we will have serious challenges to overcome. It will never be as easy as moving from plan A to plan B but will always necessitate deep thought and commitment on all sides.

Madam Speaker, Members of this House, persons present in the gallery and all those in radio and TV land and Cyber space, presenting this speech I may be a bit of a tired man but that does not dampen my optimism for this country.

I would like to thank the hardworking, dedicated public servants in particular, the Ministry of Finance who has again come through on time for Anguilla. I would like to thank our partners in particular, all those persons who have invested their hard earned money in Anguilla and so, provide livelihoods for our people. I want to especially thank the people of Anguilla for their support and patience even in this challenging period but rest assured, we are on the move and we will rise again.

Madam Speaker, I would like to wish all of Anguilla a health and prosperous 2012 as we navigate our way to growth and prosperity. Enjoy the holiday season, recharge your batteries and let us continue to steady the ship while we move cautiously ahead in 2012.

May God continue to bless Anguilla