



2000 BUDGET STATEMENT

**Re-Positioning of the Antiguan/Barbudan Economy in the Context of the
Challenges and Opportunities of the 21st Century**

Delivered by

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In the House of Representatives

St. John's, Antigua

Introduction

Madam Speaker, Honourable Members of the House of Representatives, on behalf of the Government of Antigua and Barbuda I have the honour to move the second reading of the Bill shortly entitled the Appropriation Act 2000. This Bill seeks the formal approval of Parliament for anticipated recurrent expenditures of the Central Government during the fiscal year from January 01 to December 31, 2000. You will have observed in the Estimates tabled earlier that the total projected recurrent expenditure for fiscal year 2000 is EC \$476,137,482, whereas the Bill before you seeks legislative authority for recurrent expenditure of EC\$354,035,727. The difference of EC\$122,101,755 represents Statutory Expenditure authorized by the 1981 Constitution of Antigua and Barbuda and ancillary legislation. The main components of Statutory Expenditure are Charges on Account of the Public Debt, Pensions and Gratuities, and the emoluments attached to certain offices protected by the Constitution.

May I also remind Honourable Members of the House, that there is a separate Bill for the Appropriation (Development Fund) Act, 2000 which seeks legislative authority for capital expenditure amounting to EC\$157,228,163, of which an amount of \$18,711,960 represents the projected development expenditure for Barbuda.

Finally, the tabled expenditure estimates before us do not include the budgets for the various statutory bodies and agencies of Government such as the APUA, Port Authority, CMC, Education Board, Medical Benefits, ADC, IFSA, IDB, National Parks Authority, St. John's Development Corporation, Deep Bay Development Project, Free Trade Zone and the Social Security.

Madam Speaker, I stand before you on the brink of a new Century, at the start of a new millennium. The challenges and promises of the new Century are now before us and they are indeed formidable.

This is a time for decision making. Making decisions on matters that are fundamental to the future prospects of our country and our ability as a people to successfully overcome and exploit the opportunities of a globalised and liberalised trading environment. This new market place is dominated by private capital and a few mega-economic blocks.

Madam Speaker, the old ways can no longer safeguard us. We must, all of us, be prepared for radical change in our assumptions, manner of operations, sense of responsibility, discipline and commitment to what is good for this country and for what is critical for us to achieve and to survive and thrive as a proud people in our Antigua and Barbuda.

Madam Speaker, whether the issues deal with the relations between us as a people, or of Public Sector Investment Programming or fiscal discipline in government or the role of the police in fighting crime, or the unilateral rule-setting of the Organisation of Economic Corporation and Development (OECD) on the operation of the Off Shore Sector, it is clear that creative new ways are required in designing and implementing solutions to the fundamental challenges and opportunities of the 21st Century.

Budget Theme

That is why Madam Speaker, I have chosen the theme for my Budget Presentation as the re-positioning of the Antigua/Barbudan Economy in the context of the challenges and opportunities of the 21st Century.

In developing this theme, I intend to briefly outline the important features of the global environment within which Antigua and Barbuda will have to operate, their implications for this country and the adjustments that will be necessary.

Global Environment

Madam Speaker there are five features of the Global Environment that will force all countries to make adjustments in their internal structures and processes.

- (1) Free and open competitive Trade in Goods and services with no differentiations for size, stage of development or location of countries.
- (2) The drying up of official aid and capital and its replacement by private capital within the context of a globalised capital market with its inherent implication for contagion.
- (3) The setting up of global economic rules and the power to enforce them. These rules are clearly dominated by major national economic Powers e.g. World Trade Organization (WTO), OECD, International Monetary Fund (IMF), World Bank.
- (4) Duality in Development objectives with both economic and social indices as criteria for judging performance of states and accessing development resources.
- (5) The spread of a common core of globalised cultural practices, in terms of desired lifestyle e.g income, health, consumption, education, housing, crime, drugs, entertainment and transparency in Governance. In other words Madam Speaker, the citizen in Antigua and Barbuda, in Barbados, in St. Lucia, in the U.S.A., in Europe, in Chile and in Nigeria expects and demands of Government the same standard of living and similar entertainment.

All of the above have implications for the pressure placed on Government's like ours as we seek to meet these expectations.

Implications for Local Economy

Madam Speaker, taken all together the preceding five features of the new world environment send a unified core message. This message is rather succinct and it is: that every Nation State is viewed as equal and self-reliant in its ability to satisfy the needs of its population and sustain its own economic and social development.

Madam Speaker, the old principles that viewed Nation States with differential capacity, hence the need for special preferences in trade, the provision of aid and preferences for investment, migration and educational opportunities, are no longer with us. Hence, in our region we have banana, sugar, rum and LOME problems. As a natural consequence of this, our internal structures and processes which produce uncompetitive primary products for a captive market,

or fiscal plans which are out of balance, expecting grant financing from bilateral and multilateral development agencies must also be something of the past.

This situation also applies to an investment promotion programme based on tax free status of enterprises. The lack of aid resources coupled with the increased development pressures placed on us, and unilateral rules by OECD States on unfair tax competition would make these past practices untenable in the future.

This situation would be greatly aggravated by the increased demands placed on Antigua and Barbuda by an increased focus on social investment and the expectations of our citizens for a first class lifestyle and environment.

Programme of change

Clearly Madam Speaker, there is need for a programme of change if the nation of Antigua and Barbuda like other Caribbean States is to successfully make the adjustments necessary for re-positioning of the economy to meet the challenges and harness the opportunities of the 21st Century.

Attitude:

The first and perhaps the most important change is one of attitude. This change in attitude and outlook should be based on a recognition for the need for new ideas and a willingness to abandon traditional mind-set. It should also recognise the need for speedy decision-making and implementation. This attitudinal change will only come about if Government and parliamentary officials, the business sector professionals, the civil service and other civil society organisations recognise the grave dangers with which we are faced in the new global environment.

These dangers include the possibility of total collapse of not only our way of life but also of our country and our identity as a people. Of quintessential importance is our need to be more fiscally disciplined and responsible, our need to be willing and prepared to pay our fair share of the tax burden as well as the recognition that there are some core policy issues over which there must be consensus in our efforts to safeguard the future of our state.

The funding gap left by the drying up of aid and concessionary financing, the demand for more social and environmental investments, the expectations of a population of a first class lifestyle, together with the traditional need for expanding infrastructural development, exaggerated by the annual destruction by hurricanes, all clearly point to the need for additional financial resources, sourced from the local economy.

Agenda for Fiscal Change

The first area of change urgently required is in the area of fiscal policy. And, Madam Speaker, this is the reason why in the Labour Party Manifesto we pledged to reform fiscal policy with a view of attaining and maintaining fiscal balance. In that Document "Empowering the People" our Government laid out a detailed programme of change, which I am pleased to report as Minister of Finance we have already started to implement.

I am happy also to report that in a conference held in Barbados sponsored by Caribbean Development Bank (CDB) and IMF with contributions from the World Bank and other major

Regional Agencies, that the agenda of change in fiscal policy laid out by our Government was supported by prescriptions recommended for the region by this conference.

In a document titled "Fiscal Reform Agenda for the Caribbean" by an IMF Staff member, Ewart Williams, dated February 8-9, 2000, the following areas of adjustments were outlined:-

- (1) On the revenue side (there is need) for strengthening broad-based taxes such as the value added tax, corporate and personal income tax and at the same time developing under-utilised sources of revenues such as property tax and taxes on the self-employed;
- (2) On the expenditure side, civil service reform should be a priority. In addition, Governments need to deal with the remaining enterprises still in state hands and in strengthening the social security system. This document went on to say that "whatever the specific form it might take a broad based sales tax is an essential component of a modern tax system."

And so Madam Speaker, I wish to emphasize that the programme of change laid out in this Government's election manifesto is on the right track.

You will recall Madam Speaker that as Minister of Finance I announced various changes in tax instruments and deductions in an effort to meet the challenges of globalisation and to increase the efficiency of our tax collection machinery; and finally as a means of ensuring that each citizen pays a fair share of the burden of developing our society. The three revenue measures which were proposed included an amendment to the Medical Benefit Act, an amendment to the Income Tax Act and the proposed Property Tax Legislation.

Based on the agenda for fiscal policy change accepted at this conference, it is clear that in terms of having a broad based tax, our 2% turnover tax fits the bill, while our proposed property tax legislation is consistent with the agreed recommendations in this area.

Madam Speaker, we are also taking action on the first generation fiscal reform agenda outlined in that conference; a programme of work in which some Governments are ahead of us.

You will recall Madam Speaker, in February of this year, the Honourable Prime Minister signed an agreement with United Nation Development Programme (UNDP), to initiate work on introducing a programmed budgeting system throughout the central government and key statutory corporations. This provides for the updating of our financial rules, the computerisation of Treasury, Customs, Inland Revenue and the Finance functions in every Ministry. This programme is well under way and includes one week of training per month over the next twelve months for the various staff in each Ministry.

Madam Speaker, I expect that by September this year, the key financial functions would have been computerised which would greatly contribute to the efficiency of the system. We will by Year 2001 Budget, be converting to a programme budget; with all relevant staff members fully trained.

As part of the institutional strengthening process, a training programme has been introduced in Customs. In addition, Cabinet has agreed to the introduction of an incentive programme

for both the Inland Revenue and Customs department officers in their efforts to attain the revenue and quality of service targets.

Finally, with the assistance of friendly Governments, Barbados, Canada, Jamaica and India, we will benefit from some short term technical assistance in Customs and the Inland Revenue areas for tax collection.

Hence, Madam Speaker, tax collection will be enforced without fear or favour.

Two other critical areas on the revenue side that Government has moved to strengthen is (1) procurement practices and (2) major reduction in discretionary tax exemptions.

Madam Speaker, it is clear that in terms of the fiscal policy agenda, this Government is moving at a rapid pace to implement these measures relating to the revenue side.

Civil Service and Government Corporation Reform

Madam Speaker, it is the intention of the Ministry of Finance to tackle head-on the expenditure reform agenda and we have no illusions. We are fully aware that expenditure reform is difficult but we will prevail. The continued development of our economy depends on Government bringing its expenditure under control, generating a large enough surplus on the current account budget that would be sufficient to finance a well planned and managed economic and social investment programme.

Madam Speaker, the appropriate frame-work through which this can be accomplished is through civil service reform, and rationalisation of the operations of Government Statutory Corporations.

Madam Speaker, while the Prime Minister has placed responsibility for civil service reform in another Ministry I will make a couple of points on this issue, since as outlined above, it is one-half of the framework within which the expenditure change agenda will be implemented.

Presently, this Government, with the assistance of CDB, is undertaking a study of the civil service, out of which recommendations specific to the civil service reform agenda in this country will be formulated.

This study will be based on the OECS reform study funded by the Canadian authorities and completed in 1996. Further, this study has to be sensitive to the delicate balance of meeting social responsibilities of job creation, flexibility in hiring, career path development, training, efficiency, equity, accountability and overall cost.

Ultimately, through the specific measures that will be adopted, there is need for a more efficient, dynamic and less expensive Civil Service. The Ministry of Finance looks forward to the recommendations of this study, hoping that they will not only be at the level of conceptual theorisation but more importantly that a vigorous operationalised programme of work will be developed.

In any event Madam Speaker, Government has to reduce its wage bill. This cannot be achieved by the self damaging knee jerk reaction of sending individuals home, thus jeopardising our social development and commitment to our people. Rather, this Government has taken on the task of focusing on creating alternative employment through the expansion of

productive investment in the tourism, offshore, small businesses, construction, livestock, fisheries and telecommunication and informatics sectors.

A programme for economic growth in these sectors is seen as the fundamental sustainable solution to the high wage bill of Government. While again the delineation of this programme of economic growth is not the current responsibility of the Ministry of Finance, because of its critical nature to the expenditure reform agenda, we have a stake in its successful implementation.

Madam speaker, in the discussions on the small states paper being prepared jointly by the Commonwealth and the World Bank and to which the Caribbean Countries have made significant input, there is consensus that any economic programme that seeks to reposition micro island state economies must focus on pro-active structural and institutional transformation which seeks the improvement and diversification of exports and International economic and political relations.

This must be backed by sound national economic management and increased investment in infrastructure, productive capacity, institutional reform and education.

Madam Speaker, there is also consensus that to succeed in the future will not only require rapid pro-active policy adjustments, in anticipation of global changes in demand and technology, but that defensive and reactive adjustment which attempts to protect industries that are internationally uncompetitive, is self defeating.

Madam Speaker, attaining and maintaining international competitiveness cannot be done at the expense of not paying government its appropriate taxes, since adequate public resources to finance this economic re-positioning is vital to the success of such efforts.

Madam Speaker, it is within this context new economic policy measures must be designed.

Madam Speaker, take the incentive that will be created by the proposed property tax legislation for large land-holders to put their lands into productive use, rather than sitting on it or waiting for that wealthy investor who will pay ten times its real economic value which seldom happens.

Madam Speaker, there is a large high priced un-fulfilled market for goat meat throughout the Caribbean. As Caribbean people, we love goat meat, whether as stewed goat, roast goat, goat water, curry goat, or mannish water. There is just not enough goat meat to meet the regional demand.

Presently, we are completing the construction of a modern abattoir at North Sound. In the Ministry of Agriculture and through Caribbean Agriculture Development Institute (CARDI), the regional research agricultural organisation there already exists tremendous expertise in planting grass and rearing goats. So Madam Speaker, we have the market, we have the expertise, we have the Abattoir infrastructure, and now we have the economic incentive for the private sector to move i.e a tax of a \$100 per acre per year. Madam Speaker, two goats per acre can easily cover this tax, and the experts say that the recommended stocking rate is well over ten goats per acre.

So Madam Speaker, when the view is expressed that the proposed tax legislation will deprive large land-holders of their property, I am amazed. This property tax is merely a "small pin"

that will give a little "chook" for these property owners to bring these assets into productive use and realise their potential contribution to the continued economic development of our country. So Madam Speaker, the state cannot afford the luxury of having thousands and thousands of acres of lands some of which are major tourism development sites lying idle. And it is the private sector that is best suitable for putting this land into productive use.

And so Madam Speaker, the relevant Ministries that deal with the targeted growth areas will find the Ministry of Finance a willing active partner in their development plans and programmes. It is through economic growth we intend to reduce the wage bill of Government. Later in this budget debate the plans for growth in those areas will be outlined.

Government Corporations

Madam Speaker the second component that must be tackled as we wage the war on expenditure reduction, is the rationalisation of Government Corporations. Madam Speaker, as a Government we will have to take a new look at the number of Government Corporations and their levels of efficiency. Certainly, we can no longer afford to be diverting scarce Central Government financial resources to subsidise Statutory Corporations.

There is a clear case for privatisation of either the management or assets of several of these operations and improving the efficiency of others. During this fiscal year the Ministry of Finance will be putting forward concrete proposals dealing with this issue; since the revenues derived in this area could be used to reduce the national debt.

There is though, clear opportunity for the commercial expansion of selected areas of Government Statutory Corporations. In this regard, I would like to highlight two areas:-

Telecommunications and Computer Training

Telecommunications, as indicated earlier, is one of the growth areas. Telecommunications technology has reached the point where, in North America, telephone companies can also supply Cable T.V., Internet service and other value added content information services.

The Internet industry continues to unfold each day with a growing array of data news information and developments in consumer interactivity necessary to keep business current and operative. We as a nation, specifically our young people cannot afford to fall behind on what's happening in this evolving industry; and, you need distilled information and analysis at your finger tips to support decisions you make. Our youths must be afforded the opportunity to participate and be part of the E-Commerce evolution. The world is no longer a distant world; we are a few keystrokes away from garnering all types of information from disparate parts of the world. No more heavy lifting my country-men; it's all about heavy thinking.

Here in Antigua and Barbuda our local Telephone Company has successfully expanded into the cellular phone market, helping to lower cost and make the service more accessible to more of our people. I would like to congratulate the Minister of Antigua Public Utilities Authority (APUA), and his staff for such an outstanding undertaking, once again showing that governments can successfully enter into technical commercial areas and succeed.

In doing so once again demonstrating the need for micro Island States to pragmatically apply the new theories of the role of the State, which frowns on the State entering commercial activities. Madam Speaker, the State should only continue activities if successful.

The question that this Government will have to answer is whether there are telecommunication areas that APUA can enter into and earn surplus income which could support the revenues of the central consolidated fund. In my view there is real opportunity here and the Ministry of Finance stands ready to support APUA in its efforts.

The second area I would like to highlight is that of the Computer School in the Free Trade Zone. Computers linked via telecommunications and satellite technology will be the major technology that drives development in the next twenty-five years. Computer literacy and high level computer systems management and maintenance skills, together with software programming capabilities, will be critical.

Training on a broad scale will be essential for any Country to be in a position to exploit the opportunities. It is in this context I applaud the efforts of the Free Trade Zone and their work in training Antiguan and Barbudans with these necessary skills. The initiation of the construction of the permanent building for the Free Trade School is definitely a major accomplishment by this government.

Public Sector Investment

The final component in the triad of activities required to deal with the expenditure rationalisation exercise is in the area of Public Sector Investment Programming.

Madam Speaker, the Government in the context of tight financial resources will have to be careful in the timing of its investment projects, ensuring value for money and preventing costly over-runs. Presently, the Government has a full plate in terms of investment projects all of which are vital to the continued development of the economy.

The new modern Hospital and four new poly-clinics presently being built at All Saints, Clare Hall, Ottos, Pigotts, and the reconstruction of clinics at Freetown and Johnson Point are vital to continued high quality primary and tertiary health care.

The road programme which is on-going has transformed the Countrys roads over the past five years. The airport project with its parallel taxi- way, new arrivals building and modern radar equipment, will make an outstanding contribution to the future growth of the economy in general, and our tourism sector in particular.

In the West Bus Station area, projects such as the new Bus Terminal and the fish marketing complex funded with the kind assistance of the Japanese Government, and construction of the modern public market, are aimed at supporting the fisheries, crop sub-sectors and small business activity in general. The fore-going are complemented by the Abattoir at North Sound to support the livestock sub-sector.

Madam Speaker, these are not all. The Vendors Mall, together with the walk-in malls that will be built this year in lower Redcliffe, St. Marys and Thames Streets, will help to support vending businesses and other small boutique type businesses in St. Johns.

Madam Speaker, in the social sector we have completed, with the assistance of the Chinese Government, the drain in Grays Farm solving a major health/environmental problem with major impact on improving the quality of life of the most densely populated area in the country. The Hotel Training School, the Science block at the Antigua State College are

virtually completed. While the on-going Caribbean Development Bank funded education project will this year begin the renovation and expansion of at least nine schools.

Madam Speaker, I have merely highlighted the major capital investment projects to indicate the scale and range of this Government's public investment programme and the need for careful management to ensure that Government and our people receive their full benefits.

So Madam Speaker, my proposals for the re-positioning of our economy in the context of globalisation and trade revolves around an agenda for changes in fiscal policy. This agenda involves changes both on the revenue side by a different mix of tax instruments and on the expenditure side through civil service reform, government corporation reform and public investment programming rationalisation. These must go hand in hand with a deliberate and strategic economic and social development programme.

Underlying the specific changes in fiscal policy must be an attitudinal change, an adoption of a more creative, competitive, problem solving and flexible approach.

In summary, this Government has started to implement the necessary changes in our fiscal tax instruments, to facilitate the necessary adjustments on the revenue side. These will be complemented by the adjustments on the expenditure side, through civil service reform, Government Corporation reform and Government Public Investment programme rationalisation.

Year 2000 Prospects Plans

Madam Speaker, I have just laid the policy frame work, the strategic vision within which this year's budget is designed. I will give details on the Government's economic programme by providing fiscal targets that it has set this year, and details of its investment programme.

Fiscal Deficit

Madam Speaker, the Government has set itself the task of achieving fiscal balance in a sustainable manner within a twenty-four month period. Our aim over this two year period is to reduce the level of fiscal deficit from its high levels of 10% of GDP to creating a surplus of 3% on the recurrent budget to assist in the funding of the capital budget. We intend to limit the capital budget to the amount of soft loans the government can secure for critically needed public investment projects and the surplus from the current account. We intend to maintain a capital budget of up to 10% of GDP over the next five years.

This year Madam Speaker, because the fiscal reform agenda is just been initiated we are projecting a small recurrent deficit of EC\$11million or 0.6% of GDP. The overall deficit on both capital and recurrent being in the region of 8% GDP.

Utilising our policy objective of limiting the implementation of the capital budget to available surplus from the current account and soft external financing loan resources, the unfunded fiscal deficit as defined in this manner is 2.6% of G.D.P. In our view Madam Speaker, it is this second statistic which is crucial. As a small developing micro Island State we need to continue building our Social and Economic infrastructure and the utilization of concessionary long term loan facilities, is a necessary component, of any realistic strategy that seeks to improve the welfare of our people.

Further, there are significant economic adjustment costs which micro island states will have to face in making the adjustments to the new globalised and liberalised environment.

Economic Growth

Madam Speaker, our economy grew by 3.5% in 1999 inspite of the fact that we had two hurricanes, one of which saw flood waters at a historic high mark levels and left infrastructural damage of over EC\$100 million. In this Year 2000, we have set ourselves a growth target of 42% barring any hurricanes.

The growth areas are expected to be tourism through both increased air and cruise arrivals as a result of a sustained marketing programme in both Europe and North America. Expansion in accommodations is expected at several properties including Curtain Bluff, Galley Bay, Jumby Bay, Pineapple, Sandals and St. James' Club, and full year of operation of recently commissioned properties such as Blue Waters.

The completion of the vendors mall and hotel, the introduction of the walk-in malls and completion of Wallings hiking trail, restoration of the North Coast wet lands, and Fort James, as well as the ongoing road side beautification project, should all contribute to robust tourism growth and earnings.

Construction and growth in the offshore sector are two major sources of economic growth. In construction there are many private sector projects which would complement the public sector construction projects.

In the private sector we expect several commercial buildings to be constructed. Antigua Commercial Bank, Barbados Mutual, British American, Hadeed Corporate Centre, Stanford Airport Project, and that several housing projects will continue. These include Affordable Homes, ANTECH, CLICO, Customs Home, House Antigua Ltd., M.C Engineering Ltd., Modal Antigua Ltd., and Social Security, while the construction of private homes will continue apace in each community.

In the Public Sector the construction of the Government Office Complex will continue, as will the completion of the Abattoir, the Airport, the Hospital, the Public Market, and the Vendors Mall. Major investment in roads will also be carried out.

The Offshore Sector's growth, was severely constrained by the financial advisories issued but it is expected that this year these advisories will be lifted. Based on this expectation the Offshore sector is expected to grow this year. Growth is expected in the gaming industry, in manufacturing and in data processing.

Inflation

The Government expects inflation rate to be at the level of 2%. Madam Speaker in setting this target careful attention is being paid to the high and rising price of oil.

Madam Speaker all of us remember the oil crisis of the seventies and early eighties and the disastrous consequences on the world economy and our own economy. Madam Speaker, you might not be aware that this Government in an effort to stabilise the price of petroleum products put in place a formula that sees its tax as a variable that automatically adjusts

downwards if the price of oil increases and automatically adjust upwards if the price of oil decreases.

Madam Speaker the price of oil has increased by over 60%. Added to that, Government reduced its tax by 30 cents per gallon last year. These two measures combined, have had disastrous impact on our revenues. If the price of oil does not fall shortly, the Ministry of Finance will be approaching the Cabinet to review this oil policy in a manner that will reflect the new realities.

Madam Speaker, Barbados just recently increased the price of all petroleum products which are price controlled to reflect the new price of the Commodity. I cannot see us not doing likewise.

Debt Management

Madam Speaker, this Government has had some difficulties in servicing its international debt obligations, over a long period. Over the past years the Government has taken decisive actions in rescheduling all of its major debt. This rescheduling work significantly reduces the level of arrears by \$90 million. To realise the full benefits of this programme it is essential for government to restructure its fiscal policy since if the current imbalance is allowed to continue, and debt servicing is not kept current, the benefits of the rescheduling will be lost.

It is in this context Madam Speaker, that it is essential to continue the programme of fiscal adjustment outlined earlier in this budget presentation. Madam Speaker keeping current with the Government debt obligations is important for future access to multilateral long term financing. Establishing this access could mean at least a 50% reduction in the governments loan financing cost. Access to multilateral investment financing is critical to the sustainability of Governments development process.

It is this Governments intention to honour all of its debt obligations, local and international, in a timely manner.

Financial Systems Change

Madam Speaker this Government promised in its manifesto to modernise the financial systems in an effort to improve transparency and accountability. We are pleased Madam Speaker to report that we have moved with some haste on this programme. Within the next three months Supplementary Appropriation bills and more financial statements will be tabled.

Madam Speaker with the help of the UNDP and private consultants, a new financial system is presently being designed by the Ministry of Finance. It is expected that conversion to a computerised system of the Treasury and Inland Revenue Departments will start by September this year. Customs is also expected to be fully computerised by year-end. Their conversion process will begin in May. Madam Speaker, all the senior officials and accounting staff system wide are being trained in programme budgeting development. The staff of five Ministries have already received the first module of the programmed budget training. This training will continue over the next eight months. It is expected that the Year 2001 Budget will be presented in the programmed budget format.

Madam Speaker to be tabled shortly will be the accounts of several statutory corporations, reinforcing the point that the consolidated public sector financial position is of critical

importance and is ultimately the responsibility of all of us in finance. During this year the Budget Office will strengthen its systems for monitoring of the statutory corporations and so improve its ability to report on the performance of the consolidated public sector.

This is important, since financial obligations of these statutory bodies become contingent liabilities of the Central Government. In fact, Madam Speaker, most of the Country's international debt was incurred by these statutory bodies. It is therefore essential that the Ministry of Finance be fully involved in any capital project planning and feasibility study and loan sourcing proposals.

Social Programmes

Madam Speaker, I have dealt with the economic and fiscal measures. But Madam Speaker as you know these are fundamental and vital but not sufficient. There is another dimension, the social aspects of our development process.

Madam Speaker, this government has a proud record of transforming the quality of life of our people; we boast often of our high-ranking on UNDP international listing of countries.

However, due to the improvements in health services and the standard of living in Antigua and Barbuda life expectancy of our population is forecasted to be seventy-five (75) years. Yes Madam Speaker we are living longer healthier lives. As a result of which, there are now more beneficiaries to be supported from the tax-basket. We are aware that with increased cost of living many former public servants have difficulty in maintaining a life style they have been accustomed solely on their pension. In response to these issues, we will be reviewing the current pension scheme with a view to modernise it.

Additionally, Madam Speaker, we will be making some adjustments to the benefits paid at the Social Security Scheme. All life pensions and I repeat for emphasis Madam Speaker, All life pensions will increase by 10%; to include Madam Speaker, full life pensions, reduced life pensions, invalidity pensions and survivors pension. In addition, maternity grant will increase from \$400 to \$560 per baby and funeral grant will increase from \$2000 to \$2500.

We as a government must work extremely hard to try to eliminate pockets of poverty that exist in our society, and wherever we can assist as with the old age grant at the Social Security

Scheme where we reach out to our disadvantaged citizens in our society is a marked example of a caring Labour Government.

We show our care Madam Speaker through the Board of Guardian programme to assist the blind, discharged mental patients, lepers and their children and also the elderly.

Social Development Status

Madam Speaker while we have been good in the past, we must be better in the future. You will recall Madam Speaker that after the elections the Honourable Prime Minister developed a Social Improvement Division now attached to the Ministry of Labour.

This division has several important programmes which target the less fortunate, the at-risk, the elderly. This year these programmes will continue and others will be introduced or expanded. There are a couple I would like to highlight.

There is an advocacy programme where battered women are assisted in entering the legal system and putting forward their cases. This is complemented by the legal aid programme which has just been introduced to assist individuals who cannot afford legal counsel. This programme is expected to grow. As you know Madam Speaker while men and women are equal before the law, one has to have access to the legal system to which lack of financial resources can be a barrier.

Our focus is to continue improving the health and education indices. Both the Ministries of Education and Health will benefit from projects to reorganise their administration and strengthen their capacity. The EC\$40 million CDB project in education is now fully operational. A number of our teachers have gone on scholarships, and construction work on several schools will start shortly. The special on the job re-certification of teachers will begin this year, seeking to ensure that the vast majority of our teachers are trained and updated in their teaching skills. The substitute teacher programme will also start. This programme will utilise part time teachers to fill in for teachers away on training or long leave. It is expected that at the end of the year the Ministry of Education will have improved management capacity, the physical environment in most schools will be first class and the process of curricula review, testing and enhanced teacher training will be in place. We expect that all of these interventions will improve the quality of education, the range of skills and the accomplishment of our students.

Madam Speaker the Prime Minister also established a Ministry of Youth and Sports, while the Culture Division has been in place for a long time. We have made an extensive effort to educate our youths and prepare them for the information age. The Ministry of Education in partnership with the Board of Education and the Free Trade Zone have supplied computers to all our Secondary Schools. We have also provided over six hundred (600) scholarships to young people. We as a government have used innovative methods to bridge the gap between the business community and our young people seeking employment by the creation of the job programme scheme. Participants in this programme are introduced to a business where they work for a period of time while receiving a stipend from the government.

We are all aware of the difficulties one encounters when seeking a job without experience. Too often our young talents go un-harnessed due to unwillingness of the private sector to give enough youngsters the chance to prove what they can do.

All my Ministerial colleagues in Government will provide details on the important work that will be carried out by their respective divisions.

Except Madam Speaker to point out that as a consequence of the Ministry of Finance selling off excess vehicles in the Government, up to this point over fifty (50) vehicles were sold, I have proposed the establishment of a youth camp somewhere in Delapps area utilising the abandoned school buses which will be transformed into cabins similar to a trailer park arrangement. Youth Skills Trainees and State College Technical Students will be mobilised to establish this park. This camp can then be made available to youth groups and other Non-Government Organisations (NGOs) for the development of their members.

Madam Speaker, with your permission I will provide a brief review of the heads of Expenditure for the fiscal year:- the first Head of Expenditure as represented in the Estimates is Head E 1 Governor General. The Year 2000 allocation amounts to \$1,888,296 which is about 0.40% of the total budget and represents a significant increase from the previous year

which was 0.21%. The Expenditure under this Head, Madam Speaker, provides for the cost of administering the office of the Governor General in accordance with the Constitution of Antigua and Barbuda. I am pleased to report that in addition to the restoration work on Government House, the rehabilitation of Clarence House will soon begin thanks to the assistance of The Getty Grant Program.

E2 LEGISLATURE

The legislature comprises both Houses of Parliament and is provided with an allocation of \$1,927,175 or 0.40% of the Recurrent Budget. Of the total, Madam Speaker, \$1,484,273 is provided for the House of Representatives and \$442,892 is provided for the Senate.

E3 CABINET

Head E3 Cabinet has been allocated \$3,366,523 or 0.71% of the Year 2000 Budget. This Head includes provisions for the payment of salaries and allowances to Ministers and Cabinet Staff.

E4 JUDICIAL

The amount provided for Head E4 Judicial is \$719,716 or 0.15% of the Year 2000 Recurrent Budget. This sum represents Antigua and Barbuda's contribution to personal emoluments and other charges of the Eastern Caribbean Supreme Court.

E5 SERVICE COMMISSIONS

This Head of Expenditure E5 includes the expenditure of \$412,384 primarily for the Public Service Commission, the Police Service Commission and the Public Service Board of Appeal and amounts to 0.09% of the Recurrent Budget.

E6 AUDIT

The Audit Department has an allocation of \$1,236,710 or 0.26% of the Recurrent Budget. The Audit Department is consistently working to improve the process of inspecting all public accounts involving Revenue and Expenditure.

E7 PENSIONS AND GRATUITIES

Head of Expenditure E7 has been allocated \$18,885,674 or 3.97% of the Annual Budget. This is the Head that provides for the Civil Service Pensioners, non-established and other retired persons who qualify under the various Pension Acts. Total number of pensioners is now 1700.

E8 CHARGES ON ACCOUNT OF THE PUBLIC DEBT

Head of Expenditure E8 - Charges on Account of the Public Debt is divided into three subheads: Section A deals with Debt Servicing Expenses consisting mainly of interest payments on Bank Overdraft and on Treasury Bills; Section B Locally Based Loans; and Section C External Loans. The allocation for this Head is 21.52% of the total Recurrent Expenditure.

A - Short - term Domestic Liabilities \$ 5,703,307

B - Locally Based Loans \$70,107,530

C - External Loans \$26,677,090

Madam Speaker, much has been said about the Public Debt but very little in the way of acknowledging or even adding to the equation the value of assets that have been created as a result of assuming the debt. The financing reflected here was undertaken after an unbiased analysis of projects that were judged to be developmentally essential and economically viable. I repeat, the debt is an Investment that creates benefits for all our people, modern infrastructure for our development, and a solid foundation for our children.

In the context of external debt, Madam Speaker, I am happy to point out that due to this Governments bilateral approach to our external arrears we were able to re-schedule a significant portion of our debt with France. In addition, we have normalized relations with all our creditors.

E10 PRIME MINISTERS MINISTRY

The allocation for Head E10 the Prime Ministers Ministry is \$32,681,695 or 6.86% of the recurrent Budget for Year 2000. This Ministry includes sixteen (16) departments covering various areas to which resources have been allocated as follows:-

- (A) Prime Ministers Office \$ 7,478,088
- (B) Ministry Headquarters - External Affairs 3,076,049
- (C) Ministry Headquarters - Housing 172,369
- Urban Development & Renewal
- (H) Public Information Division 2,144,781
- (J) Electoral Office 504,965
- (K) Military 7,841,567
- (L) Printing Office 1,462,832
- (M) Development Control Authority 607,282
- (N) Overseas Diplomatic and Consular Section 5,313,111
- (P) Drug Enforcement Unit 2,331,130
- (Q) Immigration Unit 1,749,522

The Immigration Department, after most of the kinks and start-up problems were ironed out, has proven to be very successful at regulating the influx of persons into the country.

The Free Trade and Processing Zone has continued to build on its good reputation of providing affordable and high quality computer training programmes thereby developing and enhancing the human resource base of the nation.

The ALand For Youth programme has been very successful in that over 2500 young people between the ages of 18 and 36 have been able to own their own piece of the rock. This programme is still continuing, and if the allotted 480 acres of land is over-subscribed then this Government will open more lands to accommodate the excess applications.

E15 MINISTRY OF FINANCE - \$39,178,722 - 8.23%

It is still a prime objective of this Government, Madam Speaker, to encourage the private sector to play its role in sustaining economic growth and development. The Ministry of Finance, through its revenue collecting departments, is constantly enhancing and updating present systems and procedures to maximize revenue and minimize cost. The Automated System for Customs Data (ASYCUDA) when it comes fully on-line, will handle customs declarations, accounting procedures, cargo movement, warehousing and export/import licences. This system will link Customs Headquarters, Deep Water Harbour, the Cargo Shed at the Airport and also the Statistics Division. Further, it will contribute to the Ministry's ability to detect illegal imports and fraudulent invoicing while making customs clearance procedures easier and more efficient.

E 20 MINISTRY OF AGRICULTURE, LANDS AND FISHERIES

Head of Expenditure E 20 is the Ministry of Agriculture, Lands and Fisheries, with projected recurrent expenditure of \$13,220,243 or 2.78% of the Year 2000 Budget. This Ministry includes nine Departments covering various areas of activity such as agriculture, veterinary services and animal husbandry, fisheries, cotton production, lands, agricultural extension, chemistry and food technology, and surveys.

Madam Speaker, in Year 2000, the Government will be expanding its Agriculture, Fisheries and Lands Development Programme. Because we now seem prone to hurricanes, the government is committed to improving hurricane safe harbour facilities as well as ensuring that farmers get the necessary assistance to restart cultivation after hurricane related disasters. The time is right to introduce crop insurance for farmers, a subject I've mentioned several times in this Honourable House.

The Ministry has plans to start two (2) Projects to develop the fishing industry. The projects are planned for Urlings and Parham at an estimated cost of US\$12 million. This will begin the process of developing and enhancing our Fishing Industry and making it a profitable livelihood, not just for the older folks but young people as well.

Madam Speaker, by implementing these policies, the Government is anticipating that local farmers will achieve higher standards of living through increased opportunities and earnings.

E25 MINISTRY OF HEALTH

The second largest allocation of resources (12.01%) in the Year 2000 budget, is the Ministry of Health. The projected recurrent expenditure for operating this Ministry amounts to EC \$57,185,377.

Quality health care and preventive health methods are fundamental to the overall development of Antigua & Barbuda. That is why the Government continues to provide year after year additional funds to ensure that Antiguan and Barbudans get the best quality health service. The Central Government's recurrent expenditure on health services rose from EC\$26 million in 1989 to EC\$56.9 million in 1999. Within that trend, recurrent expenditure on public health rose from EC\$10.4 million to EC\$22.7 million for the same period. Recurrent expenditure on Holberton Hospital and the Mental Hospital grew from EC\$10.5 million to EC\$23.4 million over the same period. These expenditures do not include sizable capital investments for rehabilitation and expansion of physical facilities and for technological upgrading of machinery and equipment. Nor do they reflect inputs from the Medical Benefits Scheme

which has assisted in the area of rural clinics as well as other facilities, equipment and supplies.

Public Sanitation continues to play an important role in our health service and the Central Board of Health along with the National Solid Waste Management Authority will continue programmes such as monitoring of drinking water and coastal water, street and drain cleaning, rodent eradication campaign, dengue prevention and vector control, waste water treatment, plant inspection and monitoring, and solid waste collection and disposal.

Mount St. John's Medical Centre

As medical technology continues to evolve, it has influenced the type of health care that needs to be provided. As a result this Government conceived a plan that will, without a doubt, improve health care for the 21st Century. The Mount St. John's Medical Center Limited was incorporated under the companies Act in 1998 and is wholly owned by the Government of Antigua and Barbuda. Construction has been progressing smoothly on the hospital and therefore in the near future we will have a facility providing quality health service to all our citizens. In order to bring the new hospital in line with modern primary health institutions and to make it more efficient and cost effective, a hospital Board was established last year. The Board will be responsible for the administration, management and overall organization of the hospital in an efficient manner. In the interim, basic general refurbishing and upgrading will be carried out at the Holberton Hospital, the Mental Hospital and the Fiennes Institute in Year 2000.

The aim of the Government is to continue to provide all its citizens with a sufficient range of medical and public health services that are consistent with their observed needs and legitimate expectations.

E 30 MINISTRY OF EDUCATION, CULTURE AND TECHNOLOGY

Head of expenditure E30 Ministry of Education, Culture and Technology has a recurrent expenditure of EC \$54,351,357 or 11.42% of the Year 2000 budget. Education is the single most important factor in determining the quality of life in any society. That is why additional teachers are constantly being recruited, trained and placed into our education system. During the course of this year a Substitute Teacher System will be introduced to deal with the problem of teacher absence due to maternity leave, study leave and sick leave. This system will reduce the work load of staff who cover for absent colleagues and maximize supervision, thus reducing the problems associated with discipline. This Government continues to spend millions of dollars on the training of our people because we are committed to equipping our people to lead productive lives in the society. This investment in training is designed to enhance the capability and performance of the education system, thus increasing the educational opportunities available to Antiguan and Barbudans.

The Board of Education continues to positively influence the development of our education system. All secondary schools have been equipped with computer labs and computers were installed in the administration offices in these secondary schools. This was achieved in partnership with the Free Trade Zone Institute. In Year 2000 all primary schools will be equipped with computer labs and teachers will be trained in basic computer applications.

Capital outlays will also be made during this year on primary, secondary and tertiary institutions in Antigua and Barbuda. The Government is committed to the development of an education system which caters to the varying abilities of each student and which provides equal opportunity for every boy and girl to reach his/her full potential.

E35 MINISTRY OF PUBLIC UTILITIES, HOUSING, TRANSPORTATION, AVIATION AND INTERNATIONAL TRANSPORTATION

Head E35 - The Ministry of Public Utilities, Housing, Transportation, Aviation and International Transportation is EC \$12,296,103 or 2.58% of the Year 2000 budget. The Ministry is responsible for the policy direction and control of agencies responsible for international transportation, communications and housing. The Ministry remains focused on its path to realizing overall efficiency.

In an effort to maintain Antigua's position as a leader in information technology a high-speed data switch will be acquired to satisfy the demand for Internet connections with a faster speed of access and transmission. These and other service upgrades in the electricity, water, and telephone divisions slated for this Year 2000 are all in keeping with the goal of making utility services accessible and affordable to all.

V.C. Bird International Airport

The V.C. Bird International Airport is presently being upgraded to provide faster and more efficient service that will make it comparable to the best international airports in the world. Presently, the project is in its second stage of completion. A new fifty-six ft (56) Tower is being installed, and the refurbishing of airfield lighting systems and the resurfacing of Taxiways is nearing completion. Some upgrading work will also be done to Barbuda's airfield to make it more accessible to international traffic.

E 40 MINISTRY OF PUBLIC WORKS, COMMUNICATIONS, INSURANCE & ST. JOHN'S DEVELOPMENT

Head of expenditure E40 is the Ministry of Public Works, Communications, Insurance & St. John's Development. This Ministry has a recurrent expenditure of EC \$40,447,416 or 8.49% of the Year 2000 budget. A breakdown of the amount allocated to each department reveals:

- (a) Ministry Headquarters \$12,902,030
 - (b) Works Division 26,370,436
 - (c) Design & Control Division 550,600
 - (d) Construction Division 392,137
 - (e) Equip., Maintenance & Funding 232,212
- Scheme

This Ministry is responsible for the overall maintenance and upgrading of the economic and social infrastructure in the State of Antigua and Barbuda. This year the Ministry will be embarking on a vigorous road improvement campaign of both primary and secondary roads in the State. Over the next two years, some twenty-seven (27) miles of road will be paved at an estimated cost of EC\$35 million dollars. The Government office complex, the Prime Minister's office and the new Court House are projects that are expected to be completed this year, thus enabling the government to save thousands of dollars that otherwise would have been spent on the rental of buildings for office accommodation.

The Government will continue to strengthen its infrastructural development in prioritizing its developmental goals of the country, especially since it appears in recent times that Antigua and Barbuda is quite prone to natural disasters namely hurricanes and storms.

E 50 MINISTRY OF JUSTICE & LEGAL AFFAIRS - \$48,909,888 - 10.27%

The Ministry of Justice and Legal Affairs is committed to the task of ensuring that we live in a safe and peaceful, law-abiding country. The police department has just set up a Flying Squad branch under the umbrella of the Criminal Investigation Department to tackle crimes more aggressively in the various communities in Antigua & Barbuda. During the course of this year, the Police Force plans to recruit several more officers thus bringing the Force to full strength. The aim and objective of the police department is to curb the rate of crime in Antigua and Barbuda.

As a result of the recommendations made by the Commonwealth Observers and the Supervisor of Election at the conclusion of the 1999 general elections, the Ministry of Legal Affairs will pay special attention to the task of electoral reform in Antigua and Barbuda. Legislation will be tabled shortly before Parliament to make appropriate amendments to the election legislation.

The interim provisions made for housing prisoners have proven to be adequate and we are convinced that the present facilities can be used until other arrangements are put in place. In this light, I am proud to announce that plans are in the pipeline for a new prison that will serve the purpose of rehabilitation as well as correction/incarceration.

Two new departments will come on stream this year, the Land Registry Division and the Legal Aid and Advice Center, to allow the Ministry to provide more efficient service to the public.

E60 OFFICE OF THE OMBUDSMAN - \$397,568 - 0.08%

Head E60 Office of the Ombudsman has an allocation of \$397,568 or 0.08% of the Year 2000 Budget. This office is a creature of the Constitution as provided by Parliament under Section 66 (4) of the Antigua and Barbuda Order 1981. Its functions are specifically expressed in Section five (5) of the Ombudsman Act, 1994. The office Madam Speaker now has a full compliment of staff and has resolved a large number of complaints.

E75 MINISTRY OF LABOUR, HOME AFFAIRS AND COOPERATIVES - \$9,895,240 - 2.08%

The Government intends, through the Ministry of Labour, Home Affairs, Co-operatives and Social Improvement, to enhance the provisions for effective job guidance of nationals; provide on-the-job training for employees in both the public and private sectors; stabilize the national wage levels; enforce the Labour Laws of the Nation without fear or favour.

The Substance Abuse Prevention Division is charged with educating the general public about the dangers of drug abuse; eliminating the use of illicit drugs; and preventing trafficking in illicit drugs. These objectives are being achieved by using more extensively the print and electronic media.

The National Office of Disaster Services

The National Office of Disaster Services (NODS) has defined and outlined four (4) disaster management areas: Mitigation, Preparedness, Response, and Recovery. Within the last five (5) years, Antigua and Barbuda has witnessed and survived seven (7) devastating storms/hurricanes starting with Iris in 1995 and ending with Jose and Lenny in 1999. Because we have recovered so well after each hurricane, we tend to forget the ravage, desolation and suffering these disasters caused, and therefore, the Government is committed in its objective to minimize the impacts of these natural disasters.

Cooperative Department

The Government recognizes the phenomenal growth and sophistication of the Credit Union System and its positive impact on strengthening the national economy and facilitating national development. An early grounding in Co-operative principles and business practices will contribute to the continued expansion and sustained growth of thrift among the youth of this nation.

Gender Affairs

Recognizing that poverty affects some of our female population, the Directorate of Gender Affairs will be working with the Department of Social Improvement to put in place a comprehensive poverty amelioration programme which will include skills training and academic classes in order to prepare women for viable employment opportunities.

An educational facility will be promoted to eliminate all barriers that impede the schooling of pregnant adolescents and young mothers.

In addressing the issue of violence against women, a shelter for abused women and children will be established this year, along with a task force to obtain a country-wide perspective on the nature and scope of domestic violence in Antigua and Barbuda.

E80 MINISTRY OF TOURISM - \$16,405,762 - 3.45%

Tourism is the largest foreign exchange earner and thus more emphasis will be placed on promotion of tourism and its related activities; the promotion and development of cultural activities; environmental conservation, protection and enhancement; as well as provisions for grants and contributions to a number of tourist organizations.

The Ministry of Tourism under the direction of the Hon. Molwyn Joseph, is dedicated to strengthening its linkages with other Government departments, more so, the Ministry of Agriculture. Local businesses, especially small manufacturers and entrepreneurs, will also be encouraged, through incentives, to produce goods and services that are in demand in the tourist industry.

Updating the Statistical Unit of the Tourism Department is essential in compiling and analysing pertinent data for use in making informed decisions about economic growth and development.

Historical Sites Restoration will be the focus of the Beautification Project for the upcoming year. Clarence House and Betty's Hope are two prime sites earmarked for restoration and rehabilitation. Sports Tourism will continue to be promoted and strengthened and will remain an integral part of our marketing strategy.

E85 MINISTRY OF COMMERCE INDUSTRY AND BUSINESS DEVELOPMENT

Head E85 is the Ministry of Commerce, Industry and Business Development with an estimated Recurrent Expenditure of EC\$2,740,490 or 0.58% of the Budget, and a breakdown of the Year 2000 estimates of this Ministry is as follows:

A0 Ministry Headquarters -

Trade and Business Development \$1,421,084

B0 Ministry Headquarters B Industry and Commerce 351,001

C0 Prices and Consumer Affairs 698,915

D0 Antigua and Barbuda Bureau of Standards 269,490

TOTAL 2,740,490

Economic activity in the manufacturing sector experienced modest growth with production steadily returning to its pre-hurricane levels. The sector's contribution to GDP, however, has remained stagnant following the closure of a number of factories in the mid 1980s. Those factories that remained open now operate on a smaller scale with the production of garments, beverages, paint products and some furniture directed at the local market.

The apparent decline of this sector has been associated with the relatively high costs of production particularly wages, which were often led by the construction and tourism sectors. Other operational costs, especially utility expenses were also main contributors to these high production costs.

To circumvent these problems and to resuscitate the manufacturing sector, the government is committed to creating a suitable business environment that will attract the necessary investment to create a more productive business sector.

The Ministry of Commerce, Industry and Business Development will also be advocating a heightened Consumer Awareness and Consumer Protection through its educational programmes. To this end, they will rigorously use all avenues of the media in Antigua and Barbuda to inform the public of their rights as Consumers. In so doing, all our citizens will become more knowledgeable in the area of consumer goods and services.

E90 MINISTRY OF PLANNING, IMPLEMENTATION AND PUBLIC SERVICE AFFAIRS - \$12, 228,347 - 2.57%

The Vision of the Ministry of Planning, Implementation and Public Service Affairs is to create an effective and efficient economy, through sustainable development thereby providing a superior quality of life for all Antiguan and Barbudans.

The Ministry is also in the first stages of developing The General Data Dissemination System (GDSS) which will allow all departments of Government to share and input information and statistical data, thereby maintaining a National Economic Database.

A Public Sector Reform Plan is also slated to begin this Year 2000, which will include Financial Management Reform and Administrative Reform. In addition, the Ministry is overseeing the development of a Local Development Initiative. The aim of The Local Development Initiative is to allow civil servants to apply for loans on a first come, first serve

basis, and within the limits of affordability to include home improvements and advanced schooling.

E95 MINISTRY OF YOUTH EMPOWERMENT, SPORTS, CARNIVAL AND COMMUNITY DEVELOPMENT - \$5,274,869 - 1.11%

Madam Speaker, the Antigua Labour Party Government assessed the contributions made by the youth of our country, and they are numerous and significant. However, it is our view that we need to equip our youth for the task of leadership and prepare them for the task of operating in an era of globalization. To this end, our Prime Minister created a Ministry of Youth Empowerment, Sports, Carnival and Community Development. This Ministry is geared to make positive contributions to the youths of this country by providing an environment in which they can achieve personal advancement and therefore empower themselves.

Madam Speaker, the young people today are using sports as a medium to access higher education. The Government has provided modern facilities and structured programmes in our schools for our youths. With the help of the Sports Division they are now reaping the benefits abroad. Many Antiguan and Barbudan youths have gained scholarships to attend universities in the United States in sports namely basketball, football, tennis and track and field. This year we pledge to continue our full support; and, to accelerate the upgrading and expansion of all our sporting facilities.

THE ESTIMATES OF DEVELOPMENT EXPENDITURE FOR FISCAL YEAR 2000

Total capital expenditure projected for Year 2000 amounts to EC\$157 million of which EC\$18 million represents development spending for Barbuda. Although the allocation for capital expenditure is lower than in past years, this in no way reflects a diminishing commitment of the Government to infra-structural development. As a matter of fact the development estimates will show that several of our projects were completed in 1999 and others will be completed in Year 2000. It is noteworthy that all our poly-clinics presently under construction will be completed this year. Because of the ravages of hurricane Jose and Lenny more funds are allocated for the re-construction of roads, clearing of water courses, and the repairing of schools and government buildings.

It is important to note Madam Speaker that the projected capital expenditure for Barbuda has increased by approximately 67% over the 1999 approved estimates. This increased level of public investment will facilitate the projects planned to produce economic growth and development for Barbuda, in addition to the on-going rehabilitation works.

THE 2000 RECURRENT AND DEVELOPMENT ESTIMATES OF THE BARBUDA COUNCIL

Madam Speaker, the Barbuda Council Estimates for Year 2000 that projected recurrent expenditure will amount to EC \$9.5 million dollars. The largest share of recurrent expenditure, EC \$3.1 million dollars, is allocated to infrastructure-related activities including maintenance of roads and Government buildings, rehabilitation of historic sites, wharf repairs and other minor works. There is also budgetary provision, Madam Speaker, for recruitment of additional technical personnel including a Director of Works, Superintendent of Roads, Inspector of Works and Inspector of Roads. It should be noted here, Madam Speaker, that in

addition to the EC \$3.1 million allocated for Public Works in the Recurrent Estimates of the Barbuda Council, there is a further EC \$13.5 million dollars provided in the Council's Development Estimates for roads, housing development, airport improvement, expansion of electricity supply and for construction-related vehicles and equipment.

The health sector in Barbuda, Madam Speaker, will receive the second largest proportion of recurrent expenditure in Year 2000, with EC \$2.3 million dollars going towards the Hannah Thomas Hospital and the provision of other medical and public health services. The Year 2000 budgetary allocation, provides not only for the continuance of all existing health services, but also for additional recruitment and further training of Hospital staff. More attention too, Madam Speaker, will be focused on the elderly and provision has been made for expenditure on the social welfare of citizens in Barbuda. Capital spending in the health sector, Madam Speaker, has been projected at just under EC \$1.0 million dollars to finance construction of quarters for medical staff, purchase of an X-ray machine and accessories, a vehicle to transport patients and medical personnel and purchase of other medical and surgical equipment.

You will note, Madam Speaker, that a substantial portion of the available current resources, approximately EC \$1.1 million dollars, will go towards agriculture, lands and forestry services, and just under EC \$500 thousand dollars to the newly established Department responsible for fisheries, marine and coastal development in Barbuda. In the health sector, there is provision for recruitment of additional technical personnel to help accelerate development of the agricultural sector, as well as training of existing staff. Significant resources have also been allocated to crop production and marketing, livestock development and policy-based loans to farmers and fishermen. Additional funds amounting to EC \$940,000 have been allocated in the Barbuda Development Estimates, for agricultural crops, livestock and fisheries development.

As Honourable Members of this House are aware, the administrative functions of the Barbuda Council are both extensive and multi-disciplinary, providing for a wide range of public goods and services. The Year 2000 allocation of EC \$2.0 million dollars for Administrative and Common Services will cover not only general administration but also provision of common services such as postage and telephone, accounting and auditing, disaster relief, educational grants, sports, culture and youth affairs, and tourism promotion. In addition, Madam Speaker, there is a separate allocation of just over EC\$500 thousand dollars to finance the routine activities of the Barbuda Council itself. The provision covers remuneration of all Council Members and supporting staff, necessary equipment, materials and supplies, office rental and advisory services. It is important to note, Madam Speaker, that under the Administrative Sector in the Development Estimates for Barbuda, over E.C \$500 thousand dollars is provided for vehicles and equipment, including a Boston Whaler, as well as construction of offices. In Antigua's case Madam Speaker, Government has encouraged savings on rents for office accommodation by shifting to investment in Government-owned office complexes which will increase employment and earnings and jump-start the construction sector of the economy.

Madam Speaker, as I indicated earlier, the total estimated recurrent expenditure for Barbuda in Year 2000 is approximately EC \$9.5 million dollars. Although that amount exceeds the 1999 approved Estimates by just under EC \$1 million dollars, we have sought the co-operation of the Barbuda Council to ensure that the projected expenditure remains in line with expected revenue. It must be noted, however, Madam Speaker, that to balance the fiscal current account for Barbuda requires subventions from the Central Government beyond the

Transfer Grant specified in the Essex Report and amounting to EC \$1.7 million dollars in Year 2000. Thus, in addition, provision has had to be made for a Special Government subsidy to pay arrears of salaries and wages amounting to EC \$239,500 dollars as well as a further Supplementary Grant from the Central Government of approximately EC \$1.6 million dollars. It is clear, Madam Speaker, that while the Barbuda Council has exhibited financial prudence in formulating the Island's budget for Year 2000, a significant level of supplementary funding continues to be provided by the Central Government. For the Barbuda current account alone, the level of total budgetary support from Central Government in Year 2000 is estimated at approximately EC\$3.6 million dollars.

With respect to the Development Estimates for Barbuda, Madam Speaker, the sum of EC \$14.9 million dollars has been allocated to the Economic Sector. These resources will be utilized for maintenance and expansion of social and economic infrastructure as well as development programmes in the agricultural sector. Further expenditure of approximately EC \$2.3 million dollars has been projected for upgrading of the Hannah Thomas Hospital, improvement of public sanitation services, and for sports and other recreational facilities. Lastly, Madam Speaker, there is an allocation of EC \$1.4 million dollars for the construction of offices and provision of other administrative facilities for use by the Barbuda Council. The total development expenditure for Barbuda in Year 2000 is estimated at EC\$18.7 million dollars.

Madam Speaker, the Barbuda Council's total projected expenditure for fiscal Year 2000, including both recurrent and capital costs of the various work programmes is approximately EC \$28.2 million dollars. This increased level of expenditure will be financed by balancing revenues consisting of taxes and fees collected by the Barbuda Council, subventions from the Central Government totalling just under EC \$4.0 million dollars, external grants and concessionary loans.

Revenue Measures

Madam Speaker, this year we expect to receive additional revenue from intensification of our collection efforts.

We expect significant increases at Customs from first a reduction in discretionary tax exemptions and secondly from computerisation of the department and introduction of a new training programme.

At Inland Revenue we also expect increased revenues from the computerisation of that Department and the implementation of the 2% turnover tax and the property tax. Recruitment of the international tax field auditors and introduction of a new training programme will see a major improvement in un-incorporated tax on profits and income.

Madam Speaker, Antigua and Barbuda depends heavily on indirect tax revenues. Customs duties and consumption tax provide the major tax revenues. This year will re-address the balance by replacing the old property tax with a modern version. It is the view of many experts that direct taxes within the context of a globalised and liberalised environment will become the major source of taxes in the future.

Madam Speaker, you will not see a figure for the 2% turnover tax since this tax is a deduction from the tax on incorporated and un-incorporated businesses.

In the Estimates tabled you will note that there are three main revenue areas:

Direct taxes - including Corporation tax, Business tax (non-corporate tax) and Property tax. For the current year the target is set at \$80,200,030.

Indirect taxes - This is the area with the highest contribution annually to our tax revenue; and is also the area where numerous concessions are granted to assist businesses, agriculture, education, health, religious bodies etc. it include stamp duties, vehicle licences, hotel and guest taxes, import duties, and consumption tax, etc., The target set for indirect taxes is \$313,553,144

Non-Tax Revenue - The third and final area of revenue is classified as non-tax revenue which includes asset sales, hospital fees, court fees, and landing fees. This figure is projected to be \$71,370,622 for Year 2000.

Total Estimated Revenue for Year 2000 is \$465,123,796.

Summary

Madam Speaker, I have now outlined to this Honourable House, Government's plans and objectives for the Year 2000, translating, at the same time, the plans and objectives into expenditure terms and aggregates giving due balance to the competing demands of education, health, law and order, caring for the aged, culture, sports, labour, infra-structure developments and the productive sectors, including agriculture, fisheries, processing and manufacturing. I have also outlined to members, the ways and means of achieving those objectives, by a selection of taxation measures and policies, aimed at fairplay and equitable considerations, resulting in justice for all in the society; and I have emphasized expenditure control, the elimination of waste and extravagance, at all levels, and the need to further improve our financial control, machinery and techniques.

Madam Speaker, in the selection and determination of the fiscal measures for the Year 2000, I have sought generally, in maintaining the spending power of the community; encouraging savings; assist in directing the utilization of available financial resources within the state; stimulating the economy in the sectors of agriculture, fisheries, industry, tourism services and manufacturing, in improving investments; in distributing the tax burden more fairly, by bringing into the tax net, those businesses and persons, which in the past were on the outside. At the same time, we want to proportionately reward hard work and risk taking; and be a willing partner with those citizens within our society that are making a desirous and effective contribution to the growth and welfare of our economy.

If we love this country and we want to live here, and play here, and enjoy the beauty of our surroundings, protect our environment and leave an enduring legacy for our children; this is a defining moment in time, when we all should put our shoulders to the wheel. Let us contribute to our Country's development by paying our fair share; it's only right and just that we do so.

So I appeal to all our citizens from Old Road to Cedar Grove from Five Islands to Freetown, stand up and be counted. We have a nation to build, with an abundance of young people. Our legacy will be theirs and we would wish that when our National Anthem is played we would be proud to be Antiguan and Barbudans, wherever we may reside.

In giving effect to the above, Madam Speaker, the tax prescriptions have been very selective, and cannot be interpreted as throwing hardship on any particular sector of the economy. Instead, they are aimed at correcting an imbalance in the system, which in the past, escaped those most eligible of making significant payments.

By these reasons, I hope that everybody will play his/her proper role, in the general effort to increase the wealth of the country, therefore securing for everybody a bigger portion of the National Pie.

Madam Speaker, I am looking forward to a better year, a less stressful year in terms of managing our Country's finances. I am satisfied that this Year's Budget will provide the necessary support for the continued development of our people and country. I expect full support from my colleagues in Parliament, and I urge the private sector and all our citizens to do like-wise.

Madam Speaker, with the above in mind, I now commend the budgetary proposals for the Year 2000, to this Hounorable House for consideration and debate.

Thanks.

Antigua Estimates 2000

Detailed Summary - Recurrent Revenue

Heads	Direct taxes	Indirect taxes	Non-tax Revenue	Totals
Approved Estimates 2000				
R10 Prime Minister's Ministry	0	0	5,865,030	5,865,030
R15 Ministry of Finance	80,200,030	313,553,144	27,885,412	421,638,586
R20 Ministry of Agriculture, Lands & Fisheries	0	0	10,018,600	10,018,600
R25 Ministry of Health	0	0	7,807,770	7,807,770
R30 Ministry of Education, Culture & Technology	0	0	161,570	161,570
R35 Ministry of Public Utilities, Housing, Transportation, Aviation and International Transportation	0	0	7,204,280	7,204,280
R50 Ministry of Justice & Legal Affairs	0	0	6,869,020	6,869,020
R75 Ministry of Labour, Home Affairs & Social Improvement	0	0	5,511,900	5,511,900
R80 Ministry of Tourism & Environment	0	0	47,020	47,020
R85 Ministry of Commerce, Industry & Business Development	0	0	10	10
R90 Ministry of Planning, Implementation & Public Service Affairs	0	0	10	10
TOTALS	80,200,030	313,553,144	71,370,622	465,123,796

Schedule of Provisional Allocation of Recurrent Expenditure for Fiscal Year 2000

Head of Expenditure	2000 Budget	Percentage %
E1 Governor General	1,888,296	0.40%
E2 Legislature	1,927,175	0.40%
E3 Cabinet	3,366,523	0.71%
E4 Judicial	719,716	0.15%
E5 Service Commissions	412,384	0.09%
E6 Audit	1,236,710	0.26%
E7 Pensions & Gratuities	18,885,674	3.97%
E8 Charges on Public Debt Domestic Amortisation Domestic Interest payment Sinking Fund contribution for Bond Redemption External Amortisation External Interest Payments	102,487,927 33,564,599 38,270,094 3,976,144 16,905,481 9,771,609	21.52%
E10 Prime Minister's Ministry	32,681,695	6.86%
E15 Ministry of Finance	39,178,722	8.23%
E20 Ministry of Agriculture, Lands & Fisheries	13,220,243	2.78%
E25 Ministry of Health & Social Improvement	57,185,377	12.01%
E30 Ministry of Education, Culture & Technology	54,351,357	11.42%
E35 Ministry of Public Utilities, Housing, Transportation, Aviation & International Transportation	12,296,103	2.58%
E40 Ministry of Public Works, Communications, Insurance & St. John's Development	40,447,416	8.49%
E50 Ministry of Justice & Legal Affairs	48,909,888	10.27%
E60 Office of the Ombudsman	397,568	0.08%
E75 Ministry of Labour, Home Affairs & Co-operatives	9,898,240	2.08%
E80 Ministry of Tourism & Environment	16,405,762	3.45%
E85 Ministry of Commerce, Industry & Business Development	2,740,490	0.58%
E90 Ministry of Planning, Implementation & Public Service Affairs	12,228,347	2.57%
E95 Ministry of Youth Empowerment, Sports, Carnival & Community Development	5,274,869	1.11%
TOTAL CURRENT EXPENDITURE	476,137,482	100%
TOTAL CURRENT REVENUE & MINOR CAPITAL RECEIPTS	465,123,796	
SURPLUS/ (DEFICIT)	(11,013,686)	