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MINUTES OF EXECUTIVE COUNCIL DECISION AGREED BY ROUND ROBIN

The following was approved by Round Robin on **Friday 17th December 2021**: -

EX MIN 21/429

EX MEM 21/275 PROPOSED SUPPLEMENTARY BUDGET NO. 2 FOR 2021

Executive Council requested the Ministry of Finance to prepare a Supplementary Budget to reflect the changes needed because of various demands on the recurrent budget.

Therefore, the purpose of the Supplementary Budget is to facilitate expenditure adjustments, within the approved expenditure ceiling, to reflect additional expenditure needs related to Personal Emoluments. Hence, resources across government are to be reprioritised against current needs.

Table 1 below includes the 2021 Approved Budget, and the Proposed Supplementary Budget No.2 (PSB). The PSB is based on the reprioritizing exercise that took place across government departments. The process required Ministries and Departments to use their ten months actuals together with their projections for the latter two months of the year. The results of this exercise indicated the projected under/overspends for the departments budgets and this was used to help determine the PSB. The effects on the various Ministries are as follows:

Table 1

GOVERNMENT OF ANGUILLA 2021 ESTIMATES OF RECURRENT EXPENDITURE AND CAPITAL SUMMARY OF APPROPRIATIONS SCHEDULE										
PROGRAM	MINISTRY	A	B	C	D	E	F	G	G	
		2021	2021	2021	2021	2021	2021	2022	2022	
		APPROVED BUDGET	REVISED BUDGET (Post Supp. #1)	SUPPLEMENTARY BUDGET NO. 1	Expected Shortfall/Savings Difference (B-E)	End of Year Projection	SUPPLEMENTARY BUDGET NO. 2	SUPPLEMENTARY BUDGET w/ Arrears NO. 2	SUPPLEMENTARY BUDGET (Adjusted) NO. 2	
	PART 1 - RECURRENT EXPENDITURE	\$	\$	\$	\$	\$	\$			
001R	HE THE GOVERNOR	28,810,840	28,915,738	28,633,338	475,088	28,440,650	28,915,738	30,242,545	29,942,545	
350R	MINISTRY OF HOME AFFAIRS, LABOUR, IMMIGRATION, INFORMATION AND BROADCASTING	8,963,220	8,516,772	8,316,772	322,775	8,193,997	8,516,772	8,762,899	8,662,899	
450R	MINISTRY OF FINANCE AND HEALTH	108,092,690	109,709,929	105,922,373	10,999,436	98,710,493	109,709,929	105,535,362	104,793,588	
550R	MINISTRY OF SOCIAL DEVELOPMENT	51,615,945	46,673,706	46,675,211	398,496	46,275,210	46,673,706	47,609,334	47,309,334	
650R	MINISTRY OF INFRASTRUCTURE, COMMUNICATIONS UTILITIES, HOUSING AND NATURAL RESOURCES	20,518,395	21,527,732	21,527,732	(0)	21,527,732	21,527,732	23,027,814	23,027,814	
750R	MINISTRY OF ECONOMIC DEVELOPMENT	8,710,117	10,197,466	10,195,961	1,505	10,195,961	10,197,466	10,363,389	10,363,389	
	TOTAL RECURRENT EXPENDITURE	226,711,207	225,541,343	221,271,387	12,197,300	213,344,043	225,541,343	225,541,343	224,099,569	

Notes:
HE, The Governor: Savings mainly in Training \$475,088. Overall shortfall in Depts. PE and Goods & Services.
Ministry of Home Affairs: Savings in Consultancy and Rental of Assets \$322,775
Ministry of Finance: Savings mainly in Claims Against Gov't and Restricted Expenditure \$10,999,436
Ministry of Social Development: Savings in mainly Public Assistance, however, in PE there is a shortfall due to under expenditure reported in Education Supplementary #1 \$398,496
Ministry of Infrastructure: Net effect of savings and shortfall
Ministry of Economic Development: Net effect resulting in a minute savings of \$1,505

To facilitate the additional expenditure in the Capital Budget as follows:
HE, The Governor: Savings reduced by \$300,000.
Ministry of Home Affairs: Savings reduced by \$100,000
Ministry of Finance: Savings reduced by \$741,774
Ministry of Social Development: Savings reduced by \$300,000

HE, The Governor

The overall savings of \$475,088 in this portfolio is mainly due to reduced spending in the training account.

Ministry of Home Affairs

The overall savings of \$322.775 in this portfolio is as a result of both shortfalls and savings in this ministry's and departments budgets.

Ministry of Finance and Health

The projected underspend of \$10,999,436 in this portfolio is primarily due to savings in the Restricted Expenditure account, also savings in Treasury Department Claims Against Government account.

Ministry of Social Development

The overall shortfall of \$398,496 is mainly as a result of an unreported expenditure in Supplementary #1 for the Education Department Personal Emoluments account.

Ministry of Infrastructure

There is a net effect resulting in zero, this is due mainly to expenditure relating to Maintenance services and Roads and savings under Departments.

Ministry of Economic Development

The projected under expenditure of \$1,505 is due primarily to savings in personal emoluments and maintenance services.

The details of each ministry's end of year projections can be seen in Appendix 1.

SUPPLEMENTARY BUDGET - CAPITAL BUDGET 2021

The approved Capital Budget for 2021 is EC\$2,872,000. As at the end of November 2021, capital expenditure totaled EC\$2,424,729, approximately 85% of the total approved budget.

The capital budget supplementary highlights two changes:

1. It reflects the actual expenditure on construction of the Anguilla Community College as financed by the Caribbean Development Bank. This is to allow consistency with the treatment of such in previous years' expenditure.
2. The reallocation of the unspent balances from various project accounts to miscellaneous projects to facilitate the completion of year-end projects and fulfil counterpart commitments.

Also to note that the funds approved under the previous capital supplementary to purchase baggage scanners for the ports were used to fund the retrofit of the Clayton J Lloyd International Airport. The UK Government purchased the scanners and the retrofit was necessary to accommodate the increased airlift from American Airlines.

2021 CAPITAL BUDGET SUPPLEMENTARY BREAKDOWN					
Account Number	MINISTRY/ PROJECTS	2021 ORIGINAL BUDGET ESTIMATE	2021 REVISED BUDGET ESTIMATE - Supplementary 1	2021 REVISED BUDGET ESTIMATE - Supplementary 2	FINAL REVISION TO SUPPLEMENTARY 2
10 100	PUBLIC ADMINISTRATION				
35 350	MINISTRY OF HOME AFFAIRS, LABOUR, IMMIGRATION, INFORMATION AND BROADCASTING, LANDS AND PHYSICAL PLANNING				
09131	Land Information System	317,000	317,000	317,000	317,000
05191	Land Acquisition	690,000	690,000	132,000	132,000
	SUB-TOTAL	1,007,000	1,007,000	449,000	449,000
45 450	MINISTRY OF FINANCE & HEALTH				
03166	Health Services Development	26,000	26,000	26,000	26,000
	SUB-TOTAL	26,000	26,000	26,000	26,000
55 550	MINISTRY OF SOCIAL DEVELOPMENT & EDUCATION				
01108	Minor Education Development Projects	280,000	280,000	280,000	280,000
11159	Anguilla Community College		2,952,770	-	723,442
07109	Sports Development	20,000	20,000	20,000	16,503
	SUB-TOTAL	300,000	3,252,770	300,000	1,019,945
65 650	MINISTRY OF INFRASTRUCTURE, COMMUNICATIONS, UTILITIES, HOUSING & TOURISM				
01127	Road Development	18,000	203,000	203,000	203,000
11162	Disaster Mitigation and Recovery	60,000	60,000	60,000	54,163
08120	Tourism Sector Development	65,000	65,000	65,000	-
11163	Renewable Energy and Energy Efficiency	35,000	35,000	35,000	29,000
02154	Renovation of Government Assets	200,000	625,800	625,800	690,800
01123	Replacement of Government Vehicles	745,000	875,000	875,000	725,344
	SUB-TOTAL	1,123,000	1,863,800	1,863,800	1,702,307
75 750	MINISTRY OF ECONOMIC DEVELOPMENT, INVESTMENT, COMMERCE, IT & NATURAL RESOURCES				
01112	Furniture and Equipment	85,000	770,400	770,400	233,830
01119	Miscellaneous Projects	200,000	114,410	114,410	968,410
	Anguilla National Trust Building acquisition - UKG funded		537,640	537,640	537,640
08127	Information System Development	30,000	83,600	83,600	54,060
06195	IT Equipment	41,000	41,000	41,000	
	IT Infrastructure - UKG funded		297,144	297,144	297,145
04174	IT Infrastructure	60,000	318,056	318,056	195,300
	SUB-TOTAL	416,000	2,162,250	2,162,250	2,286,385
	TOTAL	2,872,000	8,311,820	4,801,050	5,483,637

Management of Government Expenditure Arrears

Prudent public financial management requires Government to avoid accumulating expenditure arrears. The accumulation of arrears can have negative impacts on the economy. Furthermore, arrears-related benchmarks have been included as a condition (indicative Prior Action) of the CDB Policy Based Loan. The list of Government Expenditure Arrears is included in Appendix 4. Further work is required to strengthen financial controls to improve the government's capacity to verify, report, and clear existing arrears, and to enhance expenditure controls to avoid the accumulation of new arrears.

It is proposed to utilize a portion of the expenditure savings to clear specified outstanding obligations, which have been identified based on potential impact to the domestic economy:

Civil Servants/Deferred salaries	\$ 2,344,447.95 (half payment)
Public Service Pension Fund	\$ 2,766,844.41
ECSC Contribution - 2021	\$ 1,069,369.92
Water Corporation/AASPA	\$ 4,000,000.00
Total	\$10,180,662.28

It is being proposed to advance Water Corporation and AASPA EC\$4,000,000.00 to assist with payments to ANGLEC for arrears. In the event that this is not accepted, the amount will be retained in Restricted Expenditure to make any necessary adjustments.

Water Corporation	EC\$2,203,358.90
AASPA	EC\$1,796,641.10

Council approved:

1. the Portfolio allocations as identified in Table 1 column F;
2. that the Attorney General's Chambers work with the Ministry of Finance to draft a Bill for Supplementary Appropriation for submission to the House of Assembly at its next sitting; and
3. the payment of the following outstanding obligations:

Civil Servants/Deferred salaries	\$ 2,344,447.95 (half payment)
Public Service Pension Fund	\$ 2,766,844.41
ECSC Contribution - 2021	\$ 1,069,369.92
Water Corporation/AASPA	\$ 4,000,000.00

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

Action: HON, DG; PERM SECS; MINS OF GOV'T

EX MIN 21/430

EX MEM 21/276 APPROVAL OF FINANCIAL ADMINISTRATION AND AUDIT (ADVANCE TO AASPA) REGULATIONS, 2021 AND APPROVAL OF FINANCIAL ADMINISTRATION AND AUDIT (ADVANCE TO WCA) REGULATIONS, 2021

In Executive Council on the evening of December 17, Council considered the recommendation from the Hon. Minister of Finance as it relates to **ANGLEC**. Anguilla Electricity Company Limited ("ANGLEC") is a company incorporated under the Companies Act since January 1991.

The Company is the sole generator, transmitter and distributor of electricity on island with an exclusive public supplier Licence granted under the Electricity Act, which terminates in March 2041 and gives ANGLEC a monopoly position.

The Company is regulated/governed by the Companies Act, the Electricity Act, the Environmental Levy Act and the Public Utilities Commission Act.

ANGLEC presently relies primarily on diesel generation to produce electricity for Anguilla. A single-generating plant produces the power with a maximum operating capacity of 23 MW at the Corito plant. ANGLEC has not reported any load capacity issues associated with the production of electricity.

ANGLEC has reported financial challenges associated with increased fuel costs, which they are unable to recoup at the current level of the fuel surcharge.

ANGLEC has reported that on average they are purchasing fuel at \$9.50 per gallon and selling it at \$6.14 per gallon. As such, they are losing \$3.36 cent per gallon and buying in excess of 454K Gallons monthly. At these rates, ANGLEC would be making a loss of \$1.53M monthly related to fuel costs (other costs not considered). ANGLEC

has further reported that a payment of \$3.2 million is due to their fuel supplier by 27 December.

WCA has confirmed that to date the outstanding obligations to ANGLEC as EC\$ 13,338,091.83.

AASPA has confirmed that to date the outstanding obligations to ANGLEC as EC\$1,796,641.10.

ANGLEC has requested that the Government ensure that its Statutory Bodies make current with their financial obligations to assist the entity in managing its cash flow challenges during this turbulent period.

Section 43(1)(c) of the Financial Administration and Audit Act provides that the Minister of Finance may make an advance from the consolidated fund in respect of any persons where it is in the public interest to do so. Where the threshold of \$500,000 is exceeded, such other amounts must be prescribed by Regulations and approved by the House of Assembly.

It is proposed that the Government should advance specified sums to WCA and AASPA for the specified purpose of meeting their obligations to ANGLEC as follows:

- i. To the Water Corporation of Anguilla in the sum of EC\$ 2,203,358.90 for the specific purpose of meeting outstanding obligations to ANGLEC.
- ii. To the Anguilla Air and Sea Ports Authority in the sum of EC\$1,796,641.10 for the specific purpose of meeting outstanding obligations to ANGLEC

These sums would be approved by Regulations made under Section 43 of the FAAA.

Provision has been made within the 2021 estimates for the advance to be treated with under the appropriation if not recovered from WCA or AASPA if deemed necessary to be treated as a subvention.

Council approved the following:

1. Financial Administration and Audit (Advance to AASPA) Regulations, 2021 for an advance to the Anguilla Air and Sea Ports Authority for the specific purpose of meeting outstanding obligations to the Anguilla Electricity Company; and
2. Financial Administration and Audit (Advance to WCA) Regulations, 2021 for an advance to the Water Corporation of Anguilla for the specific purpose of meeting outstanding obligations to the Anguilla Electricity Company.

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

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