

BUDGET ADDRESS 2009

“Strengthening the Collective ... We are the Solution”

1. INTRODUCTION

Mr Speaker, Honourable Chief Minister, fellow Ministers of Government, Members of the Opposition, other Members of the House, invited guests, civil servants, Anguillians and friends listening via radio, television and the internet (including the Anguilla diaspora community overseas) – good evening. Welcome to this second Budget Address to be held during “prime time”. It is my duty to present Government’s budgetary proposals for the 2009 Fiscal Year.

As is the case every year since I became Minister of Finance I have constructed my address around a central theme. The theme this year is:

- “Strengthening the Collective ... We are the Solution” -

If you are expecting an exposition on the collapse of the US Credit System and the implications for Anguilla, I have to state now that while there will be some reference to those developments the Budget Address this evening goes beyond such matters. Indeed one of my objectives is to continue the “conversation” on the underlying philosophy guiding this Government’s approach to development. In past Budget Addresses I have spoken at length on the “**social capital**” oriented path to development which we embarked upon when we were voted into Office in 2000. Social capital is multi-faceted. Through these Budget Addresses, I have sought to highlight different aspects to the approach which is fundamentally about sustainable development.

As is customary, I present a quotation which embodies what the theme is about. This time we have chosen a quotation from **Mother Theresa** (Christian crusader, social worker, Nobel Peace Prize winner). Mother Theresa has stated:

“What I can do you cannot do. But what you do I cannot do. The needs are great and none of us, including me, ever does great things. But we can all do small things with great love and together we can do something wonderful”.

Small things done with great love can change human circumstances ...

How about Mother Theresa's ministry to the slum dwellers of Calcutta through her Missionaries of Charity organization?

What about Grameen Bank started in 1976 by Professor Muhammad Yunus with a mere \$27 from his own pocket? Today it serves more than six million poor families in Bangladesh with loans, savings, insurance and other services. The bank is fully owned by its clients and has been a model for microfinance institutions around the world. For leading this great effort of collective action and empowerment Professor Yunus was awarded the 2006 Nobel Peace Prize.

How about Kenyan Wangari Maathai who since the late 1970s has championed the concept of planting trees as a part of environmental conservation? This activity grew into the Green Belt Movement, whose main focus is helping women's groups plant trees to conserve the environment and improve the quality of life. Maathai, has encouraged and enabled women to plant more than 30 million trees on their farms and near their schools and churches. For leading this great effort of collective action and environmental activism Ms Maathai was awarded the 2004 Nobel Peace Prize.

Just a few examples Mr Speaker, of "ordinary people" doing small things, with great love, which stimulated collective action to create wonderful things.

Here in Anguilla? How about the late Atlin Noraldo Harrigan for which this venerable House is named? One of the "Founding Fathers" of modern Anguilla, Atlin's unique contribution was as a journalist popularizing the injustices which the people of Anguilla faced under the tri-state of St. Kitts-Nevis-Anguilla and helping to spur **collective action** to change those circumstances. It is fitting to quote from the Honourable Chief Minister's tribute to Atlin at the state funeral on February 18, 2005:

“But for him, there may never have been a May 30th and a revolution. But for him, we may never have set a course to build a new Anguilla. He was the intellectual force behind those momentous days in 1967. He was the conscience of our collective will. He was our Tom Paine (in reference to that journalist who was a tireless advocate of America’s independence), rallying the people through his leadership and the pages of his insightful newspaper, The Beacon, urging them to hold strain, to keep the faith and to remain steadfast in their goal of separation from St. Kitts-Nevis”.

What about the late Doreen Duncan, laid to rest in September of this year? This ordinary mother with the tremendous will, courage and passion for supporting what is right, again in the words of the Honourable Chief Minister, “ ... will go down in history as one of the stalwarts who have caused Anguilla to be where it is today ...” For her bravery she will eternally be known as one the heroines of the Anguilla revolution.

The point of these examples, Mr Speaker, and I could list countless others, is to assert that whatever the ill that we as human beings might face, **collectively** we have the means to change our circumstances for the better ... **we are the solution.**

Mr Speaker, I believe that we can also take inspiration from the “man of the hour” ... **President-elect Barack Obama, the first African American President of the United States of America** ... November 4, 2008 will go down as a monumental day in the chronicles of people of African decent. Mr Speaker the more discerning pundits have been universal in their opinion that Mr Obama’s election to the Presidency of the United States has been due in large part to his campaign approach which was predicated on **community mobilization and collective action.** It has been well documented that upon graduating from Columbia University in the early 1980s with a degree in Political Science Mr Obama turned down lucrative offers from Wall Street in favour of becoming a lead organizer for the Developing Communities Project, a campaign funded by south-side Chicago Catholic churches to counteract the dislocation and massive unemployment caused by the closing and downsizing of southeast Chicago steel plants. This he did from 1984 to 1988 when he left to attend Harvard University Law

School. Mr Obama would write in the epilogue to his book, *Dreams From My Father*:

"Upon my return to Chicago I would find the signs of decay accelerated throughout the South Side - the neighborhoods shabbier, the children edgier and less restrained, more middle-class families heading out to the suburbs, the jails bursting with glowering youth, my brothers without prospects. All too rarely do I hear people asking just what it is that we've done to make so many children's hearts so hard, or what collectively we might do to right their moral compass - what values we must live by. Instead I see us doing what we've always done - pretending that these children are somehow not our own".

Mr Obama has forged the principles and relations developed as a community organizer into a movement which has brought him to the White House and from him much is expected in the delivery of social and economic justice.

Refocusing to the local level, Mr Speaker, I wish to turn now to what I believe is an extraordinarily insightful essay and call to action. I speak of course of your address on the Global Food Crisis to the 53rd COMMONWEALTH PARLIAMENTARY ASSOCIATION, which was held in Kuala Lumpur, Malaysia, in August of this year. You ended the address by stating:

" ... the Commonwealth Parliamentary Association needs to remind itself that the very word "commonwealth", speaks to the need to understand, and appreciate that the wealth of the global commons, in its, seas, forests, lands, atmosphere and most of all its people, demands the shared and sensible stewardship of us all".

It is instructive to note that you expanded the notion of the "commons" beyond natural resource assets to include people because the "**social commons**", if you like, is often treated separately. You are absolutely correct in that both need to be taken together to derive holistic and sustainable solutions to the challenges which face us as human beings.

So as I conclude this introductory part of my Address I would implore all Anguillians to reflect on individual action you can take to change circumstances around you for the better. There is no magic formula to solving the challenges we face. As individuals we don't have all the answers. Government does not have all the answers. The Church does not

have all the answers. Community Groups do not have all the answers. The Service Clubs do not have all the answers. The private sector does not have all the answers. However, it is through our collective efforts that we can make a lasting difference. **We are the collective and we are the solution.**

We can **strengthen the collective** by investing in ourselves, in our businesses and in our social institutions. We can **strengthen the collective** by increasing the collaboration between these three pillars of society. Above all else we can **strengthen the collective** through **positive action**, however small it may seem. We in Anguilla are no strangers to collective action. Indeed the Anguilla Revolution of 1967 was a national expression of the collective will, a national example of collective action. Of course we have a more down home expression for collective action – **JOLLIFICATION**. As we continually strive to achieve the goals of the Anguilla Revolution we need to rekindle that collectivist spirit, the spirit of jollification.

Mr Speaker, putting together the annual budget itself is a **collective effort**. The Budget formulation process involves the entire Public Service, with the Ministry of FEDICT playing the coordinating role. I would like to place on record the support of the Honourable Chief Minister, my other Ministerial colleagues and the other Members of Executive Council in formulating and preparing the 2009 Budget. The Budget represents the programmes, plans projects and activities for delivering the objectives of Government. By far, recurrent expenditure on social development initiatives represents the largest expenditure by a single Ministry --- and with good reason. It is through social development initiatives that Government can best invest in people and the institutions that can make a difference in their lives ... in strengthening the collective. We as a Government continue to reaffirm our commitment to social development ... to strengthening the collective.

2. ECONOMIC AND FISCAL REVIEW

Permit me now Mr Speaker to undertake a brief review of Anguilla's economic and fiscal situation.

2.1 Economic Activity

Mr. Speaker, official statistics indicate that in 2007 Anguilla's real gross domestic product (GDP) grew to **\$351.05 million**, an increase of **21 percent**

from 2006 when the economy grew by **15 percent**. This growth is in line with the trend of increased output since 2003.

The Hotel and Restaurant sector continued to be the number one contributor to GDP, with **27.9 percent**. Continued growth in the construction sector led it to be the second largest contributor in 2007, accounting for **23.9 percent** of GDP. Banking and Insurance was the third largest sector with **15.8 percent** of GDP. The top three sectors grew by **6.4 percent**, **65.7 percent** and **15.0 percent** respectively. The particularly strong growth of the construction sector was fueled by the robust activity in all of its sub-sectors, commercial, residential, villa and resort construction.

Mr. Speaker, over the period 2004 – 2007 the economy grew in excess of **10 percent** annually. I cautioned in last year's Budget Address that while this was unprecedented it was unlikely to be sustainable. Early GDP forecasts indicate that the economy in 2008 will have slowed down with growth in the single digits.

2.2 Fiscal Performance

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.

2.2.1 Recurrent Revenue

Mr. Speaker, over the previous three years Anguilla experienced extraordinary levels of revenue collections, surpassing all estimates. 2008 has not seen the same level of collections. At November 30, 2008 recurrent revenue collections totaled **\$184.63** million. The revised estimate for total recurrent revenue collection is **\$203.84 million**, a short fall just over \$30 million from the **\$234 million** in the 2008 Budget Estimates. Even with the shortfall, this would represent the second consecutive year that collections would have surpassed the **\$200 million** mark.

Mr. Speaker, the major contributors to recurrent revenue collections are Import Duty - Other, Stamp Duty, Accommodation Tax, Work Permit Fees, and Import Duty - Fuel and Gas.

Import Duty - Other continues to be the top revenue performing head. To date revenue collection from this head totals **\$59.0 million**. By year end revenue collections are expected to total **\$70.0 million**. This would represent a significant short fall from the **\$83 million** projected in the 2008 Budget Estimates. The short fall in collections is linked to declining imports that have coincided with the slowing down of the economy as the US credit crisis which has spread internationally took its toll on tourism investment projects such as the Flag Luxury Properties project (which ceased construction activity in July) and the Rendezvous Bay Resort and Altamer Resort expansion projects which had been expected to commence construction this year. Credit is the lifeblood of the global capitalist system and when this is frozen, projects will suffer whether they are in the United States or Anguilla.

Stamp Duty, the second strongest revenue collection head for 2008, is expected to total **\$26.88 million**. This is in line with the trend in the collections from this source in recent years.

Mr. Speaker, Accommodation Tax rounds out the top 3 revenue performers. Accommodation tax collections are projected to amount to **\$15.20 million**, falling short of the **\$17 million** approved in the 2008 Budget Estimates. The below par performance of accommodation tax collection is again related to the contraction of economic activity in Anguilla's main source markets which has been reflected in the decline in the number of visitor arrivals to the island by on average 15% from 2007 totals.

The next significant source of recurrent revenue is Work Permit Fees. Collections from this source are in sharp contrast to the three heads discussed above in that revenue collected is expected to exceed 2008 Budget Estimates. Collections are projected to total **\$10.57 million, 17.4 percent** greater than projected for the year of **\$9 million**.

Finally, Mr Speaker, despite the set backs, the resilience of the economy is witnessed in the fact that there are some forty plus revenue collecting heads that have surpassed their 2008 Budget Estimates, including significant heads like Business Licences.

2.2.2 Recurrent Expenditure

Recurrent Expenditure is expected to total **\$205.23 million** in 2008 compared to the 2008 Budget Estimates of **\$201.26 million**. This variation is attributable to increases in personal emoluments resulting from an increase in the salary of Civil Servants from September 2008, increased subventions to the Tourist Board, and increased expenditure on training (scholarships and grants), all approved by the House of Assembly by Supplementary Appropriation Acts

2.2.3 Recurrent Balance

The difference between recurrent revenue and recurrent expenditure, the recurrent balance, is expected to be a deficit of **\$2.78 million**.

2.2.4 Contribution to Fiscal Reserves

Mr. Speaker, for the first time since the system of Fiscal Reserves was implemented in 2003 Government will not be able to contribute to fiscal reserves from recurrent surpluses in 2008. In January 2008 Fiscal Reserves stood at **\$40.75 million**. At the end of November Reserves stood at **\$39.62 million**. 2008 marks the first time since 2001 that Government has spent from its Fiscal Reserves to meet current obligations. But the system was created precisely to meet the sort of fiscal challenges that we have experienced in these latter months of 2008. The basic principle of the Fiscal Reserves system is that Government will contribute to fiscal reserves in times of prosperity, and draw down on these reserves in not so prosperous times to meet our obligations.

2.2.5 Capital Expenditure

Mr Speaker, capital expenditure for 2008 is expected to top out at around **\$42 million**. This will be significantly less than the estimated **\$53.7 million** given that we face a challenging end to the year. Given lower than expected revenue collections the Capital Budget has borne the brunt of the re-balancing measures implemented to ensure that the final budget out-turn will be of manageable proportions.

Expenditure on land acquisition led the way with over **\$9.9 million** spent on meeting outstanding land compensation obligations relating to the Wallblake

Airport Expansion Project and to support the progress on both social development initiatives and infrastructural development projects.

Infrastructure development remains a significant area of expenditure accounting for over one-third of overall capital expenditure. Approximately **\$6.3 million** was spent on the roads development programme that focused on the upgrade or resurfacing of Village Roads, including replacement of water lines, relocation of utilities and accommodation works such as fence replacement and drainage. Overall, 12km of roads were upgraded including the Sea Feathers Road, the Kool FM Road and importantly the Campus A & B / Stoney Ground Road which now serves to noticeably relieve the main arterial road of congestion during peak periods of traffic flow.

There was expenditure of **\$1.6 million** on seaport development. Three consultancies geared at providing Anguilla with modern port facilities to meet its long term development and operational needs were financed. In turn they addressed the design phase of the Master Plan for Blowing Point Port Facility, planning and design for Corito Port Cargo Facility and the legislative and institutional requirements for a combined Air and Seaports Authority.

\$1.7 million was spent on **Water Development**. Activities included a consultancy to guide the process to transform the Water Department into a state-owned Water Corporation. Other activities included the construction of a storeroom at Crocus Hill and the rehabilitation of the Valley well field and pump station.

On the social development and social infrastructure side, education has once again been our priority. In general, some **\$800 thousand** was spent on improving the schools environment for our children making their surroundings safer and more conducive to learning with ongoing replacement of windows, security lights and replacement furniture for all schools. Additionally, **\$700 thousand** was spent on the construction of support rooms at Orealia Kelly (Stoney Ground) Primary School to accommodate specialist classes such as music and reading recovery, space for the school nurse, the counsellor and others providing educational support. Over **\$600 thousand** has been spent to upgrade the Votech Educational Facility to provide increased and improved access to technical education. This is so important in preparing our students to function in a rapidly changing technological society. **Nearly \$500 thousand** was spent to

facilitate the programmes of the Hospitality Training Institute of the National Community College. This initiative is imperative for the provision of skilled and professional workers in our tourism and hospitality sector and has the potential to become a centre of excellence for training in the hospitality sector including for persons in Anguilla, neighbouring islands and farther a field. Technical advice was also secured for the future development of the Technical Studies Division at the Old Shell Factory.

With regards to Health Services Development, **\$1.5 million** went towards the funding of capital infrastructure for the Health Authority, most notably completion of the maternity wing, upgrade of the surgical theatre, creation of a Stabilisation Room in the Intensive Care Unit, Upgrade of Health Centres, Hurricane Shutters for the Miriam Gumbs Senior Citizens Home and purchase of medical equipment.

Mr Speaker, I end this brief review of capital expenditure by noting the passage of Hurricane Omar, a Category 3 Hurricane. By God's grace no lives were lost or injuries reported. It required an immediate and extensive clean up, costing us approximately **\$250,000** to date (to be refunded by a US\$100,000 grant from the CDB). Every year provision is made in the Capital Budget under the head "Disaster Mitigation and Recovery" for such eventualities. The post Omar clean-up has been funded from this head. The passage of Omar bears out the importance of continued planning and equipping to mitigate against and recover from any major disasters.

2.2.6 Overall Balance

Mr. Speaker, Government's overall fiscal position is determined by the sum of the recurrent balance and the capital balance. The recurrent balance is expected to be a deficit of **\$2.78 million**. The recurrent deficit was partially offset by drawing down on fiscal reserves to the tune of \$1.13 million. Capital expenditure is expected to total **\$42.0 million** for 2008. Capital expenditure was partly financed by a loan of **\$27 million**. Hence, Government's overall balance is expected to register a deficit of **\$16.65 million** by the end of the year.

Mr. Speaker, I must again reiterate for the benefit of the people of Anguilla that the sub-par fiscal performance is linked to the wider economic situation. The economic down turn is not unique to Anguilla but is a phenomenon being experienced the world over. Indeed just last week it was officially

confirmed that the United States has been in recession since December 2007. The Government is committed to doing its part to ensure that Anguilla and Anguillians are able to weather these challenging times and emerge even better prepared for the future.

2.2.7 Public Debt

Mr. Speaker, in nominal terms total public debt at the end of the third quarter of 2008 stood at EC\$152.68M or 25% of GDP. Government's overdraft amounted to EC\$9.3M at the end of the period and is included in the total. If the overdraft is excluded, it would mean that the public debt would be EC\$143.38M representing 23% of GDP.

Of the total disbursed and outstanding debt at 30th September 2008, 13.2% or EC\$20.15M is in the form of contingent liabilities or what is referred to as government guaranteed debt. This comprises loans to the Anguilla Development Board (ADB), the Anguilla Tourist Board (ATB) and the Anguilla Electricity Company (ANGLEC). The remaining 86.8% or **EC\$132.53 million** represents loans to the central government.

Mr. Speaker, we generally try to keep our public debt within certain ratios. These include the Net Debt Ratio representing net debt to recurrent revenue, the Debt Service Ratio representing debt service to recurrent revenue and the Liquid Asset Ratio representing liquid assets to recurrent expenditure. The accepted ratios are a maximum of 80% for the net debt, a maximum of 8% for debt service and liquid assets should be at a minimum of 25% or 90 days of recurrent expenditure.

The net debt which is the Central Government plus the risk-weighted guaranteed debt minus government reserves at the end of September 2008 stood at **EC\$93.3 million** or 39.1% of recurrent revenue. This is well within the acceptable limit.

Debt service payments as a percentage of estimated revenue, at the end of September stood at 4.09%. This is well within the recommended ratio of 8%.

Based on estimated recurrent revenue of EC\$201.3 million, reserves at the end of the year should be **EC\$50.3 million** to cover 90 days expenditure. Reserves at the end of the end of November stood at **EC\$39.3 million** which

means that approximately **EC\$11.0 million** would be necessary to achieve the required target. With the sluggish economy it is doubtful that this amount can be added to bring the liquid asset ratio to the desired level by year end.

It would be remiss of me at this occasion not to mention the reaffirmation of the high credit worthiness of the GoA for 2008/2009 by a regional credit rating institution based in Trinidad and Tobago, Caribbean Information and Credit Rating Services Ltd (CariCRIS). The first rating exercise for Anguilla was carried out in the second half of 2007 and made public in February 2008. Anguilla was issued a CARi AA (double A) rating for a notional debt size of US\$25 million or equivalent. The second assessment was undertaken in July 2008 and the GOA maintained the initial double A rating. This is significant in that the GoA plans to begin issuing bonds on the Regional Governments Securities Market (RGSM) in 2009.

The Government of Anguilla intends to borrow up to **EC\$77.5 million** during 2009 to finance capital projects. The plan is to raise some of the financing from loans issued by the Caribbean Development Bank (CDB) and from domestic banks as well as by issuing bonds on the Regional Government Securities Market. The Government of Anguilla also plans to raise additional short term financing by issuing Treasury Bills for the very first time. This will be done as soon as the legislation is in place.

2.3 Private Investment

Mr Speaker, as I indicated in the economic review the three top sectors of the Anguillian economy reside in the private sector. In terms of investment activity in the tourism sector, as I indicated earlier, the Flag Luxury Properties Project temporarily ceased construction activity in July of this year. The developers have indicated that they require an additional US\$200 million of loan finance to complete the project. They have further indicated that they anticipate the re-start of construction in April 2009.

The Altamer Expansion, Rendezvous Bay Expansion, Conch Bay and Shoal Bay Development projects have all experienced challenges securing financing to commence construction, as a result of the global credit crunch and have therefore re-considered their start-up dates.

Mr Speaker, the situation is not all doom and gloom, however. I am extremely happy to announce that having weathered the ups and downs since construction began in 2000 the 100% Anguillian-owned Royale Caribbean Resort is scheduled to complete their Phase I and open to the public in July 2009 with 80 rooms, 2 large state of the art conference facilities and a spa facility. This will have been achieved at an investment cost of approximately US\$60 million. The Phase I operation of the resort is projected to provide employment for over 150 persons. On behalf of Government let me say that we are extremely proud of Mr Quincy Gumbs and family for what will be an historic achievement and occasion.

Construction at the Viceroy Anguilla Resort and Residences project, being constructed by the KOR Group, has continued as well. The developers have indicated that they will commence operations at the project in phases in 2009 as follows.

- March 2009 – small room inventory comprising villas, front/back of house; pools and restaurant with 100 staff required to support activities;
- April 2009 – activity ramped up to 3 out of 5 restaurants and 60% of room inventory with a compliment of 350 staff;
- November 2009 – activity further ramped up to include all rooms and spa facility with a compliment of 500 staff overall.

The total investment in the project is estimated at around US\$350 million.

Cuisinart Hotel has also quietly been investing in expanded room capacity and amenities. Its state of the art spa has been renovated and expanded. These improvements will ensure that it remains in the Top 10 of such facilities in the Caribbean Basin area. Additionally, work will continue on the condominium component of the project, the terms of which are governed by a Supplementary Agreement to the original Memorandum of Understanding agreed with Government. On behalf of Government we wish to extend our gratitude to Mr Rizzuto and his family for the confidence that they continue to repose in Anguilla as a hospitable investment location.

We are indeed happy to indicate that Cap Juluca Resort is back on track again. The new owners of the resort have been confident enough to

undertake major renovation works amounting to **US\$20 million**. The resort which has been closed since September will be re-opened with fanfare on December 15. The owners are projecting to spend an additional **US\$50 million** on renovating the property over the period 2009 – 2010, including completing the spa facility. The MOA negotiations will be concluded by the end of this month and the agreement will have a provision for the Government of Anguilla to become a 20% equity owner in the project.

Finally, Mr Speaker, I am happy to say that the St. James Medical School which Government granted approval by way of a Memorandum of Agreement in 2005 has received provisional accreditation from the regional body and is currently awaiting licensing. It is due to begin matriculating students in Anguilla next year. The Medical School will initially operate out of rented premises but within 3-5 years, as per the terms of the MOA, will construct its own purpose built state of the art campus facilities. Mr Speaker we have high hopes for the St. James Medical School. The students at the St. James Medical School, which is expected to grow to some 250 persons overtime, will be a boon to the local apartment rental market as well as provide other benefits to the Anguillian economy.

So as I said Mr Speaker, the situation is far from dismal and we anticipate vibrant activity in the tourism construction area as well as in hotel operations as the new resorts come on stream, as well as activity in other investment areas.

2.4 Activities of Statutory Bodies

2.4.1 Anguilla Tourist Board (ATB)

Mr Speaker, from the public sector perspective the Anguilla Tourist Board continues to be the most visible face of tourism. You will recall that in last year's Budget Address I announced that Executive Council had approved a two-year Tourism Sector Development Project (TSDP). The TSDP was launched in January of this year and includes as a component a review of the corporate mandate and operational apparatus of the ATB. This is already underway and as an initial step Executive Council has decided that responsibility for product development (which covers accommodation, access, amenities, and attractions) will be transferred to the Ministry of

Tourism. This will allow the ATB to concentrate almost exclusively on marketing and promotion. Research has shown that this kind of division of responsibilities is the best practice and the hallmark of the most successful tourism destinations. The change will mean that certain staff members of the ATB will be transferred to the Ministry of Tourism. At the same time the staffing compliment of the ATB will be reviewed to determine what is required for it to effectively deliver on its new mandate. Government through the TSDP is committed to be the lead in re-establishing Anguilla as the premier upscale tourism destination in the Caribbean and ultimately the world. The ATB will play a crucial role in this effort.

2.4.2 Anguilla Social Security Board (ASSB)

Mr Speaker, the Anguilla Social Security System is, by its very design and its name, a prime example of what this year's budgetary theme presents – the collective – or the group, the combined, the whole, as opposed to the individual providing, as it were, social solutions. Its philosophical base is a collective approach to protection against the economic risks that individuals face, such as reductions or loss of income for them and their families, through sickness, maternity, old age, disability or death. In this regard, the Social Security System is the collective, the combined contributions of individuals, in order to be the solution to the societal problem of want, when those individuals who are the wage-earners can no longer perform that role either for themselves or their families. Put in the terminology of the theme, “we are the solution,” collectively in and through the Social Security System, or, as I am wont to say using the Biblical parallel, we are our brothers' keepers. 2009 will be the System's 27th year of operation, and as Minister responsible for the System I am proud to say that to date it has creditably performed its primary role, as well as that of being a mobilizer of national savings for the overall strength and growth of the economy.

The System's Eighth Actuarial Review, which assesses its financial strength and its ability to meet future demands, is at an advanced stage. The preliminary report states “The actuarial development of the Social Security System in the period 2005/2007 exceeded most key performance indicators anticipated in the preceding valuation three years ago. The Fund Ratio and Cost Ratio of the two benefit branches were more favorable than expected, the relative cost of administration expenditure declined steadily, and demand indicators showed significant improvements. The favorable results

reflected more efficient cost-curtailement and operational strategies implemented by management, and an exceptional macro-economic performance, yielding substantial increases on national productivity and economic activity.As a result of these developments, at 31 December 2007 the System is in a stronger actuarial situation, with an expected operational surplus of the short-term branch in the period 2008/2010, accumulation of long-term branch reserves for a longer period than previously anticipated, and lower rates of administrative expenditure”.

Mr. Speaker, all of that is good and positive. In fact, I can add that subsequent to the end of the review period 2007, the System’s reserves passed the significant milestone of \$200 Million, and are equivalent to one-third of the Gross Domestic Product in current prices, which has itself been increasing at a very high rate over the past three years. However, the report recognizes that the real (inflation adjusted) rate of return on investments were below the actuarial assumptions, and a challenging international environment requires an integral re-assessment of the asset allocation strategy. High inflation tied to the increase in energy prices impacted negatively on the investments performance. This has been exacerbated by the global economic crisis and the turmoil in overseas financial markets. Thus, the asset allocation and the management of the investment portfolio, including offshore investments, continue to be one of the main challenges for the System in the near future. The recommended portfolio should include investments in domestic projects meeting specific criteria of safety, profitability and liquidity, in addition to aiding the socio-economic development of Anguilla as a subsidiary objective. In this regard, the proposed Social Security subsidiary Investment and Development Corporation would have a critical role in productive investments which will both benefit the fund and the economy in general.

In terms of what else the Social Security System can and will do to strengthen the “Anguilla collective”, it is expected that the Actuary will recommend increases in minimum pensions and pensions on payment based on the strong performance of the Social Security Fund. Further, the Board is assessing the formal introduction of long-term employment injury benefits, which should include temporary injury benefits and disablement pensions of about two-thirds of earnings; reduced pensions on a pro-rata basis for partial disability; survivors' and orphans' pensions; funeral grants, and the payment of medical expenses and incidental costs. The Board is

also examining whether this additional coverage can be introduced without any need for additional contributions to cover its cost.

Sudden economic shocks caused either by hurricanes or by external economic forces have painfully brought home the need to consider strengthening the social protection sector by introducing an Unemployment Benefits Scheme within the Social Security System. In assessing the viability of such a scheme, special factors should be taken into consideration due to the highly seasonal pattern of employment in Anguilla in the tourist and related service sectors of the economy. Any action in this area would have to be reconciled with labour provisions regarding workmen's compensation on termination of employment, and the establishment of a Re-employment Agency.

2.4.3 Anguilla Development Board (ADB)

Mr Speaker, the ADB's mandate, as reflected in its mission statement, is to assist in the development of the national economy by stimulating and facilitating national development. Over the years the ADB has sought to increase the number of:

- Viable productive sector enterprises;
- Homeowners and improved housing;
- Trained personnel at vocational, technical and professional levels

During 2007 the ADB engaged in a series of programs and forged new partnerships with regional and international development finance institutions. It is a founding member of the Association of Development Banks of the Eastern Caribbean. The ADB also has joined ALIDE, which is the Association of Development Finance Institutions of Latin America and the Caribbean. These relationships will serve in the short term to provide support in terms of technical assistance, training and information sharing.

The ADB continues to be a financially viable entity. For the year ending December 31, 2007 the institution generated net operating profit of EC\$731,000 with an asset base of EC\$37.2 million with an annual asset growth rate of 2.2%.

The major components of ADB's loan portfolio continue to be the housing and education sectors accounting for 40% and 23%.

The ADB's debt-to-equity ratio continues to be at a favourably low level at 1.1:1 (for development finance institutions a ratio of 4:1 is regarded as acceptable). This is indicative of the ADB's capacity to borrow to meet future productive sector demands.

The success of ADB's operations can largely be attributed to the level of dedication and commitment shown at both the Board and staff level. ADB's staff component increased from 9 to 11 persons in 2007 with 6 of the staff members having served the organisation for over 18 years.

In spite of the encouraging financial returns, in order for ADB or any such institution to remain sustainable there must be a consistent flow of adequate funding. Long-term loans from the Caribbean Development Bank remain its principal source of funding. At year-end CDB loans totalled EC\$15.7m whilst the other source of funding, the Social Security Board loan, had a balance of EC\$1.9m. During 2007 ADB received an EC\$1m equity contribution from the GOA.

The ADB continues to be mindful that institutional strengthening and image building are key elements of its future sustainability and impact on national development. Some of the immediate goals for the ADB include:

- The acquisition of funding for on lending;
- Change of name to Anguilla Development Bank;
- Building of modern office accommodation;
- Widening the scope of its lending to facilitate greater diversification in its loan portfolio;
- Aggressive marketing of the ADB as a significant financier of national prosperity.

In brief, Mr Speaker the ADB continues to be a key stakeholder in Anguilla's development and the empowerment of Anguilla's. It is in need of greater funds to lend. Government will be facilitating further equity injection into the organization either directly or indirectly.

2.4.4 Health Authority of Anguilla (HAA)

Mr Speaker, the Health Authority of Anguilla was commissioned in 2004 (?) with great expectations of transforming the delivery of public health services. While some important strides have been made the HAA remains bedeviled by the question of finances and is reliant on Central Government for 85% of its annual recurrent expenditure budget and 100% of the capital expenditure budget. The National Health Fund system, when it is implemented is meant to put the financial aspects of public health care on a more sustainable footing.

This year has year seen the appointment of a new management team, with a new CEO, CFO and COO. This all-Anguillian team are experienced in their particular disciplines and along with the new HAA Board which was appointed towards the latter part of 2007, they have pushed the institution to be a more objectives driven and results-oriented body. One area of emphasis during 2008 has been the delivery of on going Education, Training and Professional Development of HAA health care providers.

The HAA also continued to invest in improved plant, facilities, equipment and technology through funding under Central Government's Capital Budget. Interventions included the commissioning of the Maternity Wing at Princess Alexandra Hospital, the commissioning of a new ambulance, and the development of a Stabilization Unit as part of the Surgical Section at Princess Alexandra Hospital. I must at this juncture Mr Speaker, on behalf of Government, express our gratitude to the new owners of Cap Juluca Resort (Cap Juluca Properties Ltd), for generously meeting the cost of the brand new state of the art ambulance. It is one of the single largest corporate donations to Anguilla's Health Services.

2.4.5 Public Service Pension Fund

Mr. Speaker, the Government of Anguilla created a Public Service Pension Fund in 2004. All pensions continued to be paid by the Government of Anguilla from the Consolidated Fund. Beginning January 2009, the Pension Fund will begin to pay benefit to those public servants that fall under this new Fund. However, this is not expected to be significant for the next five years as the retirement age for those who fall under this fund is either 60

years or 65 years. Existing pensioners will continue to be paid from the Consolidated Fund.

Based on the Actuarial Review at the end of 2007, the Public Service Pension Fund continues to be sound. No liquidity constraints were perceived into the future.

Mr. Speaker, Anguilla remains a leader in Pension Reform in the region being the first to introduce a contributory pension system for public servants.

3. PROGRESS WITH IMPLEMENTATION OF STRATEGIC POLICY OBJECTIVES FOR 2005 - 2010

3.1 Progress with Economic Policy Objectives

Mr Speaker, as stated in our 2005 Manifesto, the overall strategic objective of the Anguilla United Front Administration is to **“focus on social reconstruction and social development built on a foundation of gradual and sustained fiscal and economic expansion”**. We have targeted annual economic growth rates of 10% as being sufficient to fund recurrent and capital programmes, in particular critical interventions in the social sector, while at the same time keeping inflation in check.

Since 2005, when we were returned to office the economy has grown on average of **16.67 per cent** per annum, in real terms. The rate of growth for 2008 is projected to slow down to around **7 per cent**. Through a combination of the continued build out of port, roads and social infrastructure and vibrant activity in the construction sector we are optimistic that growth in the region of 5 – 7% can be achieved in 2009, the global recession notwithstanding.

Mr Speaker, since we took office in 2000 there has only been one year when growth was negative – in 2002 as a consequence of the fall out from the September 11, 2001 attacks on the World Trade Centre in New York. Despite the record of nearly uninterrupted growth as I have mentioned in previous Budget Addresses there continues to be an increase in social maladies. You would expect the relation to go in the opposite direction as positive economic growth translates to increased government revenues which can be devoted to tackling the social ills. We have realised that there

needs to be more evidence based policy-measures based on studies such as the Economic Social Impact Analysis study of the large tourism projects approved since 2002 the findings from which will be presented this week and the Country Poverty Assessment study which will be completed shortly. The results from both these studies will be available for use in policy-making in the areas of tourism sector reform, economic diversification, poverty and social risk reduction and the formulation of an overall Medium Term Economic Strategy, for example.

3.2 Progress with Public Administration Objectives

Mr Speaker, with respect to Public Administration objectives an independent comprehensive job grading/re-grading of the established posts within the Anguilla Public Service (APS) was concluded and implementation of same took effect as at May 2008. The current established positions stands at 1207 the total number of those positions filled is 964, of these 108 established posts were filled in 2008.

In order to identify and develop potentially qualified internal candidates in advance of the actual need and to ensure continuity of leadership within the organization a succession planning exercise for all departments within the service was conducted in March- April 2008.

Further, in an attempt to make the APS competitive with the private sector a consultant was engaged and a resulting Salary Revision was implemented effective 1 September, 2008. The annual implementation of the percentage increases are subject to the availability of funds and the implementation of an APS Performance Management System expected to be in place and operational by mid 2009.

As regards Training, Public Administration continued to aggressively identify those students who failed to return and or dis-honour their obligation to serve pursuant to the terms of their Student Bond repayment obligation. In 2008 45 scholarship awards were taken up as compared to 2007 when 35 were taken up. 43 Financial assistance awards were granted in 2008 which was an increase from 41 awarded the previous year. Seven million dollars was estimated for training in 2008. However the actual amount spent to date for training is **\$10.45 million.**

Mr Speaker this is a clear example of strengthening the collective and bodes well for the future of Anguilla as institutions such as the UN have long documented that of all the different types of capital investment, investment in education generates the greatest returns.

The Passport Office was mandated to upgrade the old passport and the machine readable passports were introduced in Anguilla in May 2008. This resulted in an increase of the cost for the Anguilla passport. To date 593 machine readable passports has been issued.

Some minor renovations to the House of the Assembly has commenced, office space remains a challenge as is the case with the judicial department as staffing demands increase and services expand.

The Elections Office and the Pensions Office have been operating smoothly within the auspices of Public Administration without incident.

Overall though Public Administration is admittedly challenged space and staff wise the Department continues to provide good value for money.

3.3 Progress with Health and Social Development Objectives

Mr Speaker the Ministry of Social Development continues to place emphasis on the reform and development of the public health system. Activities and interventions undertaken or programmed include:

Expansion of HIV/AIDS Education, Prevention, Containment and Management Programme

- ✚ The Comprehensive HIV & AIDS Strategic Plan revised and covers the period 2008-2013.
- ✚ A Programme Officer and Community Outreach Worker have been added to the National HIV/AIDS Programme Staff.
- ✚ Success in youth involvement in programmes developed for youth.
- ✚ Successful partnering with youth groups and Faith Based Organizations
- ✚ Two island-wide “Know Your Status” HIV testing and counseling campaigns were run in 2008
- ✚ A draft AIDS Workplace Policy has been developed.

Expansion of Facilities and Services for the Mentally Challenged

- ✚ Implementation of the Mental Health Review Panel in keeping the Mental Health Act. The Review panel is comprised of lawyers, medical practitioners, social workers and members of the general public who review decisions made regarding mentally ill persons to ensure that their human rights are being protected

Development of Probation Services as a key component of Juvenile Care

- ✚ The Parole of Prisoners Act and the newly amended Probation Act have had their first reading in the House
- ✚ A Corrections Counselor and Community Service Worker have been added to the probation staff
- ✚ The Department of Probation has implemented an intensive training programme for counselors and criminal justice staff
- ✚ The Department of Probation has developed MOUs with stakeholders to form partnership in the provision of services to offenders.

Implementation of Counseling Programmes for Criminal Offenders

- ✚ Prison has a full complement of rehabilitative staff which includes a Rehabilitative Services Manager, Tutor, Counselor and Chaplain

Implementation of Programmes to build Strong Families

- ✚ The Department of Social Development in partnership with the private sector organized a Father Son Retreat entitled “Bridging the Gap.”
- ✚ Continuing Education Programme through the Department of Social Development for young adults - 95% success passing rate among the students

Increasing provision for Senior Citizens and Children

- ✚ The Ministry of Social Development has developed a draft policy for the elderly which is now being presented for public consultation.

- ✚ A draft of the Child Protection National Action Plan has been completed. The protocol development as an outcome of this plan will begin early next year.
- ✚ Day Care Regulations have been drafted and inspections of daycare facilities have begun.

3.4 Progress with Education, Youth, Culture and Sports Objectives

Education

Education continued to see a major development thrust in 2008 with improvements to physical accessibility through enhancements to the physical plant throughout the sector. A concerted effort was made at achieving full social inclusion through the Pupil Referral Unit as well as providing for students with communication difficulties.

This year also saw the strengthening of the Administration and Management of Education through the customization of the Education Act and training for administrative and management staff. An Educational Psychologist and Substance Abuse Counselor were hired. Efforts at curriculum review and renewal continued through the increased use of ICT, and the introduction of new disciplines throughout the school system. The evaluation component and the support structures of the education sector were also strengthened.

Youth and Culture

The Department of Youth and Culture experienced continued growth through the preparation and development of a strategic youth development plan. The National Youth Council also experienced organizational strengthening outlining its vision and priorities up to 2010. Opportunities were also provided for Anguillian artistes through their participation in CARIFESTA which also saw the premiering of the first locally produced film. This year also saw the opening of the Blowing Point Youth Development Centre as well as preliminary work on the establishment of a similar centre in the Valley community. We have high hopes for these Youth Development Centres and intend to roll them out in all of the communities to encompass general community activities. But for this initiative to work each and every community must take “ownership” and responsibility for their community centre. Let it be a movement from the

grass roots up to transform community social relations in Anguilla. Remember, Mr Speaker and good citizens of Anguilla, **“strengthening the collective ... we are the solution.”**

Sports

The Sports Department had significant accomplishments in the areas of basketball, athletics, netball, table tennis and volleyball and cricket. Infrastructural work also continued apace with the upgrading of sporting facilities across the island. Some progress was also made toward the realization of a National Indoor Facility as well as an athletics track.

The Anguilla Library Services continued to work with patrons in pursuit of literacy. Several outreach initiatives were undertaken including reading clubs, poetry nights, chess sessions and the Children’s Library Summer Programme (CLASP). The recent acquisition of a van is also viewed as an important development in the department’s attempt at realizing its mission.

3.5 Progress with Objectives in the Chief Minister’s Office

Immigration and Labour

Issues relating to migration and employment continue to create challenges for human resource development and service provision in the Anguilla Public Service. In this regard, the low unemployment rate experienced in Anguilla over the last four years necessitated the importation of labour at all levels in both the public and private sectors.

Anguilla has become a receiving country over the last 30 years in terms of the importation of labour. In fact, prior to the early 1980s most Anguillians traveled overseas in search of work in many countries regionally and internationally.

Anguilla’s projected population for 2007 was estimated at 14,886. When the number of school-aged children, retired persons and civil servants are removed from the general workforce the remainder that is available to run the entire private sector, which includes banking, education, insurance, retail, small businesses, fisheries, construction and hotel operations is

relatively small. In this regard 3799 work permits were granted in 2007 to ensure that demands for goods and services were met.

To assist in the retooling of the Labour Department a review of the functions and organizational structure of the Department was done by the Caribbean Sub- Regional Office of the International Labour Organisation in Trinidad. Additionally, in 2009 the new Labour Code will be approved and implemented, and work permit identification cards will be introduced. These cards will be equipped with new features and benefits, to increase security and efficiency.

The management of labour and immigration issues is a priority for the Government of Anguilla. As such, increases in staff, improved office accommodation, and the implementation of new computerized systems is critical to Government's initiatives to efficiently process requests for work permits and manage migration.

Physical Planning

Proper Physical Planning and land management is critical to the sustainable development of the country. While this department often gets the brunt of public criticism its contribution to the development of Anguilla is invaluable.

The Department of Physical Planning implemented a number of initiatives during the course of the 2008 in all of its four sections, namely: Development Control, Development Planning, Building and Electrical. In some cases new methodologies were implemented and in other cases improvements and fine tuning were done to already existing formats. In particular there have been initiatives designed to improved the efficiency and minimized the time in which it takes to process and review plans by increasing the cadre of Development Control staff. This was done through the hiring of a Planning Technician as well as two Assistant Technicians. In 2009 the development of a new database for record keeping of development control applications is proposed. This will be achieved through the purchasing of a new database.

There has been considerable policy preparation for a number of planning policies with regard to housing, enforcement, petrol stations guidelines and Liquid Propane Gas guidelines. In addition, computerization of the building records has improved the management of the department.

While the Physical Planning Bill in its previous form was not finalized in the House of Assembly, recent development problems throughout the island necessitate that we take another look at our planning legislation to ensure that standards are maintained throughout the island. A more modern regulatory system needs to be put in place to manage our development so as to ensure the protection of the environment, and ensure proper land use.

Environment

During 2008 the Department of Environment (DOE) embarked on and was successful in initiating long term programmes in the areas of implementing the National Environmental Management Strategy and Action Plan. This was done to ensure that Anguilla meets its environmental obligations regionally and internationally. Additionally, we were able to draft a National Biodiversity Strategy and Action Plan for Anguilla that will be finalized in January of 2009 after almost six months of consultation. The Environmental Debating Series will continue to compliment our ongoing awareness programmes.

Research begun on a number of facets related to wetland conservation issues. The development of an Energy Policy for Anguilla has been done under the auspices of the (DOE) through the Energy Policy Committee as Anguilla charts a new course to a changing market of uncertainty with regard to access to oil resources in the world. The DOE now has its official office space, its own office space after being officially established in January of 2006. This ended with the department implementing its climate change and invasive species programme for which we anticipate budgetary issues will allow us to complete in 2009.

In 2009 the DOE will be looking to complete the implementation of the environmental legislative package and government institutionalizing environmental management into all spheres of its operations; especially in the classroom. There will be the development of a Climate Change Public Education and Outreach (PEO) Strategy as well as an Assessment of Climate Change Vulnerability and Capacity for the Tourism Sector here in Anguilla. In June of 2009 Anguilla will hold its first ever Environment Week (June 1-5, 2009) Lastly another programme will be focused on Implementation of the Anguilla Energy Policy 2008-2020, and building a Broad Community Movement to support alternative energy initiatives.

3.6 Infrastructure, Communications and Utilities et al Objectives

Overall, as regards infrastructure the Ministry focused on long term strategic planning for the development and enhancement of Anguilla's physical infrastructure so as to ensure that Anguilla is developed in a structured and coordinated manner to facilitate the long-term sustainable use of our resources. The Ministry also focused on the continued divestment of operational units such as water and ports. The capital investment in infrastructure made up of almost 33% of the capital budget in 2008.

Physical Infrastructure and Transportation are undergoing significant transformation in Anguilla as the physical infrastructure is modernized to keep pace with the ongoing economic and social transformation of Anguilla. This year saw the Government of Anguilla investing significantly in the master planning of the **Blowing Point Port Facility**. The construction phase of this sophisticated, modern, energy efficient building is slated to start during the second quarter of 2009. The Government of Anguilla is currently negotiating with the Caribbean Development Bank for funding of this project. In 2008 significant work was undertaken with respect to the design and planning for the **Corito Port Cargo Facility**. The expansion of the cargo port capacity will meet Anguilla's long term needs and the construction phase of this project is slated for 2010.

In keeping with the Government's programme agenda for the implementation of a combined Airport and Seaport Authority or another suitable corporate entity, the Government of Anguilla has made significant progress with respect to the legislative and institutional requirements for a combined **Air and Seaports Authority**. This combined corporate entity is expected to be established by the third quarter of 2009.

The Government of Anguilla continues to achieve significant progress in improving and expanding both the main road network and the secondary "feeder" road network. In 2008, approximately 12 km of secondary road was upgraded including utility relocations, water line installations and accommodation works at a cost of approximately EC\$6.0 million. These works were carried out in North Side, Sea Feathers, Rock Farm, Sandy Hill, South Valley, North Valley, Stoney Ground School entrance, Campus A and Campus B. Additionally, preparatory works were commenced on one road in

George Hill and the Carnival Village parking lot was improved. EC\$1.5 million was spent to complete outstanding works on the main arterial, including line markings.

Although the **Valley Road Development Project** did not start as planned in 2008, the designs for phase 1 and phase 2 are with the Government technocrats for review, comments and for public consultation. It is expected that the Valley Advisory Committee will have significant input in the finalization of the designs for the Valley Road Development Project as the Valley roads are a critical aspect for the development of a modern functional town.

Due to expenditure, portfolio coordination, and health and occupational issues, **Office Accommodation** has become a significant priority area for the Government of Anguilla. In 2008, significant work has been done on the development of a master plan for office accommodation. This work will be completed in 2009 with the design stage of the project. With an office accommodation master plan, the Government of Anguilla will be able to construct appropriate, well planned office buildings and facilities over the next 5 - 10 years. The Valley Roads Development Project and the Office Accommodation project will form central themes of the redevelopment of the Valley into a modern functional town.

Mr Speaker, let me speak a bit to the Valley Development Initiative. As I indicated Government has appointed the Valley Advisory Committee, under the Chairmanship of the Senior Tourism Advisor and First Nominated Member, the Honourable Donna Banks, for an initial term of six months. I mentioned in my Budget Address last year that Anguilla is an “emerging city-state”. Be that as it may, I am sure that all would agree that were we to go on the evidence of the current state of the Valley, as the Capital, it would be quite a stretch to reach that conclusion. We intend to rectify that and have already begun to do so through the proposed Government Office Accommodation and Valley Roads Development Projects. Given the success with Master Planning as regards commissioning the Blowing Port Redevelopment and Expansion Project and the afore mentioned Office Accommodation Project, Government has authorized the development of a Master Plan of the Valley. The work will be carried out by the Anguillian Architecture, Planning and Design firm Morlens Architecture, whose principal is Mr Vanburn Brooks, a dynamic and talented young Anguillian.

Despite what we might think, the skeletons are there for transforming the Valley into a show piece built on the principles of modernity, cultural relevance, green technology and above all accessibility and social integration. For example: we have the Governments block which is soon to be transformed by the construction of an integrated campus-like office accommodation complex; we already have a banking hub with three of the four commercial banks occupying the corners of an important block; there is potential for shopping with the redevelopment of existing businesses complexes and much vacant land for development; we have the potential for extensive convention and meeting facilities in the form of the Scouts and Guides Auditorium and other Church owned facilities and land; we have the potential for a Botanical Garden and Central Park in terms of the extensive lands opposite the Agriculture Department; there is potential for a Culture and Performing Arts hub centred around the redevelopment of the Landsome Bowl Cultrual Centre and associated lands; there is an educational hub encompassing the ALHCS Campus A and B, the UWIDEC Centre and the soon to be constructed Education Department Administration Centre which will be merged with the Edison Hughes Complex which houses the National Library; a medical hub comprising the Princess Alexandra Hopsital and soon to be constructed Corporate Offices for the HAA; there is the sports hub consisting of the soon to be renovated National Cricket Stadium, the National Football Stadium, and the National Indoor Sports which will soon be constructed on lands to the west.

Mr Speaker, there is also the potential for the distinction to be made between the “New Valley” and the “Old Valley” flowing along Coronation Avenue to the west involving the renovation of historic buildings such as has been done with the building which now houses the Anguilla Tourist Board and perhaps ending with a signature National Parliament Building on the ruins of the original Court House on Crocus Hill! Now that would be something! But we are allowed to dream Mr Speaker. And as the saying goes “if you can dream it you can achieve it”! I am therefore entreating with all to cooperate with the Valley Advisory Committee in making the Valley a capital that we all can be justly proud of as an expression of the collective will and aspiration. Together let us create something wonderful.

The **Water Utility** continued to face significant challenges in 2008 with respect to meeting the growing demand for water. However, the Government of Anguilla in keeping with its Programme Agenda has completed the transformation of the Water Department into a state own corporation called

the Water Corporation of Anguilla. It is expected that this corporation, which will be free of the typical government bureaucracy, will during the next twelve months make significant progress in the reduction of the technical and financial losses experienced by the water utility, and provide a more reliable, efficient and affordable water supply to the general public.

Anguilla is benefiting from the liberalization of the **Telecommunications Industry** both in terms of the cost and availability of telecommunication services. According to the 2007 PUC report, Anguilla has one of the highest rates of cellular/mobile penetration in the Caribbean, one of the highest rates of broadband internet user penetration in the Caribbean and one of the lowest prices in the region for Internet service. Like the rest of the world, there is tremendous interest from providers to provide telecommunication services like, WI-MAX and Wireless TV. However, Anguilla still needs a second fibre landing to provide redundancy and choice, and that will be a priority for this Government.

Information Technology is an enabler and the Government of Anguilla continues to modernize its services through the use of ICTs to improve productivity and efficiency within the public service. In its effort to narrow the digital divide Government has implemented and upgraded a number of IT systems in 2008 including the implementation of a modern state of the art passport issuance system; implementing the Smart Stream and SIGTAS financial, and accounting system, a fees system for the HAA; a Bonds control and container movement system for Customs; landing fee collection database for the Airport Department; a GIS system for Lands and Surveys; major upgrading and enhancement of the Home Shopping system for the Post Office. A Storage Area Network and a Business Intelligence System/Data Warehousing system were initiated and when completed these systems will allow the GoA to better integrate and analyze data from a disparate number of information systems and sources.

The Fire and Rescue Service is expected to undergo some reorganization over the next few months so as to strengthen the human resources and management structure. This will be coupled with investment in the physical infrastructure and equipment to support the operations of the Fire and Rescue Services. The system will be manned 24 hrs with the Domestic Fire and Rescue Service Unit providing support after hours, weekend and holidays.

3.7 Agriculture and Fisheries Objectives

While the progress in these natural resource industries sectors was incremental in 2008, the agriculture and fishing industries continue to grow from strength to strength and are both robust and economically viable and key to a greater level of food security ... **strengthening the collective.**

The Department of Fisheries and Marine Resources undertook a number of studies in 2008 including a fish census to ensure the long term sustainability and economic viability of the fishing industry. The Fisheries Department has also completed the installation of a new radio system to improve the ability of the department to communicate with fisherman and thereby improve safety at sea.

The Department of Agriculture continues to collaborate with the National Farmers' Association, the Anguilla Beautification Club and other Government and non Government organizations to promote and increase the production of vegetables, fruits, livestock and the beautification of the island. There has been a renewed interest in farming and island beautification. This has been clearly demonstrated in the increase in crop and livestock production and beautification of the island. Young farmers are investing in new and improved methods of vegetable production and can be seen selling like never before at their market outlets.

Epilogue

Mr Speaker it is clear from the programmes highlighted that Government continues to make strides in implementing its programme objectives. However, there is need to improve the coordinating mechanisms of Government to deliver on common objectives, especially as regards social development. To this end Government will give serious consideration to forming a National Social Transformation Committee in 2009 to coordinate interventions in the social sector. It is proposed that the Committee be chaired by the Minister of Social Development and consist of membership across the public sector as well as the business, NGO and CBO communities. It would meet on a monthly basis with minutes and recommendations fed into Executive Council. Mr Speaker, we believe we

have not seen the returns anticipated from socio-economic interventions because of the “silo” problem. In other words the various Ministries and Department go off and do their own thing without enough cross-referencing and cross-checking – operating as if in silos. This is not an efficient and effective way of operating as the challenges we face are cross-cutting and require inter-sectoral solutions.

Mr Speaker, we have an existing example of a fully functional inter-sectoral committee – the National Disaster Management Committee. Chaired by the Deputy Governor, this committee comprising membership of the various Government Ministries and Departments as well as organizations such as the ATB, AHTA, AHA, the Chamber of Commerce and the Anguilla Red Cross Society has as its mandate the coordination of disaster reduction, mitigation and recovery activities. Proof of that Committee’s effectiveness is witnessed by the response to the passage of Hurricane Omar in October which was universally praised as being first class in all aspects. It can be stated therefore that through a collective and coordinated approach significant gains have been made in the area of natural disaster reduction, mitigation and recovery as regards the threat of hurricanes in particular.

With this experience under our belts, surely Mr Speaker, it makes sense to have a similar drive aimed at social disaster reduction, mitigation and reduction. Strengthening the collective means that we have to innovate to create and improve the coordinating mechanisms and structures at our disposal to deliver on the strategic, sectoral and other objectives established.

Mr Speaker, the idea of a National Social Transformation Committee is not new as it is in fact a variant of the National Social and Economic Council that the Eastern Caribbean Central Bank has long advocated to be established in the ECCB member countries. We do not have anything to lose and instead stand to gain from such an initiative by driving through the social development agenda in a coordinated and timely manner. It would be a modern day approach to jollification.

4. PROVISION OF 2009 RECURRENT EXPENDITURE

General Comments

Mr Speaker, if we use 1967 as the point of departure, then modern Anguilla is forty-one years old and is still in the process of development with development here being used in its most inclusive sense. We have come a long way Mr Speaker and our achievements in the last forty-one years have not been by accident. We acknowledge and are grateful for the assistance that we have received over the years from the United Kingdom Government and various international organizations but we must never underestimate or be afraid to recognize the tremendous contributions that we have made ourselves. Indeed, for many years now, it is the efforts of the government and people of Anguilla which have played the predominant role in ensuring that this nation moves forward and achieves the objectives that we know will make this country prosper. The days of grants are over and what the Government of Anguilla spends on its recurrent expenditure is an outcome of our prioritizing, our planning, our objectives and our means of achieving those objectives.

The resilience of the Anguillian people is well documented. It is a character trait we must be proud of must be preserved forever. Traditionally, we have always been leaders and not followers, shepherds and not sheep. That is why Mr Speaker, we are able to overcome challenges. The challenges that we now face will not be the last that this country will have to face. But the key question is are we prepared to face the challenge? The challenge among other things, includes finding a balance between keeping this economy buoyant while at the same time ensuring that we do not overburden ourselves to the extent that recurrent expenditure will have an adverse impact on our future options.

I am confident that we are prepared. Mr Speaker, I know because we have done it before and in fact we do it on an ongoing basis. We do not allow the potholes along the way to become trenches or the scratches to become sores. My call is not to do things which we are not accustomed to. I call on my people to do things which we have always done. Making sacrifices, and being our neighbours' keepers are some of the traits which we have passed from generation to generation.

This is not a time when we should be worried. Concerned yes.....worried no. Worrying achieves nothing. This is a time when we must resort to our innermost strengths and talents. Mr Speaker, we have options because we carry out sound decision making and we are proactive rather than reactive. We have individual functions but our true strength is realized when we move forward in a collective manner.

This is also not a time to be in fear. Again concern yes...fear no. I once heard a motivational speaker say that fear FEAR is false evidence appearing real. Mr Speaker, I make reference to that only to say that often when we become fearful, we become irrational and nothing positive comes out of being irrational.

Mr Speaker, we spend millions of dollars each year to train our young and not so young people to be able to function efficiently in our society. We realize that although we have come a long way, the quest for an efficient, knowledgeable and dependable cadre of workers is an ongoing one. We are already realizing the benefits as all that training is paying dividends for the government and people of Anguilla. Indeed this is the time for all us to put what we have learned in practice. This is the time to formulate plan B just in case plan A does not work out. This is the approach that winners take Mr Speaker and we in Anguilla are winners.

Mr Speaker, the Public Service is an institution that seeks to implement the policies of the Government of Anguilla. The performance of this institution is judged in a holistic manner and though many may analyze the performance of its various parts in isolation, it is the holistic analysis which ultimately indicates measures of success and or failure. Mr Speaker I am pleased to say that the coordination between government departments over the last five to ten years has been encouraging. In terms of recurrent expenditure many instances can be highlighted where departments made funds available for other departments when it became apparent that the department with the available funds would not be using them at the level recorded in the budget estimates. While there are still pockets of an individualistic approach, I must say that the signs of a collective approach are encouraging.

Total Recurrent Expenditure

Mr Speaker to provide the necessary services on the recurrent side of the estimates for fiscal year 2009, the Government of Anguilla plans to spend **\$241,304, 546**). This represents an increase of 20% over the estimate 2008.

There are many reasons why there is the increase over last year. Recognizing the impact of inflation and the salary increase for civil servants in 2008, some of the reasons for the increases will now be discussed. At this point, I must also point out that a scheduled increase for civil servants in 2009 has not been included in the recurrent expenditure estimates because in these challenging times the public service is not immune from making sacrifices.

Governor's Office

Mr Speaker under the **Governor's Office** and its programs, there is an increase of 2.2 million dollars in the **Department of Public Administration** for training. I think I have already said what I want to say on the importance of training.

We are all aware of the importance of the **Royal Anguilla Police Force** in the promotion and maintenance of law and order. There is an increase of 1.8 million dollars in the recurrent estimates which is dominated by an increase in salaries. However Mr Speaker, we cannot forget the theme for this budget address and there is no area that it is more pertinent than when it comes to law and order. We need as a nation to assist the Royal Anguilla Police Force if we are serious about combating crime. Yes Mr Speaker it is all about **"Strengthening the Collective...We are the Solution"**. It is not optional.

Chief Minister's Office

We now move on to the **Chief Minister's Office** and its programmes. This office Mr Speaker is at the fore front in addressing many issues which have direct impact on the personal lives of the citizens and residents of Anguilla.

Mr Speaker the recurrent allocation of the **Immigration Department** has increased by approximately 1 million dollars. This department is on the front

line when it comes to ensuring that Anguilla's immigration laws are adhered to and respected. Mr Speaker, we are and have always been a people who respected the laws of the nations to which we emigrated. We demand no less when it comes to our immigration laws and we promote zero tolerance when it comes to breaking those laws.

The recurrent estimates of the **Department of Labour** reflect salary increases as well as for the rent of new accommodation. The increase is around \$400,000. Mr Speaker, the labour situation in Anguilla must be regularized and we must give our support to the Department of Labour as it seeks to perform functions that are sensitive for the most part and virtually always thankless. It is a tribute to the management and staff of both the Labour and Immigration Departments that they remain positive in testing situations.

Mr Speaker the preservation of the environment for future generations will continue to be of great importance as we continue to develop. The **Department of the Environment** is still in its infancy and no doubt is experiencing the normal growing pains. We know that the leadership is dedicated to the cause and it is a matter of recruiting the appropriate staff in order to carry out the functions for which it was established. The minimal recurrent expenditure increases will not be able to fulfill all of the immediate needs but it is a start that can be built upon.

Finance, Economic Development, Investment, Commerce and Tourism

Mr Speaker I move on to the **Ministry of Finance, Economic Development, Investment, Commerce and Tourism** and its programs. The recurrent estimates for the Ministry as a whole have increased by 25%. The **Secretariat of the Ministry of FEDICT** has an increase of 7.8 million dollars in recurrent expenditure. Mr Speaker apart from the increases in salaries, the Secretariat of the Ministry is responsible for tourism and servicing of the national debt. It is these two areas which have truly caused the increase. This is not the ideal forum to give a long discourse on the activities in tourism. The Anguilla Tourist Board does that itself, but I must say that the increase in the allocation for tourism is directly related to activities which are geared ultimately to sustaining and increasing tourist arrivals and expenditure in Anguilla.

The national debt must be managed in a reliable and efficient manner and I must take this opportunity to compliment the Debt Officer for the reliable way that the Debt Unit is operated with a staff of one.

Mr Speaker when it comes to the important function of cash management, the **Treasury** has a leading role to play. The increase in the recurrent estimates is approximately **\$2 million** which is a reflection for the most part of salary increases and increases in social security and retirement benefits. The Treasury is the source of critical information necessary for prudent fiscal management and its role as a source of information becomes even more pronounced in challenging times when up to date information is critical for decision making.

The recurrent estimates of the **Customs Department** indicate that there is an increase of **\$1.1 million** due mainly to increases in salaries. The department continues to be our main revenue earner and as it continues to combat illegal activity, it must be recognized that an increase that is only reflected in salaries is also an indication that some sacrifices have been made.

The recurrent expenditure allocation of the **Internal Audit Department** has increased by approximately **\$300 thousand** due mainly to salary increases and regularization of staffing requirements in the budget document itself. This department is continuing to grow in terms of the implementation of auditing objectives. We are very optimistic about the future of this department.

Mr Speaker the increase in the allocation for Statistics is not major being in the region **\$200 thousand**. This department is critical as a source of information for the planning process including the provision of historical data. We must continue to ensure that this department is a source of reliable information.

When it comes to the **Inland Revenue Department** the increase of **\$800 thousand** is mainly due to increases in salaries. This department has grown tremendously during its short existence and the Government is dedicated to ensuring that this department keeps up to date with the demands that may be placed on it now and in the future.

Ministry of Social Development

The Ministry of Social Development and its programs are not significant revenue earners but as its name implies there are some critical services the delivery of which fall under this Ministry.

Mr Speaker, the promotion of education is one of the bedrocks on which this nation must be built and must be a top priority in all circumstances. There is an increase of approximately **6 million dollars** in the recurrent estimate for **Education**. However this is for the most part a reflection of the increase in salaries. It can therefore be said that there are no real increases in terms of education but I assure everyone that education remains a top priority and every effort will be made to continue its advancement as we move forward.

The **Department of Social Development** shows that there will be an increase of **\$1.2 million** in the recurrent estimates. Mr Speaker, while that is reflection of an increase in the allocation for the elderly and destitute, we must not lose sight of the other functions of the department such as acting on behalf of mothers who are raising children who are fathered by the so called “deadbeat dads”.

The **Prison Department** Mr Speaker is very busy these days. There is an increase in the recurrent allocation of **1.9 million dollars**. The increase includes the 42% increase in staff. Mr Speaker, we have to face the reality. Gone are the days when prison inmates were an uncommon phenomenon. Her Majesty’s Prison needed staff and now it has them. I am sure Mr Speaker that the prison authorities would be able to identify the approaches which would be most effective for the various criminals that reside behind its fences. These approaches may range from full punishment at one extreme to rehabilitation measures that offer many opportunities for the inmates at the other. Attacking and reducing crime is a multi-faceted function of which the prison is only a component. Therefore at worst the prison must be able to accommodate those that make it their home for short, medium and long term duration.

The **Department of Health Protection** has a relationship with the tourist industry that needs to be reinforced. This department has an increase of **\$3 million** on the recurrent expenditure estimates. Garbage collection and disposal accounts for **2.4 million dollars** of the increase. Mr Speaker to put

it simply, we need clean and healthy surroundings if we are going to protect the health of our society and the visitors that we welcome here every year.

Mr Speaker in a previous budget address, I spoke about alternative sentencing but at that time some of the necessary facilities were not in place especially for young offenders. Today, Mr Speaker, we have a juvenile center where professionals are charged with the duty to redirect the energy of some of our troubled youth in the right and positive direction. As the **Probation Department** seeks to consolidate itself as a prominent institution which offers alternatives to convicted youths, the juvenile center, which falls under the auspices of the Probation Department, is an alternative to her Majesty's Prison that is more appropriate for custodial sentences for youths.

“We” is a very inclusive word Mr Speaker and we must include our young people. Mr Speaker I am not promoting special groups within our society but we must recognize the importance of including young people in all aspects of life in Anguilla. The twenty-two year old today will have a different perspective on many issues when he or she is aged forty four. What we must not do Mr Speaker is prevent the twenty two year old the opportunity to gain that valuable experience which would enable him or her to develop into a productive forty four year old. The increases in the **Department for Youth and Culture** are a start in the right direction as we continue to grapple with defining our cultural identity.

Infrastructure, Communications, Utilities, Housing et al

The Ministry of Infrastructure, Communications, Utilities, Housing Agriculture and Fisheries or its equivalent in most countries is recognized as big spending Ministry. What I would say Mr Speaker is that because of the nature of the Ministry its expenditure in many cases is fairly visible. The overall increase in the recurrent estimate for the Ministry is **3.2 million dollars** with 2.5 million of that total being allocated to the Water Authority.

As our Airport and Seaports continue to operate at with a level of security that is acceptable internationally, those institutions have increased their staff in order to meet the required standards.

This is the information and electronic age and as this area continues to become more sophisticated and specialized, the need for the **Department of**

Information Technology and E-Government Services to keep abreast is a constant one. Mr Speaker the increase of **1.3 million dollars** for this department is dominated by salary increases and an allocation for maintenance. At least we are trying to keep what we have in good order as we go through these testing times.

As you can see Mr Speaker the recurrent expenditure budget has increased, but for the most part it is because of an increase in salaries. The challenge is to deliver services without every tool that we would like to have. Nonetheless Mr Speaker I am confident that they will be delivered in an efficient and cost effective manner.

5. PROVISION OF RECURRENT REVENUE IN 2009

Mr Speaker, the revenue budgeted for 2009 is \$243 million. This is 3% more than the revenue Budgeted for 2008. The budget is based upon actual collections during 2008 and realistic projections in revenue for 2009 and taking into account the global recession that is currently affecting all countries including Anguilla.

The 2009 Revenue Budget is showing a modest increase of \$9.3 million over the estimate for 2008. It should however be noted that the revenue from the Community College and the Water Department are not reflected in the budget for 2009 as was the case in 2008. The 2009 Revenue Budget will be realised by some marginal increases in some taxes, rates, fees and charges as well as by improving the efficiency and effectiveness of the revenue collection system.

The increase in revenue is expected to come mainly from Stamp Duties. The increase is \$4 million over the 2008 submission. This in part recognises the fact that a number of purchasers of real estate in the Viceroy project at Barnes Bay who have been provisionally approved for alien landholders licenses by the Ministry of Lands, are expected to finalize such purchases with the opening of that project for operation in 2009.

Mr Speaker, the Government of Anguilla has decided to increase some taxes, rates and fees to bring them in line with today's prices. These are not significant increases for the taxpayer but they are expected to provide some

additional revenue to finance the programmes that are being highlighted in this budget for 2009. I will now give a synopsis of the measures for 2009.

1. During my last address I mentioned a new Property Tax system that was to be introduced. This was not possible for 2008 but should become fully operational in 2009. In the mean time property tax rates under the existing Ratings and Valuation Act will be increased from January 1, 2009. New legislation is being drafted as we speak and a new Property Tax system will be purchased during 2009 to make the collection process more efficient.
2. The Environmental Levy paid on electricity bills will be increased to 7%. The impact on the consumer will be small as it comes at a time when electricity rates are decreasing. This is one of the cost recovery measures for garbage removal and the maintenance of the Coritot landfill site.
3. The Tourism Marketing Levy will be changed from US\$1.00 per room per night to US\$1.00 per person per room per night. This will be matched by an equal contribution from accommodation facilities.. Mr Speaker everyone benefits from tourism and it cost quite a bit to market the industry. In addition, many of the government activities including investment in water, roads, air and sea ports, garbage collection, security and training are mainly geared for the tourist industry as well as for our own benefit. If the product is not there, the tourist will not be satisfied and will not return. It is therefore difficult to divert funds from these other areas to tourist promotion.
4. Motor Vehicle Licences will be increased by between 5 and 10%. Mr Speaker this is to assist with the road development activities that we are investing in here in Anguilla. Mr Speaker the initial cost of upgrading the Valley Roads alone is over EC\$13 million. A proper functioning road network will not only save time and promote safety in reaching our destination but will also save on fuel and mechanical maintenance.
5. Mr Speaker a number of other fees charged for acquiring belonger status, passport fees, Lands and Survey Fees, Physical Planning and Police Certificate fees will all be increased with effect from January 1, 2009. We believe that these increases are designed to bring them in

line with the cost of providing the service and they are still very competitive when compared to other countries.

6. Finally Mr Speaker, even though the Health Authority is not a Government Department and as such the fees are not reflected in this Budget, the Government of Anguilla has agreed with the recommendation from the Health Authority to increase fees for many of the services provided there. An official notification will be made in due course.

Mr Speaker, our revenue collection legislation has generally been weak. We are now in the process of drafting a new Tax Administration Act. This should be ready for implementation early in 2009.

For the past two years Mr Speaker, I spoke about the introduction of the National Health Fund. This is still to be implemented. We expect that machinery will be put in place during the course of 2009 to guarantee a functioning National Health Fund for 2010.

6. 2009 CAPITAL BUDGET AND FINANCING

Mr Speaker we have made provision for approximately **\$98 million** in capital expenditure for 2009. This represents a sharp increase of some **\$45 million** from the projected capital expenditure for 2008 and may seem surprising given the widely reported fiscal challenges currently faced.

Mr Speaker, it is our commitment and our duty to maintain public sector activity that will provide the required stimulus to our economy in challenging year ahead. It is also our commitment and duty to maintain the level of investment in our social infrastructure. In contrast to the last recessionary episode in 2002, through careful stewardship, Government is in the position to undertake significant borrowing. In addition, quite fortuitously Mr Speaker, by the end of June 2009 we would have satisfied all the conditions required for the release of the remainder of EDF 9 funds. These are projected to amount to **\$24.5 million** and will be disbursed as budgetary support, the mechanism we chose back in 2003 when we submitted Anguilla's funding application, into the Consolidated Fund for expenditure on capital projects.

The financing of the capital programme will be therefore come from three main funding sources are detailed as follows:

Firstly, the level of borrowing for 2009 will be **\$77.5 million** which has been allocated as follows: **\$35 million** for continued land acquisition to facilitate the progress of important social development and infrastructural initiatives such as the National Community College and Port Development; **\$25 million** for the Blowing Point Port Facility; **\$3 million** for renovation and equipping National Community College facilities; **\$2 million** to complete the Central Office Accommodation Master Plan Study and to commission design drawings; **\$3 million** for Airport Development – this involves crucial drainage and alignment works, a total of **\$9 million** for road development including the commencement of work on the Valley Roads Development project and **\$540 thousand** for the Airport Masterplan Study.

Secondly, a private grant in the amount of **\$2.7m** as pledged by the KOR Group, the main developers behind the Barnes Bay Development Project will fund primary school infrastructure development. These monies are allocated to the development of the new Primary School for Island Harbour.

Finally, approximately **17.8m** of the capital budget will be funded from recurrent surpluses. Here the major allocations include:

\$1.2 million for a Land Information System which, through the digitization of paper records, will create a centralized land ownership database and registry map system --- thus enabling the provision of up-to-date, accurate and reliable land information to all stakeholders in an efficient manner.

\$1 million to the ongoing Tourism Sector Development Project where, following this year's Economic and Social Impact Assessment Study of all major tourism projects approved since 2001, it will incorporate the results into the development of a Tourism Master Plan for 2010-2020.

\$1.5 million to Inland Revenue Development that will focus on Property Tax Reform and the supporting administration systems, development of associated policy and legislation and valuation surveys.

\$1.35 million will go to Health Services Development for continued support to the Health Authority for funding of their capital infrastructure such as Laboratory Equipment, Laboratory Information System, Pharmacy Upgrade, Mammography Machine, upgrade for Dialysis Unit and many other activities.

\$2.22 million is allocated for the Management Information System to facilitate the implementation of the National Health Fund.

This listing highlights the projects with the major allocations of funds but rest assured that provision continues to be made for our ongoing significant programmes.

I end this significant list of projects for the 2009 capital budget by making mention of our development partners who, along with the Government of Anguilla, make such significant investment possible. The European Union - who through the European Development Funds 9 and 10 will provide grant funding of up to \$24.5m in 2009 and \$46.5m over the period to 2013. The Caribbean Development Bank - who pledged their support through loan funding in the areas of Community College Development and Port Development. We thank them in advance for supporting our efforts to strengthen the collective and deliver on our strategic development objectives for the people of Anguilla.

7. CONCLUSION

Mr. Speaker, as usual I have been unsuccessful in abbreviating the presentation of yet another budget address. And yet another time I must seek the collective forgiveness of this almost captive audience of invitees in the gallery and listeners on the various media. While it may appear that I have not shown much consideration for your valuable time --- I would hope that after my fifteen years of delivering these budget addresses many of you would appreciate the tremendous effort which my capable team at the Ministry puts into this exercise. Indeed they try very hard to be as efficient as possible in putting together a comprehensive review and projection of the financial situation that clearly outline the next steps and provide a central and lingering theme around which to rally our collective efforts. It would be almost sacrilegious of me to seek to abridge such enterprise.

Mr. Speaker, I opened my remarks by saying that I would not wish to dwell on the global financial crisis and its impacts on Anguilla. That was intentional. I wanted to get your minds off of those issues for a while --- and focus on the strategic path for Anguilla’s development which will continue to experience success if we stay on course and on message. I also wanted to explain that **strengthening the collective** is about all of us pulling together - -- rather than blaming everyone and each other for our difficulties. That is the kind of commitment and optimism I hope will characterize our approach to the challenges of this period --- and as I said earlier it is a winning approach all the way.

Mr. Speaker, against this backdrop of optimism let me speak about what lies ahead with the confidence that I have already established the point that **we are the solution**. As I said earlier this is the time to be proactive rather than reactive. We have to carefully assess the situation and put a well thought-out plan in place --- a plan that employs all the appropriate resources of the collective. It was the same approach which was employed in 2002 when the Honourable Chief Minister used the exhortation: “there is light at the end of the tunnel”. It was the same plan that the Ministry of Finance adopted in its “road map”: “**Measures to Restore Fiscal Stability 2002 – 2004**”. It is the same mindset which must be used today to mitigate the impacts of the global recession.

Mr. Speaker, unusual times call for unusual methods. In this context, the Government of Anguilla must employ bold and unusual strategies to address the unusual circumstances in the world economy unequalled in over seventy years. We cannot wait until the situation worsens --- we must act now. To make a medical analogy ---we cannot wait until the virus reaches our shores to begin to build up our immune system --- or get the appropriate vaccination. Nor should we make a false diagnosis and prescribe the wrong medicine. And worse yet we should not allow the environment, physical or psychological, which is conducive to the patient’s healing process to deteriorate.

Mr. Speaker, just yesterday, President–elect Barack Obama speaking about the economic situation in the United States also made a medical analogy when he said:

“we’ve got to provide a blood infusion to the patient right now to make sure that the patient is stabilized. And that means that we

can't worry about the deficit. We've got to make sure that the economic stimulus plan is large enough to get the economy moving."

Mr. Speaker, what is being hinted at here is that sometimes we must ignore otherwise prudent policies or actions to achieve a positive long term objective. In plain words, while the deficit is an important consideration it pales in comparison to providing solutions for the long term strength of the American economy. Very often, Mr. Speaker solutions to economic problems can indeed seem counter-intuitive.

So Mr. Speaker, the next few days and weeks will find the Government of Anguilla taking unusual measures as we seek to strengthen our collective. Our overall strategy will have to include immediate, short term and long term solutions. It will have to include initiatives for the public and the private sector. It will require legislative, financial and policy measures to rebalance and improve economic capacity. And it will require commitment and sacrifice by all individuals, companies, groups and organizations within the community.

Mr. Speaker, I have appointed the Honourable Donna Banks, my Special Advisor Tourism and the First Nominated Member of this Honourable House, to be the Access Czar to ensure that the critical needs of travel to our destination are met. The solutions which she will be presenting will be unprecedented and bold.

Mr. Speaker, although we have very passionate young professionals in environment and conservation, this Honourable House appointed you to lead the consultations on the draft Alternative Energy Policy Document. The solutions being proposed in that document are both revolutionary and bold.

Mr. Speaker, early next year the Constitutional review team will be presenting a draft Constitution to HMG in which we will be seeking full internal self-government for Anguilla. All elected and nominated members of this Honourable House support this dignified and bold step.

I have given these recent examples of audacity, Mr. Speaker to illustrate the kind of response we must continue to employ in dealing with the challenges of this period. We must not be timid in our approach or narrow in our vision. The Government of Anguilla will coalesce with all stakeholders in this

economy to ensure that we weather this storm with the same collective spirit which characterized our successes over the years. This is not a time for pessimism --- pessimism feeds on itself and creates its own reality. This is a time for bold and positive action which defies the notion of failure and builds faith in our collective capacity.

Mr. Speaker, this year has been a challenging one for all of us but we have survived and there are many things for which to give God thanks. While we were not spared the ravages of the hurricane season we have fared much better than our brothers and sisters in Haiti, Cuba, Grand Turk, Cayman Brac and other places. We pray for the many families who have lost property and loved ones and who will endure many hardships this Christmas.

This year we have been unable to reward the public service with any additional generosity for their dedicated service but we were able to give them a significant increase three months ago. Like everyone else they too are part of the collective which must provide the solution for the challenges ahead and as in the past they must be prepared to make the sacrifices and demonstrate the commitment required. The private sector, Mr. Speaker has also had its setbacks and we expect that they too will appreciate the importance of the collective approach.

Finally, Mr. Speaker, I must recall a portion of scripture quoted by Pastor Dr. Ambrose Richardson during his sermon for the opening of Tourism week. It was from Psalm 24 where the psalmist David declares that: **“The earth is the Lord’s and the fullness thereof”**. We are but sojourners here and whatever we wish to achieve can only be possible but for God’s grace and mercy. Let us therefore not stand up in the vanity that we can predict either the good or the bad --- but simply trust in him to supply our needs --- having the same faith that has sustained us over the past years --- and employing the same collective approaches.

And again I must most sincerely express my gratitude to all of you for so graciously bearing with me as I have tried to rekindle that **collective spirit**, that spirit of **jollification** which will again affirm that **we are indeed the solution** to all the challenges that may attend our path in the times ahead.

Mr. Speaker, I beg to move!