



# **2001 BUDGET STATEMENT**

**Determining our own destiny:**

**Relying upon ourselves**

**Delivered by**

**Honourable Lester Bryant Bird**

**Prime Minister and Minister of Finance**

**Wednesday, 21st March 2001**

Madam Speaker

When my party came to office two years ago, we made eleven commitments that we said we would implement within five years. I am pleased to say that, despite the trials of a major hurricane in the first year and the legacy of other hurricanes in the previous four years, we have kept our word.

Over the last two years, we implemented several of these commitments. We improved infrastructure such as roads and utilities; we are improving the social sector in health; we are modernising the education system with hundreds benefiting from computer training and many others getting a university education through Government-funded scholarships; we are reforming the public sector; we are fighting crime vigorously and we had an independent review of the relationship between the Central Government and the Barbuda Council which has created machinery for a smooth relationship in the future.

This Budget will set us on the road to a modern and transparent financial system and the restoration of fiscal balance in keeping with another of those eleven commitments.

### **Great strides in the Development Process**

Madam Speaker, as long ago as 1977, Dudley Seers, a noted development Economist, observed that:

"The questions to ask about a country's development are three: What has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt there has been a period of development for the country concerned."

Madam Speaker, with respect to these three questions posed by Seers, Antigua and Barbuda can state unequivocally that we are at a stage of our development where unemployment is one of the lowest in the Caribbean, where poverty has been virtually eliminated, and where inequalities have been significantly reduced. Truly then, there can be no doubt that the process of development has made impressive strides in our country. It is true that this achievement has come at a cost but it has certainly placed Antigua and Barbuda in the category of 'high human development' as determined by the United Nations Development Programme (UNDP).

Antigua and Barbuda enjoys one of the highest standards of living in the Caribbean and amongst developing countries worldwide. This has been due in large part to the substantial investments, made over the years by the Government, in development projects. In this connection, we now have an extensive road network that is well maintained, a health care system that is effective, decentralized and continually being improved, and an education system that can now boast of producing a Rhodes Scholar in the person of Miss Karen-Mae Hill.

Those are good reasons for the nation to be proud.

Permit me, Madam Speaker, to share with Honourable Members of the House the most recent information we have on Antigua and Barbuda's status in terms of social development.

The UNDP's 1999 Human Development Report ranked Antigua and Barbuda at No. 38 among 173 nations in the world. The only Caribbean countries ahead of us are Barbados and the Bahamas at Nos. 29 and 31 respectively. Oil-rich Kuwait, from whom we have borrowed substantial amounts for airport and road rehabilitation, was ranked at No. 35.

Along with Canada, the United States, the United Kingdom, Japan and other major industrialized countries, Antigua and Barbuda is among the category of countries having "high human development". Trinidad and Tobago, Venezuela and Mexico, for example, are all in the "medium human development" category.

What I am saying, Madam Speaker, is that on the Human Development Index which is a cross-country indicator of standard of living, Antigua and Barbuda ranks higher than most. Let us look at the specifics, Madam Speaker:

Life Expectancy at birth is 75 years. This is comparable to Canada which tops the Human development index at number 1.

Infant mortality rate is 17 per 1,000 live births, putting us in the same category as the industrialised countries in Europe.

Only 8% of our infants are born underweight, a figure comparable to the best in the world.

Strikingly, the percentage of our one-year-olds who are fully immunized against measles is 93%. Only Canada, the United States and some countries in Europe compare favourably with us.

The protein intake in our country is 90 grams a day, far ahead of the average in Latin America, Asia and Africa and many European countries.

Our adult literacy rate is 95%, while in many parts of the world it is as low as 20% with most of the world not reaching beyond 45%.

Those indicators of human development, Madam Speaker, are irrefutable testimony of the success of this Government's investments in improving the economic and social life of our people.

Let me share with Honourable Members of this House, Madam Speaker, one final assessment of the well-being of our country. And here, Madam Speaker, I shall quote directly from the International Monetary Fund's Report on Recent Economic Developments in Antigua and Barbuda, dated February 15, 2001. It reads:

"Antigua and Barbuda has a standard of living higher than the other independent member countries of the ECCB - its per capita income in 2000 is estimated to be US \$9,300, nearly twice the ECCB average."

In whatever way detractors may wish to twist it or turn it, Madam Speaker, it is undeniable that our country has done well. The facts and figures of the UNDP and the IMF speak for themselves. Our performance, thus far, has laid a solid foundation for us to ride-out the difficulties that our economy now faces.

### **Development has a Price**

Madam Speaker, our economy is now confronted with problems because of two basic factors: The first is an unhelpful international environment that has affected both our tourism and financial services sector. The second is the high price that we have had to pay for our development. We had little aid and we were forced to finance our development from commercial borrowing while struggling to maintain employment in the public sector and the physical infrastructure of our country.

For some years now, Madam Speaker, aid to our country has been dwindling. In addition, our high per capita income has disqualified us from getting concessionary financing from the International Financial Institutions. We have been forced to borrow funds for our development and to repair our country from five successive hurricanes at commercial rates. Furthermore, we have faced higher costs for imports, especially petroleum products, at a time when our biggest earner, tourism, has declined because of the disastrous effects of five hurricanes.

Nonetheless, throughout the difficulties of the last few years, Government has maintained a high level of employment in the public sector and has continued to invest heavily in health, education and infrastructure particularly roads.

Madam Speaker, the cost of the development we have enjoyed has been high and there are still costs to be incurred as we continuously strive to improve. Recently, the Government found it necessary to incur further liabilities with respect to the construction of the Mount St. John Medical Centre, improvements at the Antigua State College, and upgrading works at V.C. Bird International Airport. Substantial costs have also been incurred in respect of the new Vegetable Market and the Vendors' Mall. Expenditures of this sort, Madam Speaker, are to be viewed as the necessary underpinnings of the high standard of living to which Antiguan and Barbudans have become accustomed, and which some of us now take for granted. Nonetheless, Madam Speaker, this Government is concerned not only with development, but with 'Sustainable Development'.

It is against this background that this Budget must be viewed. We have arrived at the point where, **if we are to continue to determine our own destiny, we have to rely upon ourselves.** This means, Madam Speaker, that as a people we have to be prepared to make sacrifices; to work harder; to be more disciplined; and to contribute meaningfully to the cost of the development we have so obviously enjoyed.

### **The International Backdrop to the Budget**

Let me now, Madam Speaker, set the Budget in its contextual framework in the global economic environment which has always influenced the Caribbean in terms of trade, investment and growth.

The world economy in the latter half of last year experienced a significant decline in the rate of growth.

In the United States, this slow-down has led to the loss of thousands of jobs, with technology-based companies as major casualties. Indices are registering a steady decline in consumer confidence and this trend has major implications since consumer spending fuels two-thirds of the U.S. economy.

Japan, the world's second largest economy, produced a comparatively weak performance over the same period with economic growth estimated at 1%. The economic outlook for Japan remains rather uncertain for the immediate future, as indicated by an increase in the overall volume of inventories and by a decline in industrial output of 3.9% in the month of January 2001.

In the European Union despite moderate economic growth and attempts to stabilize the Euro, especially during the third quarter of 2000, the value of the Euro declined for most of the year.

The value of stocks on the global market has also declined and many investors have lost a great deal of money.

Finally, the price of oil rose in the first half of 1999 and continued into 2000, as rising demand accompanying global economic expansion continued to outstrip global supply. High oil prices led to undesirable consequences for inflation and for the balance of payments of oil-importing countries.

It should be obvious from this scenario that the international economic environment is not helpful to our circumstances. It underlines the point that, **if we are to continue to determine our own destiny, we have to rely upon ourselves.**

### **The impact of the International Environment**

Madam Speaker, Antigua and Barbuda views the international environment as presenting both threats and opportunities.

Official policies and multilateral rules governing trade in commodities have dislocated the region's traditional exports, as has happened in the case of bananas, sugar and rum. We are very much aware of how income changes in North America and Europe affect our vital tourism sector.

Last year, our rate of economic growth was one percentage point lower than it was in 1999. The fact is, Madam Speaker, that our tourism industry has not yet recovered to the levels achieved in 1994.

The number of stay-over visitors in 2000 was actually 11.9% less than in 1994. We must bear in mind, however, that since 1994, the country has been battered by successive hurricanes: in 1995 Luis and Marilyn caused widespread damage to economic and social infrastructure as well as to hotels and other tourism facilities. The recovery in tourism between 1996 and 1997 was again shattered by Hurricane Georges in 1998 and thrown further off course by Jose and Lenny in 1999.

With the resilience of the people of Antigua and Barbuda and the sound leadership of Government, the process of recovery in tourism and the general economy recommenced in 2000. It is therefore not encouraging to learn that in 2001 economic activity and income growth in North America and Europe are likely to slow down. The outbreak of foot and mouth disease on the farms in the United Kingdom and France is also bad news. Those who derive their income from farms will forego holidays abroad to help cover the loss of income they will clearly suffer.

It is also not encouraging to learn, Madam Speaker, that China is likely to capture an increasing share of the tourism market in the years ahead, thus adding to the competition currently faced from Cuba, the Dominican Republic and other non-traditional destinations.

To counter these potential threats in the external environment, we shall have to accelerate our efforts to develop the tourism sector and put more financial and human resources into promotion and marketing activities. At the same time, we need to bear in mind that economic expansion, albeit at a slower rate, is expected in the industrialized countries from which we derive the bulk of our tourism receipts. We can therefore position our tourism industry and the general economy to take advantage of such growth.

Madam Speaker, efforts to diversify the economy and reduce excessive reliance on traditional sectors, such as tourism, can be seriously impeded by external events. Nowhere is this clearer than in the stance of the Organisation for Economic Cooperation and Development (the OECD) on the operations of financial services sectors in countries like ours.

Since 1982, we have been encouraging development of a financial services sector as a way to diversify our economy, provide additional jobs, generate government revenue and earn foreign exchange. Now, because it is perceived that our efforts compete favourably with theirs, the OECD countries are threatening to impose sanctions against us unless we comply with their demands to re-engineer our entire financial services sector, both domestic and offshore, as well as Internet gaming and the Free Trade Zone.

It is important to emphasise that the OECD's stance has nothing to do with money laundering which is being dealt with at a global level by the Financial Action Task Force (FATF).

Antigua and Barbuda passed the 25 criteria established by the FATF and was found to be fully cooperative in the fight against money laundering.

Notwithstanding the difficulties being posed by the OECD countries, it is our intention to continue to diversify the economy from near total dependence on tourism into development of financial and other services. Already, we have done much to strengthen the regulatory, supervisory and enforcement

framework of the financial services sector and we shall continue to do so in the interest of enhancing our competitiveness and our status as a responsible jurisdiction.

Another area of opportunity in the external environment, is the potential for establishing informatics-based enterprises. Antigua and Barbuda has a well-educated labour force and with further skills-training such as is being offered currently at the Free Trade and Processing Zone Training Institute, we can take advantage of business opportunities associated with information processing and retrieval. It is Government's intention, as part of its fiscal stabilization and adjustment efforts, to put more resources into training in information technology.

Madam Speaker, our policy response to the increase in oil prices last year was one that sought to cushion the negative effects on the domestic economy. Apart from the re-introduction of the 30 cents per gallon on gasoline which had been removed earlier, retail prices for fuel products remained unchanged. By not passing on the oil price increases to consumers, we were able to contain inflation at such a low level that the country experienced virtual price stability in 2000. However the cost of doing so was diminution of government revenue from Consumption Tax on fuel products and further tightening of the fiscal position. In the case of electricity tariffs, the rising cost of production resulting from the sharp increases in oil prices, eventually caused the Antigua Public Utilities Authority (A.P.U.A.) to increase its charges to consumers.

Madam Speaker, the increases in international oil prices last year would have exerted upward pressure on import prices and hence would have had some adverse effects on our balance of payments and imputed foreign reserves. However, the overall effect on Antiguan and Barbudans was minimal as evidenced by the Consumer Price Index which showed no increase on the average price of all items. Over the years, Madam Speaker, this Government has consistently pursued the highest possible standard of living for all Antiguan and Barbudans and, with equal persistence, we have resolutely sought to protect that standard of living from external shocks.

Notwithstanding the tightening fiscal position of the Government, the population of this country continued to enjoy a standard of living unsurpassed by any of our regional neighbours. Indeed we have provided a safe haven and gainful employment for many immigrant workers from the region. Over the next year, however, we cannot continue to be so generous and emphasis will be placed on employing locals first and offering employment to non-nationals only in cases of need.

### **Fiscal Responsibility**

Madam Speaker, we come to the matter of how we tackle the difficulties with which we are faced at present so that we can sustain development for the future in a way that leaves us in charge of our own destiny and not pawned to the interests of bigger countries.

The central objectives of this Budget are:

- the collection of revenues that are legitimately due to the State so that regular and sustained payments can be made on debt owed to both local and international creditors,
- the implementation of measures that will compensate Government for revenues that will be lost as a result of compliance with requirements by the World Trade Organisation and the Caribbean Community and Common Market for the elimination of duties on a range of imported items;
- the achievement of a realistic level of balance between Government expenditure and Government revenue;

- continued investment in the education and training of our young people and the provision of health services for all.

Madam Speaker, the revenue targets reflected in the Budget are optimistic and based on the assumption of moderate expansion of the economy in 2001.

They will challenge the tax administrators, especially in the Inland Revenue Department and the Customs and Excise Division, to collect the monies legitimately due to the State.

As far as the estimates of expenditure are concerned, these fairly represent the projected discretionary and non-discretionary obligations of Government.

It should be pointed out, however, that the budgetary provisions for salaries and wages of non-established workers are predicated on a reduction of the usual annual outlay. We will achieve this by putting in place a number of expenditure control measures, amongst which are:

- No further employment, apart from exceptional circumstances
- The discontinuation of ad hoc increases to salaries of Established posts
- The discontinuation of ad hoc increases to salaries and wages of Non-established positions
- The amalgamation and downsizing of Government work programmes
- An analysis of each Ministry and Government department to ensure that each post is necessary and that people are all productively employed. Where it is found necessary, there will be retrenchment.

These measures are expected to reduce payroll expenditures in 2001 by approximately \$23.0 million. They follow the policies introduced at the beginning of this year when the Government introduced a 12-point stabilization programme.

The programme included, amongst other things, a freeze on employment and rates of pay, as well as downsizing of the work experience programmes most of whose participants have been placed in private sector businesses but are paid by the Central Government.

In the case of the Vocational Training Scheme, 321 persons are currently placed in private firms and companies. Last year, this programme cost the government \$7.2 million.

Over the years, Madam Speaker, Government has sought to spread the benefits of economic growth and development over all segments of the population and to provide a social safety net for vulnerable groups. In the absence of the sort of welfare mechanisms found in some industrialized countries, Government from time to time has used employment opportunities in the public sector as a tool for poverty alleviation. The offer of gainful employment has the advantage of sustaining human dignity in a way that some alternative welfare mechanisms do not. Part of the problem, Madam Speaker, is the slow rate of job creation in the Antigua and Barbuda private sector. Indeed, had it not been for substantial public investments over the past decade, and the creation of financial and non-financial public enterprises which served as catalysts for economic activity in the private sector, the level of unemployment would have risen to a point where it would have threatened social stability and jeopardized the high standard of living that we almost take for granted these days.

Madam Speaker, Government's need for labour to provide public goods and services became commingled with welfare considerations and the need to provide jobs for school leavers, single mothers and other

vulnerable groups in our society. Though our intentions were clearly sound, we cannot continue them in the present global economic climate that is adversely affecting our own situation.

In a world where official aid has virtually disappeared and credit is expensive for countries like ours with severely limited natural resources, we must change with the times or run the risk of jeopardizing all our past gains.

Madam Speaker, the time has come for our people to be more self-supporting through our own efforts and contributions; we can no longer look outside our borders for generosity.

### **The Role of the Private Sector**

Madam Speaker, it is now time for private sector organizations and businesses that have been so critical of our employment practice, to further demonstrate their commitment to the overall development of our country, by employing individuals that have benefited from public sector training and experience. A number of Antiguan and Barbudans are presently attached to businesses, but are compensated by the government through its work programmes. These nationals are, for all intents and purposes, gainfully employed in the respective businesses and making substantial contributions to their growth. We are therefore challenging such businesses to assume responsibility for these salaries and wages which are, in fact, a form of government subsidy to the business sector.

In 1999, actual expenditure with respect to the work programmes was \$8,169,867.00. The preliminary estimate of actual expenditure for 2000 is \$9,374,348.00.

Madam Speaker, we have been enjoying the fruits of public development expenditures; now is the time for all of us to contribute to its real cost. If we fail to do so, we shall run the risk of losing all the years of development that we have gained.

### **Overview of the Economy**

I would like now to take an overview of the economy.

As I indicated earlier, Madam Speaker, the slowdown in economic activity experienced last year, was associated with relatively weak performance in the tourism sector.

For the year 2000, preliminary data have indicated an 18.9 % expansion in the number of visitor arrivals to 634,307, in contrast to the 1.3% decline for 1999. However, the growth in visitor arrivals was reflected largely in the 31.4% increase in cruise ship passengers to 427,436 in contrast to the 3.2% decline over the previous year. In the stay-over category, the number of visitors declined over the year 2000 by 0.48% from 207,862 in 1999 to 206,871 for the year 2000.

We have already begun to inject additional human and financial resources into the development and promotion of tourism. But, I have to stress the point that competition is stiff and getting stiffer.

Let me read a section of a letter from, Signature Vacations, a large Canadian tour operator, to a hotel here written on March 1st this year. It says:

"We all know the cost of doing business in Antigua exceeds the same cost in Cuba or Dominican Republic but, unfortunately, the consumer does not care. If a sun and sand holiday can be purchased for half the cost of a holiday to Antigua at a similar quality hotel, the consumer will of course choose the less expensive product".

I mention this letter, Madam Speaker, to underscore that the high cost of doing business in Antigua and



Barbuda because of our wage levels, places us at a less advantageous position than our competitors. This is a problem that has to be addressed collectively by the Government, the trade unions and the private sector, or we will find ourselves unable to maintain a respectable share of the tourism market. Consequently, our economy will wither. This problem is urgent and it needs urgent and responsible attention from all concerned.

Madam Speaker, agricultural production recovered moderately following the widespread damage caused in the last quarter of 1999 by hurricanes Jose and Lenny. The recovery, however, was limited to the crops and fishing sub-sectors, which rose by 3% and 4% respectively. During the year, the governments of Antigua and Barbuda and Cuba signed an Agreement designed to facilitate technical assistance in the growing of tobacco and the establishment of a cigar factory, as well as other agricultural production, and construction of mini-dams.

In the manufacturing sector, output rose by 3% compared to 4% in the previous year. Most of the growth was due to the production of beverages, construction materials and furniture, mainly for domestic consumption.

The level of activity in the construction sector remained buoyant throughout the year. Public sector investment activity included work on the Mount St. John Medical Centre, a parallel taxi -way and parking apron at the V.C. Bird International Airport, the Vendors' Mall and road rehabilitation.

In the Private Sector, work continued on residential and commercial property including the Antigua Commercial Bank office complex, the sports-tourism facility at the airport, and a large office complex which is intended to house Government Ministries and Agencies.

Inflation in Antigua and Barbuda, as measured by the Consumer Price Index, fell from a period average of 3.3% in 1998 to 1.1% in 1999 and to near zero in 2000. Controlled petroleum prices cushioned domestic consumers against much of the impact of rising international oil prices. On the upside, Madam Speaker, low inflation also helped to moderate wage demands in recent labour negotiations.

Following the passage of Hurricane Georges in 1998 and Jose and Lenny in 1999, Antigua and Barbuda's fiscal position deteriorated further in 2000. Higher capital expenditure was required to repair social and economic infrastructure in the aftermath of those hurricanes.

The combination of higher capital expenditure and increased current expenditure mainly for salaries of Government employees contributed to an overall deficit of 12.0% of GDP by the end of 2000. The deficit was financed mainly by additional borrowing and further accumulation of domestic and external arrears. Increasingly, domestic financing was secured through the earmarking of specific revenues, thus exacerbating the problem of budgetary inflexibility. Delayed implementation of revenue measures announced in the 2000 Budget, including the amended Property Tax and the 2% Tax on Gross Income of unincorporated businesses, resulted in revenue shortfalls even as current expenditure continued to rise. By the end of 2000, supplemental budgetary provisions by way of Advance Warrants had risen to EC\$81.9 million.

### **Debt rescheduling and payments**

I turn now to the debt situation. At the end of fiscal year 2000, Madam Speaker, the total outstanding debt of the consolidated public sector was approximately EC \$1.6 billion, consisting of EC\$1.2 billion in external obligations and EC\$0.4 billion in domestic debt. These figures include liabilities both of the Central Government and of the statutory bodies and wholly-owned government corporations.

The debts were incurred to finance our harbour and airport facilities, our road network, electricity and water supply, telecommunications system, clinics and hospitals including the new Mount St. John Medical Centre which will be completed this year, schools and vocational training centres, the Antigua State College, police stations, Courts, and quarters for the Antigua and Barbuda Defence Force; as well as direct investments in productive sectors of the economy, including the Royal Antiguan Hotel, Rex Halcyon Cove Hotel, the Heritage Quay Hotel and Tourism Complex, and the Holiday Inn Hotel property at Mamora Bay, which eventually became the prestigious St. James' Club.

Madam Speaker, the **external** current account deficit is estimated to have decreased to about 13 percent of GDP in 2000. There was an increase in the net inflow of external capital associated mainly with the financing of Mount St. John Medical Centre, upgrading of the airport and reconstruction of roads. Nevertheless, the overall deficit of the Balance-of-Payments widened further in 2000 to 3.1% of GDP. The deficit was financed by negotiated write-offs of bilateral debt and a decline in imputed foreign reserves.

The rescheduling of public sector debt with Italy in 1998, the restructuring of official bilateral external debts with France in 1999 and the United Kingdom in 2000, as well as renegotiation of a large commercial debt with DEVCON International in 2000, further reduced Antigua and Barbuda's external arrears to about 16.25 percent of GDP by year's end 2000, down from 84.5 percent in 1996. All the 1999-2000 rescheduling resulted in lower interest rates; the U.K rescheduling also included a write-off of interest arrears.

### **Tax implementation delayed**

Madam Speaker, with the aim of promoting better fiscal performance, the Government of Antigua and Barbuda took important steps in 2000 towards improving the tax system. These included introduction of an amended Property Tax regime and a 2% Tax on Gross Income of unincorporated businesses.

Effective implementation, however, did not occur until 2001 and the earlier estimates of incremental revenue have been revised downwards. Consequently, Madam Speaker, the Budget for fiscal year 2001, projects Property Tax revenue at \$14 million and estimates a yield of \$12 million from the 2% Tax on Gross Income.

Also reflected in the Budget 2001, Madam Speaker, are several other measures designed to address the problem of fiscal imbalance on both the revenue side and the expenditure side. These measures will be explained in greater detail when we examine more closely the Recurrent Estimates of Revenue and Expenditure for the year 2001.

In keeping with our commitment to institutional strengthening with respect to our Tax Administration, the Government of Antigua and Barbuda has obtained the services of tax consultants through a programme of technical assistance with the Government of India. In this regard, three consultants have been attached to the Inland Revenue Department where they have been strengthening our administration and collection of taxes.

### **Programme Budgeting Introduced**

Madam Speaker, consistent with our promotion of fiscal responsibility in the public sector, is our adoption of the principles of Programme Budgeting, which are reflected in the new format of the Antigua and Barbuda Estimates for fiscal year 2001.

We are of the view that the philosophy underpinning the principles of Programme Budgeting, transparency and accountability, are preferable to the line item approach that has been utilized in prior years. Ministries and government departments are now required to define their missions, determine the

programmes and activities that would facilitate the realization of goals, and to cost these programmes and activities.

The adoption of the Programme Budgeting format is indicative of the maturing process that the Government is undergoing with respect to the management of its finances.

Madam Speaker, whereas line item budgeting focuses on inputs, Programme Budgeting is output-driven with the emphasis on achieving predetermined policy objectives. Permanent Secretaries and Heads of Departments, under the current approach, will be more directly accountable for the performances of their respective Ministries and Departments, and this, in turn, should lead to the development of improved systems of monitoring and control at the Ministry level.

While Programme Budgeting entails some devolution of financial authority from the Ministry of Finance to programme managers in the spending ministries, it has the compensating advantage of establishing quantifiable objectives and promoting an ethos of accountability for the achievement of those objectives. This year, we have implemented the basic format and structural aspects of Programme Budgeting. During the course of the year, we shall continue the process of defining activities and quantifying programme objectives, which in turn will help to make government operations more explicit and transparent while holding managers and supervisors accountable for the achievement of measurable objectives.

### **Recurrent Revenue and Expenditure**

Permit me now, Madam Speaker, to highlight certain details of the Estimates of Recurrent Revenue and Expenditure for fiscal year 2001. **Recurrent revenue for the year 2001 is budgeted at \$503,109,112.** This consists of Direct Tax Revenue, Indirect Tax Revenue, and Non Tax Revenue in the respective amounts of \$79.2 million, \$353.0 million and \$70.8 million.

With respect to Direct Tax Revenue, taxes on income and property account for over 96% of this category of revenue. Property Tax in the amount of \$14 million is estimated for collection this year on the basis of a revised method of assessment and a broadening of the tax net to include properties that were not previously assessed.

In respect of taxes on income, the Tax on Gross Income of Unincorporated Businesses (2%), is estimated to yield \$12.0 million this year. This revenue measure was designed to improve tax compliance among businesses that exist as sole proprietorships and partnerships. It is an attempt by the Government to distribute more equitably the tax burden amongst those who benefit from the expenditure of tax dollars on economic and social infrastructure.

Madam Speaker, ever since the abolition of Personal Income Tax, the government has relied on indirect taxes for the major portion of its revenue. The budgeted amount of \$353.0 million represents just over 70% of total recurrent revenue. This revenue category consists mainly of Import and Export Duties, Consumption and Custom Service taxes, and Embarkation and Cruise Passenger taxes. Import Duties, Consumption Tax and Custom Service Tax account for just over 61% of indirect taxes.

With respect to projections for Consumption Tax on fuel for 2001, there is expected to be an easing of oil prices on the world market this year even though the OPEC countries decided a few days ago to cut production. Prices will remain stable in a region just above the 1999 average and below 2000 average prices. This is why Consumption Tax on fuel products has been projected at EC\$24.0 million, slightly higher than last year's total of EC\$22.2 million but not as high as the 1999 total of EC\$35.4.

Non-tax revenue for the current year is estimated at \$70.8 million. The major categories of non-tax revenue include income from Property and Rights, Licences and Service Fees and Commercial Operations.

### **Revenue Measures**

I turn now, Madam Speaker, to revenue measures in this Budget for fiscal year 2001.

The government will introduce a number of revenue measures that will address the state of fiscal imbalance which exists in Antigua and Barbuda. These measures include:

- an increase in the rate of Customs Service Tax from 5% to 10% on all goods except staple food items, medicines and petroleum products. The incremental yield is estimated to be EC\$ 23.0 million.

This increase is necessary, Madam Speaker, because of our country's Treaty obligations to the Caribbean Community and Common Market and the World Trade Organisation. Under these obligations, the Government is required to lower or eliminate duties on a number of imported items. Since Government is reliant on these duties to pay for the services that are provided to the community, it became necessary to increase the Customs Service Tax to compensate for the loss of revenue. If we fail to do this, while at the same time lowering or eliminating duties to comply with CARICOM and WTO requirements, the Government would be unable to provide adequately for the welfare and safety of the nation.

Other revenue measures are:

- A throughput levy on the importation of petroleum products, to be paid by West Indies Oil Company Ltd., at a rate of EC 10 cents per imperial gallon on gasoline, diesel, kerosene, jet fuel, aviation gas and liquid petroleum gas. This levy is not to be passed on to the consumers; it is to be borne by the Company.
- The current Environmental Tax will be broadened to include used motor cars, tyres, batteries, white goods, air-conditioners and canned beverages. The widening of this tax measure is being introduced to compensate for the increasing cost to Government of the disposal of these non-biodegradable materials which litter the villages and countryside creating an unsightly and hazardous environment for the local community and tourists.
- A 3% tax will be imposed on the "Gross Profit" of Offshore Banks, Trusts and Insurance Companies, defined as "interest from operations and investments minus interest expenses". A similar tax will be applied to the "Gross Handle" of Internet Gaming, Sports Books Companies and Virtual Casinos, defined as "gross take minus pay out for clients' winnings". It is well known that the Government has spent a great deal of money and time fighting to preserve the offshore financial sector and Internet Gaming against threats from the OECD countries. This tax will compensate Government for the increasing expenditure involved in regulating both sectors and in meeting the costs of the considerable efforts in the international community to safeguard them. Taxation will also go some way toward meeting the concerns of the OECD that entities operating in these sectors should not be taxed at all.
- There will be an increase in postal stamp rates to levels comparable with other countries.
- The yield from the Embarkation Tax will also be enhanced by automating the system of collection.

Apart from the measures already mentioned, Madam Speaker, the Government will also be moving to introduce a 2% tax on Western Union's outgoing transactions. These transactions are considerable,

especially as they are being used by Companies that are operating abroad and are not registered in Antigua. It cannot be fair or right that the telecommunications and other infrastructure paid for by persons and organisations within this society are being used without charge by foreign entities.

### **Recurrent Expenditure**

With respect to **recurrent expenditure for fiscal year 2001, this has been estimated at \$511.8 million, inclusive of debt amortization.**

Madam Speaker, I draw this Honourable House's attention to the fact that the detailed estimates for each Ministry and Department under every Head of Expenditure is appended to the text of this Statement as Appendix 1. I invite Honourable members of the House and others, who may wish to do so, to review the details that are included there. However, there are several important items that I would like to highlight now.

As has been mentioned, Madam Speaker, 20.50% of the estimated expenditure will be allocated for the servicing of the Public Debt.

Apart from Debt Servicing, the Government continues to place a high priority on health. Therefore, a major allocation totalling \$61,713,784.00 has been made to health related programmes, including Primary Health, Secondary Health, General Health and Environmental Health, with Secondary Health accounting for over 52% of the allocation.

Education, too, Madam Speaker, gets a considerable allocation in this Budget. The Government continues to accord considerable importance to the development of our nation's human resources, particularly its young people. The intellectual stock of our people is our greatest resource in competing with the international community. Therefore, it is vital that we continue to invest in their development. In this connection, education-related programmes, including Pre-School and Primary, Secondary, and Tertiary programmes also receive substantial allocations amounting to \$48.3 million.

Over the medium term, Madam Speaker, we shall progressively increase the level of public sector resources allocated to skills training in order to equip workers for the new jobs emerging in the private sector, especially in the field of information technology.

Even as I speak, a new modern building is nearing completion and will house the expanded Free Trade and Processing Zone Training Institute. The Institute has already trained hundreds of young people and older persons in computer-related skills.

Tourism will continue to receive considerable investment from the Government particularly in the area of marketing and promotion. The sum of \$17.3 million has been put into the estimates for this Ministry, but as the year progresses, and the revenue collection measures improve, more resources will be allocated to Tourism than now currently exists in the estimates.

Madam Speaker, the safety of the people of this country and curbing all crime is a high priority. A significant allocation of \$45.4 million has been made to Public Safety and Civil Rights.

One of my Government's commitments when we came into office two years ago was to improve roads and drains throughout the country. We have done many of the major highways, but attention is needed to roads in the City of St John's and to villages in the rural areas. The sum of \$17.5 million has been allocated for this purpose.

Madam Speaker, an analysis of the recurrent expenditure confirms the commitment of the Government of Antigua and Barbuda to social development and improvement. There remains a strong emphasis on health and education, recognizing that development must be people-centred and that the building of human capabilities through the provision of these social services is vital in reducing inequalities and in promoting sustainable development. We continue to believe that investment in our human resources, through health and education, is the soundest investment that we can make.

### **Financing the Deficit**

Madam Speaker, with estimated revenues of \$503.1 million and estimated expenses of \$511.8 million, we are faced with a Budget deficit of \$8.7 million.

We are confident that this is a realistic figure, established by thorough analysis of the Government's proposed spending programme and a sensible assessment of the success rate in collecting revenues legitimately due and payable to the State.

The question then arises as to how we intend to finance this deficit.

Taking a leaf from the private sector's book, Government intends to do what any corporate entity or individual would do when faced with a shortfall between income and expenditure. 200 acres of land will be offered for sale to Antigua and Barbuda nationals at home and abroad, in the first instance, for their own use or for development purposes at approximately \$5.50 per square foot. Some of the land will also be made available to developers who have the capacity to establish developments that will attract persons of wealth who want a winter home or a retirement home in the Caribbean.

Developments such as these will boost the construction sector, providing jobs for workers, and will also have a longer-term effect by giving the local population more opportunities to earn money through the supply of goods and services.

The lands will be vested in a Government agency, such as CHAPA, which will pay the proceeds into the Government's consolidated fund.

### **Development Expenditure for Fiscal Year 2001**

Madam Speaker, I turn this Honourable House's attention now to development expenditure for financial year 2001. The total expenditure is projected at \$157 million.

This is a moderate increase of just under \$18 million over last year's estimate. This moderate capital expenditure is indicative of the stage of development that our country has currently reached.

The Almighty God has been merciful to us as a nation in sparing us from the ravages of any major storms during last year. This has allowed many of the projects that were in progress at the beginning of the year to advance to a stage of near completion and given us the opportunity to repair our infrastructure damaged by the storms of 1999.

Let me now highlight some aspects of the development expenditure.

Our primary roads, and to an extent secondary roads are at present better than they were prior to Hurricane Lenny. The projected expenditure to service and maintain roads, drains and equipment, as reflected in the programmes under Transportation and Communications, is \$32.7 million.

There is still a significant amount of work to be done on the upgrade of the facilities at the V. C. Bird International Airport and the laying of the parallel runway. The funds identified under International

Transportation reflect the completion of Phase 1 of this project in financial year 2001 with the disbursement of the remaining portion of the loan.

Our spending for health programmes is primarily associated with the construction of the new Mount St. John Hospital. This facility is well advanced in the construction phase and will be concluded within a year's time. This state-of-the-art facility is expected to elevate the quality of service available not only locally, but regionally as well.

There will be continued development of our Education facilities with the upgrading of the Antigua State College. There have been a number of setbacks that have prevented the contractors from finishing the construction of the new laboratory. However the rationalization of our spending resulted in the Antigua State College being given priority and funds available will now be spent in the Tertiary Education programme.

In tourism, the significant development feature in this sector will be the opening of the new Antigua and Barbuda Hospitality Training Institute. The final phase is projected to cost \$2.9 million.

One of the few new capital investment projects identified for 2001 is the construction of the new docking and harbour facilities in Parham to assist in the development of artisan fisheries. We were able to complete the construction of the New Market and now await the final touches to the Vendors Mall. This spending is provided for under our programme for Business Development.

The \$22.6 million shown in the estimates under Security and Civil Rights are associated mainly with our efforts to strengthen the capacity of the military and paramilitary forces to protect the interests of our community. These funds are allocated for the upgrading of the facilities at the prison, the purchase of equipment for the fire brigade and police, and the construction of new stations at Longfords and in Barbuda.

\$18 million dollars have been allocated for development projects in Barbuda. These projects will be determined by the Joint Consultative Committee, consisting of representatives of the Central Government and the Barbuda Council. Their implementation should considerably improve the quality of life on Barbuda by generating new employment and commercial opportunities.

## **Conclusion**

Madam Speaker, over the years the government has consistently made significant investments in the Social Sector. This fact has borne fruit as demonstrated by the United Nations Human Development Index where, as I said earlier, we are rated 38th among 173 countries.

As a nation, we have managed to move from an underdeveloped and exploited colony, where little was spent on education and health, to be rated among those nations regarded as having high human development.

We share this place with France, the United Kingdom, Spain and the Netherlands, our region's former colonial masters and the architects of our colonialism and exploitation. Is this not cause for satisfaction? Is it not cause for pride? Is it not cause for us to resolve to do what is necessary to remain our own masters, and not to slip into the clutches of economic dependence and quasi colonial exploitation?

The challenges before us are great, but not insurmountable. The immediate path before us is as rocky for us as it is for many of the world's economies, including countries larger than ours. But, we have the required tools to make our way despite the obstacles. Those tools are the strength of mind and spirit that have brought us this considerable way down the road of social and economic development; that have

made us survive five hurricanes in five years rebuilding our country every time; that have brought us from being owned to being owners.

To safeguard our gains and ensure our future, we must act now whilst we are still in a position to resist the forces in the international environment that would seek to determine our destiny for us.

Let us show that we can determine our own destiny by relying upon ourselves.

I commend this Budget to this Honourable House.

## **APPENDIX 1 HEADS OF EXPENDITURE**

### **E1 GOVERNOR GENERAL**

The first Head of expenditure is E 1 Governor General and the estimated recurrent expenditure for the year 2001 is \$1,936,911 or 0.38% percent of the total budget. This Head provides for the cost of administering the office of the Governor General, in accordance with the constitution of Antigua & Barbuda.

### **E2 LEGISLATURE**

Head E 2 the Legislature includes the administrative and operational cost of both the Senate and the House of Representatives. The House of Representatives E 2A has an allocation of \$1,567,852 and the Senate E 2B an allocation of \$431,628 making a total allocation of \$1,999,480 or 0.39% of the budgeted recurrent expenditure.

### **E3 CABINET**

The Cabinet E 3A has an allocation of \$3,354,109 and the Cabinet Secretariat E 3B has an allocation of \$252,127 making a total allocation of \$3,606,236 or 0.70% of the budgeted recurrent expenditure. This Head provides for the functions of the Cabinet Office, administered by the Cabinet Secretary. Those functions include the responsibility in accordance with such instructions as may be given by the Prime Minister for arranging the business of Cabinet and the keeping of minutes of Cabinet Meetings. Under this Head of expenditure are included provisions for the payment of salaries and allowances to Ministers, Cabinet staff and Political Secretaries.

### **E4 JUDICIAL**

Head E 4 Judicial, which has an allocation of \$ 844,325 or 0.16% of the budget represents Antigua and Barbuda's contribution to expenses of the Eastern Caribbean Supreme Court.

### **E5 SERVICE COMMISSIONS**

This head of expenditure provides for the financing of the office of the Public Service Commission E 5A, Police Service Commission E 5B and the Public Board of Appeal. E 5D. This Head of expenditure makes provision for recurrent expenditure of \$400,854 or 0.08% of the budget. The functions of the Public Service Commission include selection and appointment to the Public Service, promotions, transfers and discipline and the granting of study/duty leave to Public Servants. The functions of the Police Service Commission are similar to those of the Public Service Commission except that it deals with police personnel only.

### **E6 AUDIT**

This Head of expenditure E 6, has an allocation of \$1,672,775 or 0.33% of the budget. The functions of



the Audit Department are set out in section 97 of the Constitution of Antigua and Barbuda. It gives the Director of Audit the power to carry out audits of the accounts, balance sheets and other financial statements of Government departments, agencies and wholly owned corporations. The Director of Audit inspects all public accounts involving revenue paid into, and expenditure met from, the consolidated fund and submits reports on examinations of the said accounts to the Minister of Finance who places the same before the House of Representatives.

### **E7 PENSIONS AND GRATUITIES**

Head of expenditure E 7 Pension and Gratuities have been allocated \$18,935,674 or 3.70%. This is the Head under which provision is made for the Civil Service Pensioners, Police Pensioners, Parliamentary Pensioners, gratuities to Officers taking reduced pensions, gratuities resulting from Constitutional arrangements and supplementary allowances to eligible Pensioners.

### **E 8 CHARGES ON ACCOUNT OF PUBLIC DEBT**

The public debt provisions for fiscal year 2001 have been estimated at \$104,904,451 representing 23.24% of the budgeted current expenditure and 21.14% of projected current revenue. The figure is allocated as follows:

Domestic Amortization: \$31,432,788  
Domestic Interest: \$32,131,057  
Sinking Fund Contribution \$ 3,976,144  
External Amortization \$28,914,960  
External Interest \$ 8,449,502

The 2001 debt service provisions represent an increase of \$2,416,524 over the 2000 debt service provisions. The cost of servicing the debt has increased over the years as government assumed responsibility for debts by statutory bodies or wholly owned government corporations. It should also be noted that government has undertaken several development projects that have significantly increased the level of debt. Some of the more recent projects that have been financed through the debt are the Mount St. John Hospital Project and the new Vegetable Market. Additionally, it must be noted that in order to rescue LIAT (1974) Limited the Government contracted a new loan of EC\$4,000,000 in 2000 and guaranteed a new overdraft facility of EC\$2,700,000 in 2001. This Government is also still servicing a debt of EC\$10,000,000 contracted with the Caribbean Development Bank (CDB) in 1995 when it assumed LIAT's debt with the Bank.

Last year two outstanding debts were successfully rescheduled. These are: DEVCON International (EC\$83,271,416) and Mirrlees Blackstone (Stockport) Limited (EC\$18,706,704). This government in 2000 paid EC\$12,352,500 to Banco do Brasil and settled our debt with that creditor. In our rescheduling with DEVCON International we paid EC\$13,837,581 in order to reduce the debt to a more manageable sum. In 1999 the commercial banks in Antigua and Barbuda granted the government a three-month moratorium on all Central Government debt in order to resuscitate the economy after the passage of hurricanes Jose and Lenny. Following the moratorium in 1999 domestic debt servicing was normalized in 2000.

### **E10 PRIME MINISTER'S MINISTRY**

The allocation for E 10, The Prime Minister's Ministry, is \$34,322,097 or 6.71% of the Recurrent Expenditure Estimates for 2001. This Ministry includes seven (7) departments following the re-assignment of Ministerial Portfolios, which cover various areas to which resources have been allocated as follows:

A. Prime Minister's Office \$ 6,894,106

- B. Ministry Headquarters - External Affairs \$ 5,044,485
- K. Military \$11,414,791
- L. Printing Office \$ 2,140,625
- N. Overseas Diplomatic and Consular Section \$ 4,652,438
- P. Office of National Drug Control Policy \$ 1,509,825
- Q. Immigration Unit \$ 2,665,827

**Total Expenditure \$34,322,097**

The Immigration Department has increased its expenditure, to accommodate additional immigration officers to adequately man all ports of entry. The Free Trade and Processing Zone has continued to build on its good reputation of providing affordable and high quality computer training and information technology programmes thereby developing and enhancing the human resource base of the nation. The Office of National Drug Control Policy has increased its expenditure this Fiscal Year 2001, due to its planned move to a larger complex and to the strengthening of staff to adequately monitor and investigate money laundering and related practices.

**E15 MINISTRY OF FINANCE**

The Allocation in respect of this ministry for Fiscal Year 2001 is \$42,080,819 or 8.22% of the Recurrent Estimates of Expenditure for 2001.

- A. Headquarters \$12,526,004
- B. Treasury \$11,564,689
- C. Inland Revenue \$ 2,730,041
- D. Post Office \$ 6,478,494
- E. Customs & Excise \$ 4,687,545
- F. Property Valuation \$ 1,080,282
- H. Social Security \$ 106,160
- J. National Computer Centre \$ 2,907,604

**Total Expenditure \$42,080,819**

The Ministry has put tax measures in place and acquired experts in this field to review and update the tax administration system. The Ministry of Finance is committed to ensuring that taxes are fairly and equitably assessed and to eliminating instances of non-compliance. The tax reform programme in the Property Valuation Division is now complete and bills are now being paid under the new regime.

The increase in the planned expenditure of the Treasury department is a result of the back pay that would be paid to government workers, teachers and nurses during the course of this year. Woods Post Office will be reopened in April to serve the Public more effectively.

**E20 MINISTRY OF AGRICULTURE, LAND AND FISHERIES**

Head E 20 Ministry of Agriculture, Lands and Fisheries provides for the development of the agricultural sector to ensure increased production of quality food and other commodities through environmentally sustainable management practices for the benefit of the entire population. This head includes nine departments covering various areas and a break down is as follows:

- A. Ministry Headquarters \$ 3,335,649
- C. Agriculture Division \$ 5,328,923
- D. Veterinary and Animal Husbandry \$ 1,598,945
- E. Fisheries Division \$ 577,502
- Cotton \$ 257,071

G. Land Division \$ 458,146  
H. Agricultural Extension Division \$ 2,169,219  
I. Chemistry and Food Technology \$ 571,780  
J. Surveys Department \$ 968,071

**Total Expenditure \$15,265,306**

The total allocation of expenditure for head E20 Ministry of Agriculture Land and Fisheries represents 2.98% of the budget.

**E25 MINISTRY OF HEALTH & SOCIAL IMPROVEMENT**

The Ministry of Health and Social Improvement has a projected budget of \$67,035,578 13.10% of the 2001 budgeted resources. The allocated resources will facilitate the various departments in ensuring that more prominent health concerns are placed on the National Agenda.

A. Ministry Headquarters \$ 3,480,418  
- Citizen=s Welfare \$ 2,135,178  
- Gender Affairs \$ 485,315  
E. Medical General Division \$ 8,570,524  
F. Central Board of Health \$16,437,681  
G. Holberton Hospital \$28,487,074  
I. Mental Hospital \$ 3,980,906  
J. Fiennes Institute \$ 1,553,375  
L Health Information Division \$ 309,593  
M. School of Nursing \$ 724,340  
N. AIDS Secretariat \$ 525,863  
O. Social Improvement \$ 345,311

**Total Expenditure \$67,035,578**

The two departments within the Ministry receiving the largest sums of allocated resources are the Central Board of Health & Holberton Hospital. The Central Board of Health has been allocated \$16,437,681 while Holberton Hospital has been allocated \$28,487,074. These two departments have received large allocations, commensurate with their responsibilities as critical vehicles of health care delivery.

**Citizens Welfare**

Citizens Welfare provides certain specialized services to the country=s citizens, particularly the distressed, destitute, aged and maladjusted. This department accounts for \$2,135,178, or 36.43% of the Ministry=s total allocated expenditure. The Government has allocated \$125,925 to the Foster Care Programme, \$65,000 to Care of the Elderly, and \$90,000 to Summer Workshops for Juveniles.

**E 30 MINISTRY OF EDUCATION, CULTURE AND TECHNOLOGY**

The Ministry of Education, Culture & Technology has a recurrent expenditure of \$59,852,239 or 11.69% of the 2001 budget. In its efforts to develop a well educated society, the Ministry of Education has hired ninety-five additional teachers, for the Primary and Secondary Schools.

The Ministry is also in the process of renovating a number of schools across the island and building additional classrooms.

A. Ministry Headquarters \$ 3,597,058  
B. Administration of Education Services \$ 6,003,819  
C. Primary Education \$19,033,519

D. Secondary Education \$21,850,598  
E. State College \$ 6,696,503  
F. Public Library \$ 654,706  
I. Boys= Training School \$ 650,304  
J. Antigua Archives \$ 541,976  
K. Cultural Division \$ 823,762

**Total Expenditure \$59,852,239**

### **E35 MINISTRY OF PUBLIC UTILITIES, HOUSING, TRANSPORTATION, AND AFFAIRS**

This Ministry is responsible for the Antigua Public Utilities Authority, Transportation and Civil Aviation, Meteorology, V.C. Bird International Airport, Housing, and Central Housing and Planning Authority. The Ministry intends to ensure the provision and management of effective, efficient and reliable technical services in the areas of utilities, housing, meteorology and transport. The estimated recurrent expenditure for the 2001 budget is \$11,287,227, or 2.21% of the total recurrent expenditure and 8.21% less than the figure in Budget 2000. The amount allocated to each department is as follows:

F. Ministry Headquarters \$ 574,093  
G. V.C. Bird International Airport \$ 8,678,445  
H. Meteorological Division \$ 2,034,689

**Total Expenditure \$11,287,227**

#### **V.C. Bird International Airport**

Recently the V. C. Bird International Airport has come under a lot of scrutiny for various reasons. As a result this Government is committed to maintaining the strengths of the Airport and improving on its weaknesses. Over the past three years this government has spent millions in improving the physical plant of the Airport as well as in the upgrading of radar equipment. When all projects are completed we intend to have a first class, adequately sized, international standard airport, capable of more ably accommodating the economic growth of the country. Additionally the government will spend approximately \$150,000 towards further training for radar officers.

### **E40 MINISTRY OF PUBLIC WORKS, COMMUNICATIONS AND INSURANCE**

This Ministry is responsible for Public Works, St. John=s Development Corporation, Communications, Sewage, Development Control Authority, Insurance, and State Insurance Corporation. The Ministry is basically responsible for the overall maintenance and upgrading of the economic and social infrastructure in the state of Antigua and Barbuda. The estimated recurrent expenditure for the 2001 budget is \$50,342,599, or 9.84% of the total recurrent expenditure. The amount allocated to each department is as follows:

A. Ministry Headquarters \$16,950,766  
B. Works Division \$31,832,181  
C. Design and Control Division \$ 412,212  
D. Construction Division \$ 471,328  
E. Equipment Maintenance and Funding Scheme \$ 169,139  
F. Development Control Authority \$ 506,973

**Total Expenditure \$50,342,599**

The increase from last year=s figure is mainly due to the transfer of the Development Control Authority from the Prime Minister=s Portfolio. The Ministry Headquarters covers the rental of buildings for office

accommodation. This year the figure is at \$12,000,000, which is \$4.5 million higher than last years figure. This has not gone unnoticed by the Government. Therefore efforts have been redoubled to have the government office complex ready for occupation later this year.

### **Works Division**

This division covers the maintenance of public buildings and furniture, repairs to Government vehicles, maintenance of roads and the mining of sand. This division has been split under the Roads, Streets and Drains programme, the Transportation programme and the Public Buildings programme. The government is planning to spend \$13,000,000 in 2001 on the improvement of primary and secondary roads in urban and rural areas.

### **E45 MINISTRY OF HOME AFFAIRS, URBAN DEVELOPMENT AND RENEWAL AND COMMUNITY DEVELOPMENT**

This Ministry is responsible for Home Affairs, Ecclesiastical Affairs, Independence Celebrations, Single Parents, Poverty Eradication, Mentally Handicapped and Physically Challenged, Social Welfare, Care for the Elderly, Gender Affairs, Community Development, National Parks Authority and Urban Development and Renewal.

The estimated recurrent expenditure for the 2001 budget is \$4,195,126 or 0.82% of the total recurrent expenditure. The amount allocated to each department is as follows:

- A. Ministry Headquarters \$1,388,082
- B. Board of Guardians \$ 482,335
- C. Community Development \$1,224,933
- D. Local Government \$ 600,282
- E. Urban Development and Renewal \$ 145,184
- F. Barbuda Administrative and General \$ 354,330  
Services

### **Total Expenditure \$4,195,126**

This new Ministry was created during the reassignment of Ministerial Portfolios effective January 8th 2001. Home Affairs, Board of Guardians, Citizens Welfare and Gender Affairs were previously departments under the Ministry of Labour. Community Development was under the Ministry of Information, Broadcasting, Sports and Carnival, previously called the Ministry of Youth Empowerment, Sports, Carnival and Community Development. Urban Development and Renewal was transferred from the Prime Minister=s Ministry.

### **50 MINISTRY OF JUSTICE AND LEGAL AFFAIRS**

Head E50 Ministry of Justice & Legal Affairs has been allocated \$9,466,504 of the 2001 budget. A breakdown of the amount allocated to each department of the Ministry reveals:

- A. Ministry Headquarters \$ 5,922,397
- B. Industrial Court \$ 216,348
- C. Office BDirector of Public Prosecution \$ 337,080
- D. Registrar and Provost Marshall \$ 1,121,535
- E. Magistrate \$ 777,001
- J. Lands Registry Division \$ 276,108
- K. Legal Aid Advice Center \$ 285,462
- L. Registry of Intellectual Property and Commerce \$ 530,573

## **Total Expenditure \$ 9,466,504**

This Ministry is vital in ensuring that legislation is compiled, printed, updated and distributed on a regular basis. This Ministry also provides for the revision of our Laws. Moreover, responsibilities under this Head include the recruitment of magistrates to adjudicate the cases brought before the courts and to ensure justice for all.

## **E60 OFFICE OF THE OMBUDSMAN**

Head E60 Office of the Ombudsman has an allocation of \$436,614 of the 2001 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 5 of the Ombudsman Act, 1994.

## **E75 MINISTRY OF LABOUR, COOPERATIVES AND PUBLIC SAFETY**

This Ministry is responsible for the Labour Department, National Labour Board, Cooperatives, New work Experience Programme, Existing Work Experience Programme, Pension Reform, Local Government Disaster Preparedness, Police, Fire Brigade, Prison, Crime, Drugs Rehabilitation Programme and Reduction. The estimated recurrent expenditure for the 2001 budget is \$48,188,964 or 9.41% of the total recurrent expenditure and 396.64% higher than last years figure. This drastic increase is due to the transfer of Police, Police training School, Fire Brigade and Prison from the Ministry of Justice & Legal Affairs to this Ministry. The Existing Work Experience programme, with an expected expenditure of \$3,366,500, was also shifted from the Ministry of Planning, Implementation and Public Service Affairs to this Ministry. The amount allocated to each department is as follows:

- A. Ministry Headquarters \$ 5,758,675
- E. Office of National Disaster Services \$ 581,491
- H. Cooperatives Department \$ 486,133
- J. Drug Rehabilitation Programme and Reduction \$ 246,619
- K. Police \$29,747,599
- L. Police Training School \$ 278,397
- M. Fire Brigade \$ 5,348,754
- N. Prison \$ 5,741,296

## **Total Expenditure \$48,188,964**

The Vocational Training Scheme and the New Work Experience Programme were amalgamated under the Ministry Headquarters and funded at the level of 1999 actual expenditures. The amalgamated programme is expected to be down sized following placement of participants in permanent jobs and no new participants will be included for the duration of fiscal year 2001. The combined programme accounts for \$3,670,500 of the Ministry Headquarters expenditure.

## **Cooperatives Department**

Cooperatives are business organisations, that are owned and operated by their members. They serve their members who are joined together by a common bond (occupation, association, or residence), and mobilise capital through regular savings and make loans at low interest rates to members. Cooperatives have the potential to contribute to national economic growth and social development which would lead to higher Government reserves with a ripple effect of improved balance of payments and increased production for the domestic market.

At the beginning of the year there were five active Societies and together they all had a membership of 15,911. Shares were \$26,048,035.20 and total Deposits were \$6,946,038.71. They had Statutory Reserves

of \$1,844,701.28, Investments of \$8,813,823.66 and Loans of \$25,947,951.31. Total Assets is inclusive of the Loans amount.

## **Police**

This department is responsible for the administration of Law and Order in the country. The Police department accounts for \$29,747,599, or 56.03% of the Ministry's total allocated expenditure. The Government is very concerned about the increasing incidence of violence and crime in our society and has therefore invested heavily in the safety and security of its citizens. The Royal Antigua and Barbuda Police Force has recruited a new batch of trainees in the past year and have begun an aggressive assault on crime.

### **E80 Ministry of Tourism**

The allocation for The Ministry of Tourism is \$13,888,662.

A. Ministry Headquarters \$ 5,414,275

B. Antigua Tourist Office \$ 1,083,494

C. Overseas Tourism Offices \$ 5,564,552

D. Antigua and Barbuda Hospitality Training Institute \$ 1,038,242

E. Environment Division \$ 788,099

### **Total Expenditure \$13,888,662**

The Ministry of Tourism is dedicated to strengthening the linkages between the department and other government departments, more so, the Ministry of Agriculture. Small businesses, especially manufacturers and entrepreneurs will also be encouraged, through incentives, to produce goods and services that are vital to the tourist industry.

Updating the Statistical Unit of the Tourism Department is essential in compiling and analyzing 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 prime sites earmarked for restoration and rehabilitation. Sports Tourism will continue to be promoted and strengthened and as an integral part of our marketing strategy.

## **E85 MINISTRY OF ECONOMIC DEVELOPMENT, TRADE, INDUSTRY AND COMMERCE**

This Ministry is responsible for Economic Development and Investment, Domestic trade, CARICOM trade, OECS trade and international trade, Bureau of Standards, Price Control, Consumer Protection, Small Business Development, Commerce, Supply Office, Manufacturing, Antigua and Barbuda Development Bank, Industrial Development Board, Electoral Affairs and Privatization. The estimated recurrent expenditure for the 2001 budget is \$3,059,392, or 0.60% of the total recurrent expenditure and 11.64% higher than last year's figure. This increase is due to the transfer of Electoral Office from the Prime Minister's Ministry. A breakdown of the Estimates with respect to this Ministry reveals:

A. Ministry Headquarters - Trade and Economic Development \$1,416,892

B. Ministry Headquarters - Industry and Commerce \$ 336,675

C. Prices and Consumer Affairs Division \$ 605,869

D. Antigua and Barbuda Bureau of Standards \$ 232,596

E. Electoral Affairs \$ 467,360

### **Total Expenditure \$3,059,392**

The main role of this Ministry is the promotion and development of activities relating to domestic and international trade. It deals with trade regulations and standards, import and export licensing and monitoring, and trade and investment promotions. This Ministry, together with the private sector, aims to promote and facilitate the establishment of a dynamic business environment, in the midst of global change, through strengthening and enhancement of the Country=s productive capacity.

### **90 MINISTRY of PLANNING, IMPLEMENTATION, PUBLIC SERVICE AFFAIRS**

The Ministry of Planning, Implementation and Public Service Affairs= main goal is to facilitate the creation of an efficient and sustainable economy in order to provide a superior quality of life for Antiguan & Barbudans. Allocations to this Ministry are as follows:

- A. Ministry Headquarters \$ 3,016,394
- B. Statistics Division \$ 2,463,554
- C. Establishment Division \$ 4,011,146
- D. Training Division \$ 553,960

#### **Total Expenditure \$10,045,054**

The Statistics Division will be conducting a national census in May of this year. The results of the Census will reveal the number of people residing in Antigua and Barbuda as well as other demographic information that shall assist in the formulation of development policy. The Public Sector Reform exercise is still in progress, and has been initiated to create a modern, efficient, productive and customer friendly Public Service. Additionally, the Ministry of Planning, Implementation, and Public Service Affairs, has been mandated by the Cabinet to implement a National Strategic Development Plan for the period 2001-2004. Its purpose is to produce a plan effective and efficient economy, through Sustainable Development. According to the report coming from the Consultation on the National Strategic Development Plan, the main objectives of the Ministry are:

1. To ensure Sustainable Development
2. To increase efficiencies, productivity, and output of all sectors
3. To develop shared values and beliefs in order to improve performance and service quality
4. To develop strong, effective, strategic planning culture
5. To create economic diversification
6. To encourage private enterprise, separately, or in partnership with the Government
7. To achieve equitable distribution of resources and benefits
8. To improve networking among Ministries
9. To engage civil society in construction, through the period of the development planning processes with a view to ensuring optimal input in the process

The Ministry of Planning with its implementation of both The National Strategic Development Plan and The Public Sector Reform Plan, will bring about economic diversity and facilitate a more competitive economy.

### **E95 MINISTRY OF INFORMATION, BROADCASTING, SPORTS AND CARNIVAL**

his Ministry is responsible for Youth Empowerment, Non-Formal Youth Skills, Sports, Carnival Development Corporation, Public Information and Broadcasting. The estimated recurrent expenditure for the 2001 budget is \$8,065,730, or 1.58% of the total recurrent expenditure, which is 52.91% higher than last year=s figure. This is due to the fact that Public Information and Broadcasting was transferred from the Prime Minister=s Ministry to this Ministry. The amount allocated to each department is as follows:

- A. Ministry Headquarters \$2,137,079



B. Sports Division \$2,053,009

C. Public Information and Broadcasting \$3,875,642

**Total Expenditure \$8,065,730**

The Ministry Headquarters is responsible for building relationships with youth and youth organizations and assisting in improving the service delivered by clubs, the community and the nation. The Government has therefore allocated \$168,300 to the National Youth Organization and \$961,714 towards the Non-Formal Youth Skills Training Project.

**Sports Division**

This department is responsible for the development of a national sports policy. It is also responsible for the integration of sports and physical education in all schools and the institution of community-based sports programmes.

**Public Information and Broadcasting**

This department is responsible for the Public Relations of the Government and the dissemination of information. Included in its functions are the preparation of press releases, production of radio and television programmes and the coverage of national events. This Government department has allocated \$100,000 towards advertising and \$25,000 towards public relations. In addition \$200,000 has been allocated towards television programmes and copyright fees and \$75,000 towards radio programmes. \$90,000 has been allocated to the purchase of spare parts for equipment to cover the high maintenance costs incurred by this department