



# **2020 BUDGET STATEMENT**

**By the Honourable Gaston Browne  
Prime Minister and Minister of Finance and  
Corporate Governance**

**To the House of Representatives of  
Antigua and Barbuda**

**On Thursday 23rd January 2020**

***Growth and Development for the Benefit of All***

Mr. Speaker

I rise to give an account of the performance of our nation's economy in 2019 and the goals we intend to achieve in 2020.

We have entitled this Budget Statement, "Growth and Development for the Benefit of All", because that single phrase encapsulates the objectives we are purposefully and vigorously implementing.

The people of Antigua and Barbuda resoundingly put their faith in our Administration to do the job of rebuilding a broken economy and improving the quality of their lives.

Our economic performance is repaying that trust, with dividends.

### Macro-Economic Performance

According to the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), our economy grew in 2019 by an astounding 6.2%.

<b>Growth in Western Hemisphere</b>			
	<b>2018</b>	<b>2019e</b>	<b>2020p</b>
<b>Antigua and Barbuda</b>	<b>7.4</b>	<b>6.2</b>	<b>6.5</b>
Bahamas	1.6	0.9	(0.6)
Barbados	(0.6)	-	1.3
Dominica	4.0	9.0	4.9
Dominican Republic	7.0	4.8	4.7
Grenada	4.1	3.3	4.0
Guyana	4.1	4.5	85.6
Haiti	1.5	(0.7)	0.3
Jamaica	1.7	1.7	1.6
St. Kitts and Nevis	2.4	3.0	3.5
St. Lucia	1.5	2.0	3.2
St. Vincent and the Grenadines	2.2	2.5	2.4
Trinidad and Tobago	(0.3)	0.4	1.5
Venezuela	(19.6)	(25.5)	(14.0)
<b>The Caribbean</b>	<b>1.3</b>	<b>1.4</b>	<b>5.6</b>
<b>Latin America and the Caribbean</b>	<b>1.0</b>	<b>0.1</b>	<b>1.3</b>
Canada*	1.9	1.5	1.8
United States of America*	2.9	2.4	2.1

Source: Economic Commission for Latin America (ECLAC), 2019

IMF World Economic Outlook, October 2019

We far surpassed almost every country in this hemisphere, including the United States and Canada.

This is cause for pride in ourselves, as a small nation that put its shoulder to the wheel and its nose to the grindstone.

It is cause for commendation.

Mr. Speaker, our people have even greater cause for pleasure because our remarkable growth in 2019, followed equally impressive growth of 7.4% in 2018.

Indeed, over the last five years, we have averaged real economic expansion of 5%.

No other country in this hemisphere matched that outstanding record of sustainable growth during the past five years.

Our economy continues to confound those who try to talk it down.

We are rewarding the trust of the people of our country.

We are delivering on our promises. And as we say promise made, promise kept.

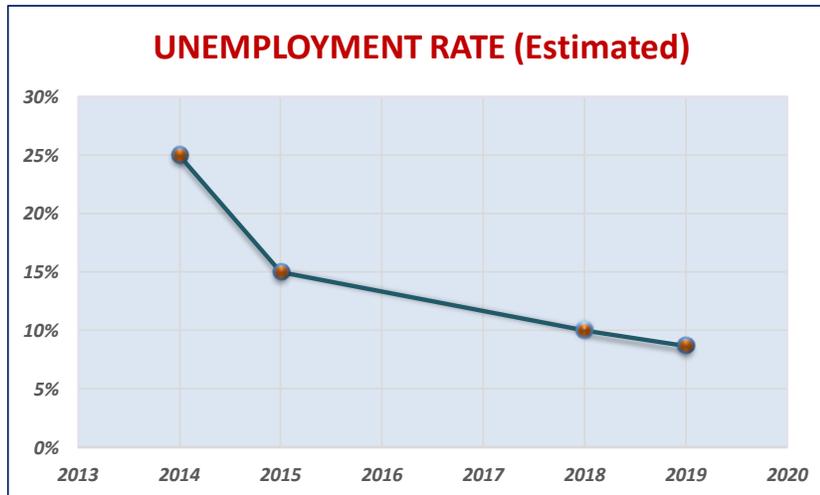
And, the delivery is measurable; it is evident; and it is beneficial.

Growth in the economy has brought more jobs, more permanent employment, and higher wages.

Mr. Speaker, I am pleased to report to this nation that, as a result of the economic growth that our government has delivered, unemployment in our country is down to a single digit number for the first time since 2014.

Our unemployment has been reduced to just over 8%.

Let me repeat it, unemployment has been reduced to a single digit figure of just over 8%.



That, too, is cause for commendation; it is cause for pride.

We are putting our people back in work, back in jobs, and back to having money in their pockets.

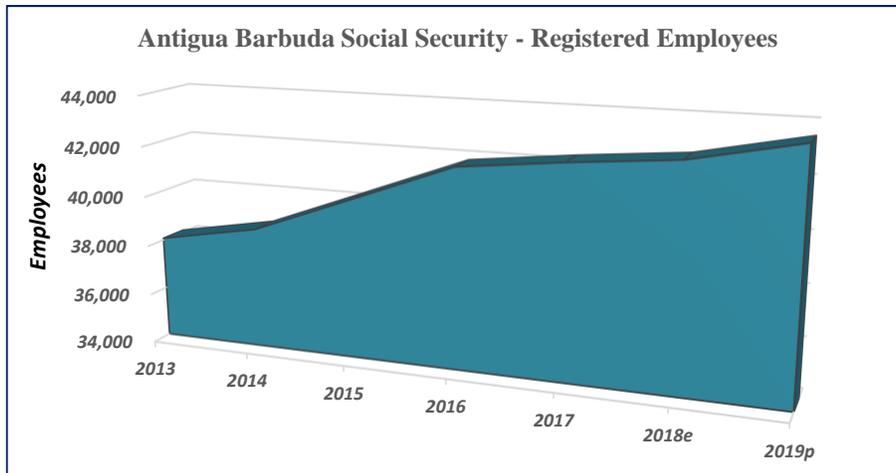
Mr. Speaker, I have no doubt that there will be some outside this Honourable House, who will dispute that we have so dramatically reduced unemployment from the unacceptable 25% that we inherited in 2014.

They will reject it, because they will be too ashamed, to confess that it was they who put our people into unemployment and 10 long years of poverty.

They will reject it, because they will not have the good grace and decency, to admit that we had to turn their calamity into opportunity and their degradation into development. But the figures speak for themselves.

Data available from the Social Security Board, confirms that the total number of registered employees has increased for six successive years.

Further, while the number of registered employees was 42,682 in 2018; the number climbed to 43,535 in 2019.



That, Honourable Members, is progress, it is advancement, it is delivering for the people.

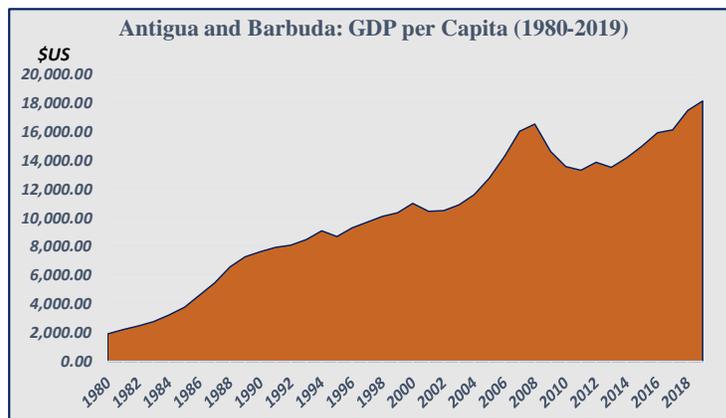
That is repaying the people's investment in our government with interest.

Mr. Speaker, I have not yet painted the full picture of the benefits that have been delivered for all the people of Antigua and Barbuda.

## HIGH INCOME AND HIGH HUMAN DEVELOPMENT

Antigua and Barbuda boasts one of the highest per capita GDP in the Caribbean and, according to the 2019 UN Human Development Report, has the second highest human development index among the ECCU countries.

GDP per capita has risen from US\$2,000 at the time of independence to almost US\$20,000 today.



Source: IMF World Economic Outlook Database, October 2019

Antigua and Barbuda now stands, as a high-income country in the world's ranking, and our people's average income is among the highest in the western hemisphere.

That, too, is cause for commendation.

Mr. Speaker, this significant improvement in the average income of our workforce, does not mean that pockets of poverty and income inequality no longer exist in our society.

They do.

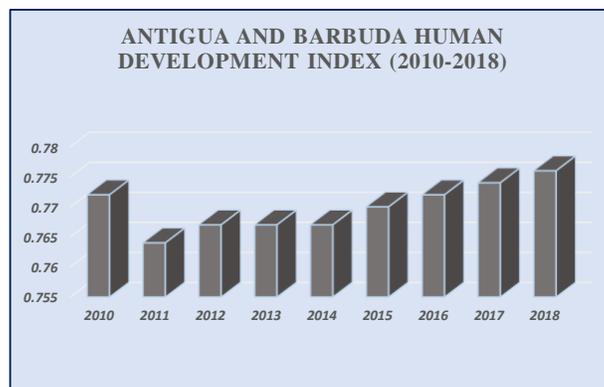
But, we are tackling the issue vigorously.

It should be clear that our government says what it means and means what it says.

Let it be recognized that success in creating better and higher incomes for our people, is already visible in our population that is living better, living healthier and living longer.

Mr. Speaker,

The UN index places Antigua and Barbuda's human development rating above the average for Latin America and the Caribbean, and way above the average in Asia and Africa.



Source: UN Human Development Report, December 2019

And those facts paint a picture of an economy that is steadily growing; of unemployment that is continuously reducing; of more people doing progressively better; and of a society that is increasingly more confident and optimistic.

ECLAC has projected that Antigua and Barbuda will be the second fastest growing economy in our hemisphere in 2020, with a growth rate of 6.5%.

All other countries, except Guyana are projected to grow by 4% or less.

## **INVESTMENT IN EDUCATION**

We are resolved to limit poverty and to narrow the inequality in income, by improving the skills and knowledge of more people to take advantage of higher-paying jobs.

We will not accept an economy where only a few do spectacularly well.

My Government is determined to give every person who wants it, the opportunity to climb the ladder to self-improvement, to betterment and to progress.

That is why we have placed such great emphasis on improving education and expanding access to all.

We recognize that a better educated, better skilled, more knowledgeable people, will not only benefit from the opportunities in a growing economy; they will also contribute to its widening and strengthening.

That is why we will invest tens of millions in the renovation of schools in Antigua and Barbuda.

In tertiary education, transformation is marching through our country, propelled by my administration's egalitarian and progressive educational policies.

We are determined to give every person, regardless of their social status, their colour, or their creed, a chance to certify themselves, and, by so doing, to compete with the best in the world.

That is why we are spending millions every year to provide scholarships to 1,600 young people, to pursue various degree programmes.

And it is also why we have established the UWI Five Islands campus in Antigua.

It was no easy feat.

It required many months of hard work and the investment of nearly \$20 million, to facilitate a few hundred students to pursue a University education right here in Antigua and Barbuda.

Mr. Speaker,

By any measure, this is a monumental and historic accomplishment, that will catapult economic and social transformation in this country.

The opportunity the Five Islands Campus offers, is open to all Antiguan and Barbudans – by birth, descent, naturalization, residency, or by choice.

I call on all within our shores, to seize the chance in their own personal interest and in the interest of our nation, that will profit from the greater knowledge and skills they will gain.

## **ENTREPRENEURIAL DEVELOPMENT**

Mr. Speaker, access to higher education and to greater knowledge and skills is one way in which our government is working, to ensure that we curb poverty and narrow income inequality.

Another way is through the Entrepreneurial Development Fund (EDF), which we launched in May 2019.

Its purpose is to provide low-cost funding and technical assistance to locally owned businesses.

To date, nearly \$1 million in loans have been provided to local small businesses at the very low interest rate of 3%.

The businesses that have already benefited from the EDP include: farming, bed and breakfast facilities, light manufacturing, real estate, and the tourism industry.

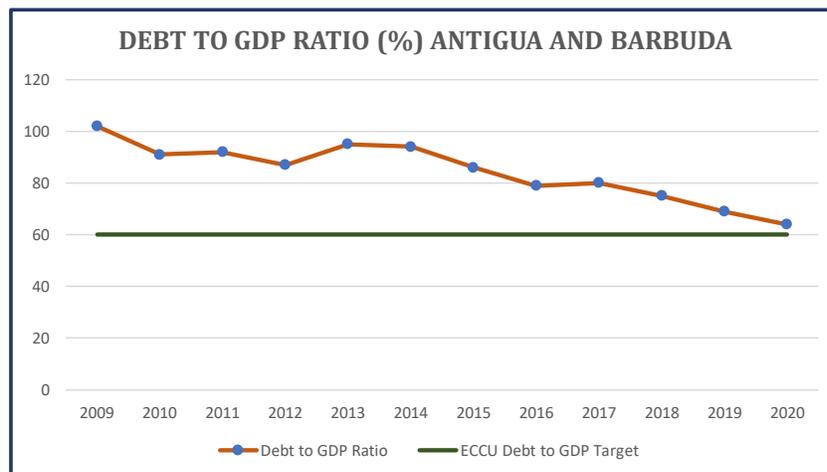
Our firm intention is, to leave no one in poverty once the person is willing to seize the opportunities to improve knowledge and skills.

We are supplying real dollars to get small businesses into operation.

## DEBT MANAGEMENT

Mr. Speaker, it will be recalled that in 2014, when our government came to office, the ratio of debt to GDP was a frightening 102%.

I am pleased to inform this Honourable House that our nation's ratio of debt to GDP is now down to 69.1%.



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That is a remarkable reduction of more than 33% in five years.

By any independent measure, it is a tremendous accomplishment.

The objective set for countries of the Eastern Caribbean Currency Union is 60% by 2030, and we are now within striking distance of meeting it.

In fact, for 2020, the debt to GDP ratio is projected to be 64%.

Mr. Speaker, undoubtedly, we will meet this target by the 2030 deadline established by the ECCU Monetary Council.

Notwithstanding the reduction in the debt to GDP ratio, the debt service requirement remains high and daunting.

In 2019, debt service was \$504.5 million compared to \$412 million in 2018.

But we have grown the economy significantly, and we used new debt to fund various projects such as rehabilitating roads, retrofitting street lighting, improving and expanding education facilities, building tourism infrastructure, financing LIAT, and rebuilding following the passage of Hurricane Irma.

That we were able to accomplish all that we have, despite high debt overhang, is yet another indicator of prudent fiscal management and sensible investment in growth and development for all.

That's not a slogan.

“Growth and Development for the Benefit of All” is a policy and a practice of my Administration.

Mr. Speaker, our country has made it through some hard times.

We have picked ourselves up, dusted ourselves off, and we are remaking our economy.

We have now laid a new foundation.

A brighter future is now ours to embrace.

## **MORE INVESTMENTS AND A STRONGER TOURISM SECTOR**

Our country's economic growth in 2019, was managed from two main platforms – foreign direct investment and tourism.

The continuing foreign investment nails the lie, to the preposterous claim of the idle, the malicious and the deceivers, that this government is opposed to foreign investment.

They wickedly twist our wish for fair deals, that benefit our nation, as much as it does the investor, into grandiloquent lies. Grandiloquent lies with fraudulent tongues. However, the proof of the pudding is in the eating.

And the proof is clear.

Not only has our Government welcomed fair and beneficial foreign investment, but foreign investment continues to be made with beneficial impact for every person in our country.

Several of the investments, including the new Royalton Hotel, Hodges Bay Club, Hammock Cove, Canada Place, The Barbuda Ocean Club, among others, are obvious not only in their presence, but also in the beauty of their architecture.

Also, Mr. Speaker, over US\$150 million has been spent on the YIDA project thus far and a further US\$50 million to US\$100 million will be spent in 2020.

Without exception, our government has welcomed, encouraged and facilitated all those foreign investments.

In tourism, we enjoyed 13% growth in arrivals in 2019.

In 2019, we received a record breaking 309,000 stayover visitors for the year compared, to 268,000 in 2018.

And, that was not the only breakthrough that we recorded.

In 2019, we oversaw the addition of 500 new hotel rooms, bringing our nation's room stock to over 3,500 rooms for the first time in our history.

None of this happened accidentally.

All of it was achieved by careful planning, imaginative marketing and strategic implementation.

In the hands of bad policy makers and careless government, our tourism industry and our economy, would not have so impressively improved and expanded.

It would have declined and decayed, as happened between 2009 and 2014, when our economy contracted by 25 percent, putting thousands out of work and impoverishing our people.

The irony is, these so-called "experts," who wrecked our economy and our people's lives, are now seeking to cast themselves, deceptively, as our saviors.

We are determined that their days remain in the past; never to be repeated. **Never to be repeated.**

## REVENUE PERFORMANCE

Mr. Speaker, our goal is ensuring sustained socio-economic development and advancement for the benefit of every man, woman and child.

And we are delivering it, despite many obstacles.

One of those obstacles, Mr. Speaker, is a reduction in the amount of taxes being paid in relation to the size of our economy, which has been growing exponentially.

Given the impressive rate of economic growth that we have accomplished, tax revenues should have also multiplied proportionately.

This has not happened.

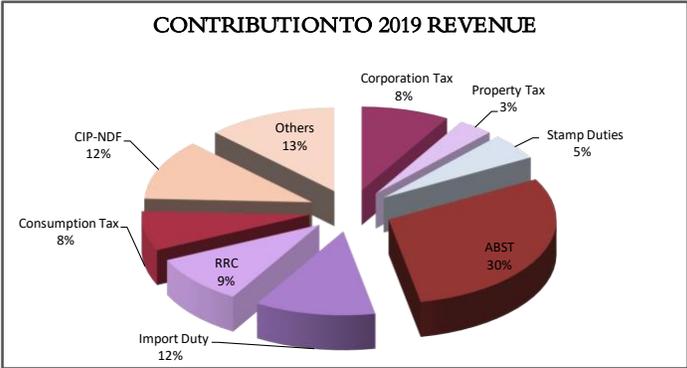
Clearly, there is significant evasion of tax payments, or plain non-payment by various entities.

Mr. Speaker, let me describe what has been happening with government revenues and expenditure.

	2018	Budget 2019	Prelim Estimate 2019
<b>Total Revenue and Grants</b>	<b>859.2</b>	<b>966.2</b>	<b>847.5</b>
Current revenue	815.3	932.2	844.1
<i>of which: Tax revenue</i>	679.6	751.2	672.2
<i>Non Tax Revenue</i>	135.6	181.1	171.9
<i>of which: CIP-NDF</i>	59.7	100.0	98.9
Capital Revenue	43.9	34.0	3.4
<b>Total Expenditure</b>	<b>1,015.1</b>	<b>1,045.0</b>	<b>1,020.4</b>
Current expenditure	931.5	914.9	924.3
Wages and salaries	422.8	405.9	406.2
Contribution to SSB & MBS	32.9	32.0	35.7
Goods and services	129.3	158.4	148.8
Interest payments	124.0	98.1	105.3
Pensions, other transfers	222.5	220.4	228.3
<i>of which: Pensions</i>	71.3	86.6	74.1
Capital Expenditure & Net Lending	83.6	130.0	96.1
<b>Current Account Balance</b>	<b>(116.2)</b>	<b>17.3</b>	<b>(80.2)</b>
<b>Primary Balance</b>	<b>(31.9)</b>	<b>19.4</b>	<b>(67.6)</b>
<b>Overall Balance</b>	<b>(155.9)</b>	<b>(78.8)</b>	<b>(172.9)</b>

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For the year 2019, total revenue and grants to the government amounted to \$847.5 million.

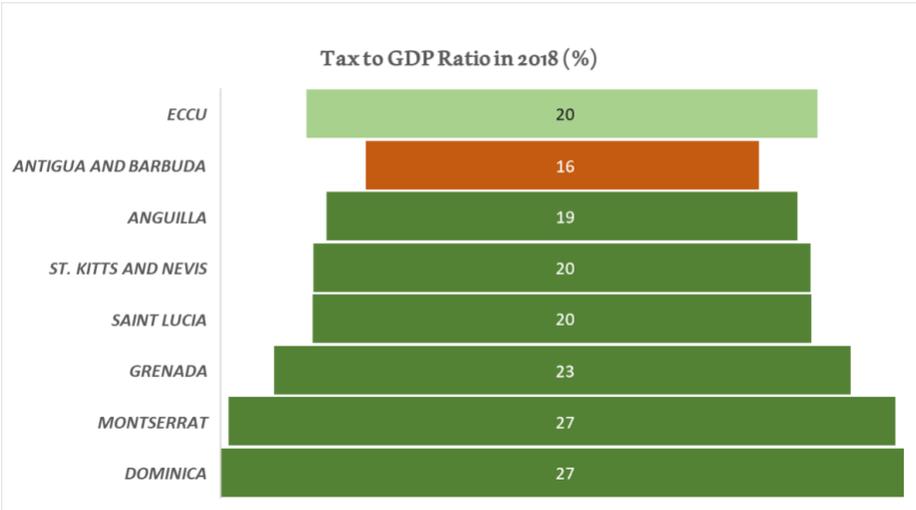


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That figure was a decline from \$859.2 million in 2018. For the most part, this \$11.7 million decline was due to lower tax revenues. In 2018, tax revenue was \$679.6 million, but it declined to \$672 million in 2019.

Yet, as has been clearly shown, our economy has grown steadily, and our economic activity has been robust. We had every reason to expect tax revenues to rise in line with evident economic growth.

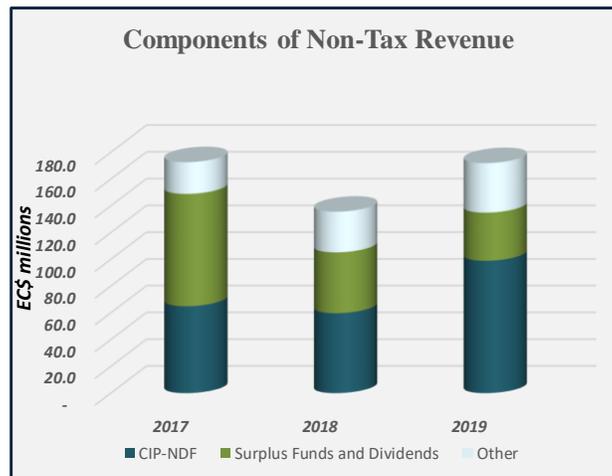
Alarminglly, although our economy is the second largest in the Eastern Caribbean Currency Union and it enjoyed far higher growth than most, our tax to GDP ratio is the lowest, at 16%.



Source: ECCB

Other economies that grew at a much slower rate, and are much smaller than ours, had tax to GDP ratios above the Currency Union average of 20%, and some even collected more revenues than we did in nominal terms.

Our non-tax revenues, principally the earnings from the Citizenship by Investment Programme (CIP), performed much better than our tax revenues. This underscores the vital importance of the CIP to our economy. It brought in \$98.9 million in 2019 compared with \$59.7 million in 2018.



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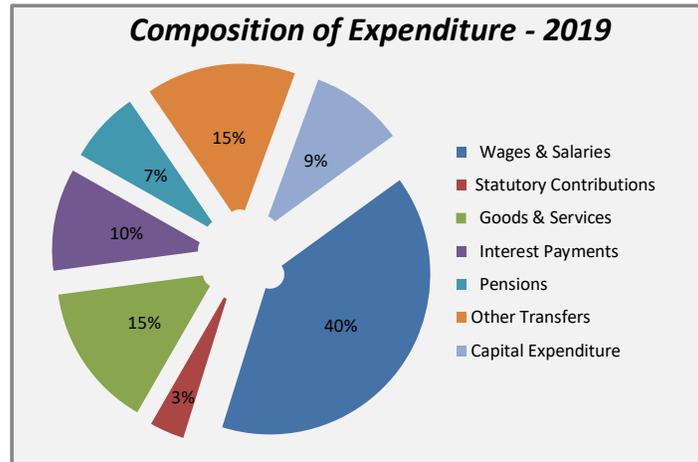
Incidentally, Mr. Speaker, this is why our government has adhered to the highest standards of scrutiny of the applicants for our economic citizenship. It is why we are determined to grant citizenship only to those persons who pose no threat to the well-being of our country, or to any other country in the world. It is also why, when we discover any person who is legitimately wanted elsewhere, we will not allow that person to hide behind our citizenship to avoid the reach of the law.

The quality and integrity of our CIP is far too valuable to our economy, and the well-being of our people, to do anything but uphold and implement the highest possible standards.

Mr. Speaker, returning to the issue of revenue collection.

The point is, our tax revenues are not at the level where every principle of finance and economics suggest they should be, in an economy that is growing as impressively as ours.

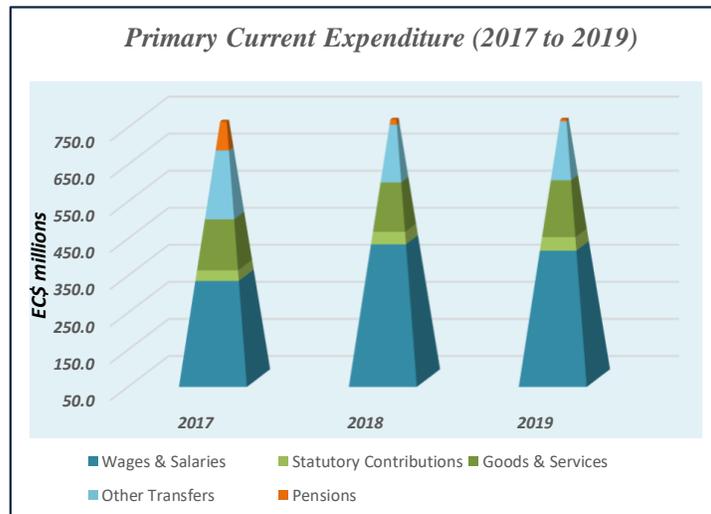
And, while revenue decreased, expenditure in 2019 was \$1.02 billion – approximately the same amount as we spent in 2018. In other words, our government contained spending in 2019, except for capital spending, which we had to increase, to deliver the infrastructural development the country required.



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It should be noted, Mr. Speaker, that the bulk of government spending was on non-discretionary, primary recurrent expenditure.

Specifically, wages and salaries, statutory contributions, goods and services, pensions and transfers, amounted to \$819 million.



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But the government cannot spend revenues that it has not received. It cannot build roads, deliver water, and supply other critical services if taxes are not paid. Consequently, new measures will be applied, to ensure tax compliance and revenue collection.

The Inland Revenue Department (IRD) will launch a new, user-friendly and interactive IRD website this year. It will provide critical information to the public and feature e-payment and e-filing functionalities. The IRD will also intensify enforcement efforts, working with the Office of the Attorney-General, to take legal action for the recovery of outstanding taxes, particularly ABST, Property Tax and Corporation Tax.

Additionally, the Customs and Excise Division will use specialist equipment and tools donated by China and the United Kingdom Border Force to improve operational efficiency and revenue collection. The Comptroller and his team will also pursue new tactics to combat smuggling activities and safeguard our borders against illicit trade.

Finally, the IRD will implement a system, of using forensic tax experts to improve the Department's capacity to investigate tax evasion and profit shifting to reduce tax liability.

Mr. Speaker, those who do not pay their fair share of taxes are depriving the country and its inhabitants of the economic and social infrastructure and services they need.

Such behavior is unfair and unjust.

We are a society that pays no personal income tax.

There is no tax on interest earned on savings or dividends.

There is neither inheritance tax nor death duties.

There is no capital gains tax when locals sell property at a profit.

We do not, in this country, burden our people with the plethora of taxes imposed in the majority of others.

It is only fair that the limited taxes that are in place, should be paid for the benefit of the nation in which we all live, and which we all enjoy. I plead with you to pay your taxes.

## **DEVELOPMENT OF BARBUDA**

Mr. Speaker, I turn now to Barbuda.

Despite all the hype and allegations to the contrary, steady rebuilding continued in Barbuda during 2019.

The facts are as follows:

250 homes that suffered level 1 and level 2 damage during Hurricane Irma, were repaired under the China Aid project.

The Barbuda Energy Resilience Project was finalized after in-depth collaboration with the Barbuda Council.

This is a US\$4.2 million project to be funded through a grant from the UK-Caribbean Infrastructure Fund with counterpart funding provided by the Government of Antigua and Barbuda.

The components of this project include:

Providing Underground Electricity Lines to specific areas within Codrington Village; and

Providing Hybrid Solar Systems to critical buildings including emergency shelters and government buildings.

Additionally, the rebuilding of the Hannah Thomas Hospital will be completed by the end of February, and financing arrangements have been put in place to ensure funding for the renovation of Sir McChesney George Secondary School and to construct the new Holy Trinity Primary School.

In terms of private investment, the developers of the PLH Ocean Club made considerable progress with their project.

The result has been that, in 2019, many residents in Barbuda have benefitted from employment opportunities, even at this initial stage of the hotel development process.

Later in this statement, I will detail further projects for Barbuda to be implemented this year. A total of \$135 million dollars in projects for Barbuda.

## **FINANCIAL SECTOR STABILITY**

Mr. Speaker, securing a strong banking sector has preoccupied our government over the last five years.

Without a strong and viable banking sector, our economy would collapse and our people, in every sector – would suffer. That is why, early in our government's administration, we acted to save depositors from the failure of ABI Bank and to bail out Caribbean Union Bank. Caribbean Union Bank is now expected to turn a profit of approximately \$4 million for 2019.

It will be recalled that we introduced the Depositor Protection Trust to safeguard eligible ABI Bank depositors. At the end of 2019, our Government made all the scheduled Bond payments to the Depositor Protection Trust totaling \$72.9 million. The former ABI Bank Ltd. Depositors, who signed-up to receive the Trust Benefit, have received total payments of \$66.2 million.

That is the kind of caring government we are.

That is the kind of responsible government we are.

We cleaned-up the mess that others so scandalously and recklessly created and failed to resolve.

Mr. Speaker, the ECCB, has rightly stressed that our banking sector would be more robust and resilient with fewer but stronger banks. Indeed, the threat of losing correspondent banking relations, which confronts our country and other developing states, is due primarily to the small size of our indigenous banks. That's why, when the Canadian banks sought to exit the Caribbean, including Antigua and Barbuda, our government had to take a proactive and strategic approach to solidify and strengthen our indigenous banking sector.

That is the reason why the sudden announcement by the Bank of Nova Scotia, to sell its holding in Antigua to Republic Financial Holdings Limited, was resisted. Apart from the fact that the transaction disregarded the interests of depositors and workers, and sought to by-pass the government, the ensuing financial landscape would not have consolidated our local banking sector, or strengthened our indigenous institutions.

Mr. Speaker, as this Honourable House is now aware, our determined intervention and principled arguments, have been effective in persuading the Bank of Nova Scotia to divest its Antigua operations to a local bank.

We are optimistic that a mutually acceptable outcome is imminent and will lead to the enhancement of our financial sector for the benefit of the nation.

Further, it was a positive and welcomed development, late last year, that the Antigua Commercial Bank, together with other indigenous banks in the region, acquired the holdings of the Royal Bank of Canada in the Eastern Caribbean.

Let there be no doubt of the fact, that it was our government's firm stand with Bank of Nova Scotia, that led to Royal Bank's decision to sell to local entities.

In this regard, our principled position benefitted not only our people, but also the people of all the Caribbean countries where Royal Bank sold to local banks.

Mr. Speaker, what is important is this:

With the acquisition of the Scotia Bank and RBC branches by indigenous banks, the people of Antigua and Barbuda can be assured that their assets, and the profits generated therefrom, will be managed, retained, and reinvested for the greater benefit of the domestic economy.

## **Blockchain Crypto Currencies**

Mr. Speaker, we also recognize the need to embrace new technology and fast-developing ideas that are exciting entrepreneurs worldwide.

Blockchain and Financial technology, including cryptocurrencies, are new technologies and innovations that have started to compete with traditional methods in the delivery of financial services. Our government not only does not want Antigua and Barbuda left behind in this financial services revolution, we want our nation to be among those taking early advantage of its benefits, in a well-regulated environment. Draft legislation has already been prepared and will soon be passed in Parliament. Therefore, we look forward to advancing this work in collaboration with entrepreneur, Ambassador Calvin Ayre,

whose recently opened “Canada Place” has already begun to position itself as a leader in this global space.

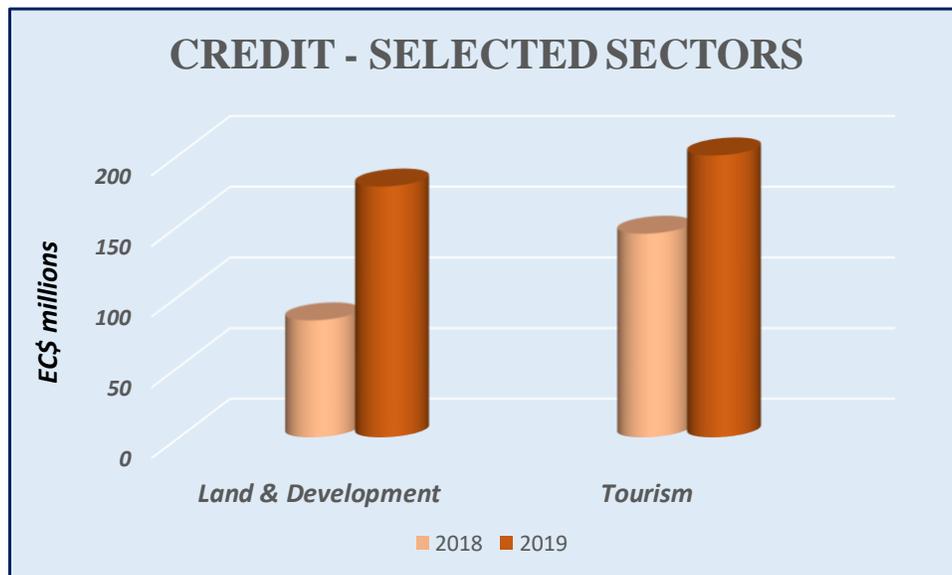
We will also enact Real Estate Investment Trust (REIT) legislation in 2020. This is a financing instrument that may be used by business owners in St. John’s to raise financing to renovate their properties.

## IMPROVED CREDIT PERFORMANCE

Mr. Speaker, despite the challenges of de-risking and costly implementation of new regulatory measures, our banks continue to facilitate economic development, by providing funds to the productive sectors of the economy.

The Banking sector grew by 2.5% in 2019, following a more than 6% expansion in 2018.

Growth in the sector is supported by a 9.8%, or \$245 million increase in total loans and advances for the period January to September 2019, compared to the same period in 2018.



This boost in credit is due mainly to increased lending for land development and construction from \$82.7 million in September 2018 to \$177.4 million in September 2019 – an increase of 114%. The loan to deposit ratio increased from 63% in September 2018, to 70% in September 2019. This augurs well for the profitability of banks and for increased

corporate taxes. Importantly, it is indicative of increased confidence by households and the private sector to make long term economic decisions for borrowing and investment.

All of this has become possible, Mr. Speaker, because of the growth and development policy, that is the heart and soul of our government's work.

Progress is real.

Progress is measurable.

Progress is evident.

## **COOPERATION WITH BILATERAL AND INTERNATIONAL PARTNERS**

Mr. Speaker, at this juncture, I express on behalf of our government and our people, our gratitude to those countries that have contributed through loans, grants and technical assistance to our economic and social advancement.

Among these countries are: the People's Republic of China, Cuba, Japan, the Russian Federation, Venezuela, Canada, the United Kingdom, Mexico, the Dominican Republic, the Republic of Korea, India, New Zealand, the United States.

I am honour-bound, to thank especially, the People's Republic of China, because of its responsiveness to our needs, and the extent of its contribution to almost, all sectors of our economy and social development.

The hundreds of millions of dollars provided by China in grants, technical assistance, and concessional loans, have supported; infrastructure, education, agriculture, healthcare, energy, national security, housing, sports and community development projects.

The significance of the support provided by the Government and people of China cannot be overstated.

Antigua and Barbuda is grateful for the mutual respect and invaluable economic assistance that underpins its friendship with the PRC and they can continue to count on the reliability of our country's support.

## FOREIGN RELATIONS GUIDED BY PRINCIPLE

Mr. Speaker, in the context of our foreign relations, I want to make it clear that Antigua and Barbuda adheres to the principles and precepts laid down by our nation's founding father, Sir Vere Cornwall Bird Snr.

On the day that we became a sovereign nation; he said this, to a Joint Session of Both Houses of Parliament:

*"We extend the hand of friendship to all.*

*But the hand of friendship should not be misinterpreted as an invitation to dictate our policies.*

*We are determined to marry principle with practicality; we will try to fashion an approach that will, at the very least, advance our own development while contributing to global peace and well-being".*

Mr. Speaker, our government maintains those policies, principles and precepts.

In the wider international community, we, in Antigua and Barbuda, continue to extend the hand of friendship to all.

But we will allow no one to dictate who our friends should be.

We make no demands on others, nor do we disrespect them in any way.

By the same token, we do not accept that we should be disrespected or that unreasonable demands should be made of us.

We remain ready to work with all in a spirit of genuine cooperation, mutual trust, understanding and tolerance within the framework of international law, international norms and the principles laid down in the United Nations Charter, to which all nations are bound.

That is the basis on which, as a small state, we preserve, protect and promote our sovereignty and our rights.

## **2020 – GROWTH AND DEVELOPMENT FOR THE BENEFIT OF ALL**

Mr. Speaker, I turn now to the year ahead of us about which this Budget presentation is concerned.

The UN Economic Commission for Latin America and the Caribbean, forecasts that our economy will grow yet again.

This year they have projected a growth rate of 6.5%.

However, we anticipate outdoing that forecast by delivering larger growth of 7.5% based on the investments programmed for this year.

This economic performance will again be primarily underpinned by tourism; significant construction activity; and major investments in infrastructure.

These will produce even more jobs, additional income for families, and overall improvement in the standard of living of our people.

Mr. Speaker, in 2020, investments in the tourism sector will top \$2 billion.

These tourism investments include:

- i. the \$325 million to be spent in 2020 on the PLH Ocean Club on Barbuda
- ii. the \$125 million renovation and expansion project at the existing Rex Halcyon Hotel by Sunwing
- iii. the development of a \$270 million beach club at Fort James by Royal Caribbean Cruise Lines
- iv. \$540 million One and Only Hotel and Luxury Villas at Pearn's Point
- v. \$100 million Armand Hotel Project in Barbuda
- vi. \$540 million Port Oasis project at Side Hill. This project will be undertaken by the Hadeed Group of Companies in conjunction with international partners. Once completed, this has the potential to receive calls from Virgin Voyages and other vessels

- vii. NAMCO will assume 65% ownership of the Jolly Beach Hotel and will spend \$150 million to expand and refurbish the property. This will make it one of the largest and most beautiful hotels in the OECS sub-region.

In addition to these projects, work will continue, or commence, on several other properties, including a Best Western Hotel, a Marriott Courtyard Hotel at the Airport, the Ayre Wellness Centre and Spa at Valley Church, Replay Halfmoon Bay project, and the YIDA projects.

Many private luxury dwellings will also be constructed across Antigua and Barbuda: Pearn's Point, Jumby Bay, Mill Reef Club, Galley Bay Heights, Windward Beach, and the US\$50 million Baron Thyssen luxury home at Laurie Bay, which is presently under construction.

Also, the new owners of Callaloo Cay will proceed with the hotel project at Morris Bay, starting construction later this year.

Another exciting hotel project, beginning in the second quarter of this year is the Bungalows project at Devils Bridge. This is a US\$100 million, Elite Island Resorts project, that offers a wonderful opportunity for Antiguans and Barbudans, to acquire a stake in a hotel property. The developer has confirmed the involvement of two large international tour operators, who will market and promote the property.

Up to one-third of the development will be made available for sale to locals. That is a requirement of my government. The developer will provide financing in addition to constructing and managing the units. This is an opportunity for Antiguans and Barbudans, wishing to invest in a tourism property that will yield dividends for generations.

The Sunwing renovation and expansion of the Halcyon Cove Hotel will also offer a similar opportunity for our people to invest in tourism accommodation.

Yet another attractive opportunity for Antiguans and Barbudans to invest and own tourism capital, is available at the Cedar Valley Golf Course.

The Cedar Valley Golf Course was voted among the best in the Caribbean and is ripe for development. This is why my Government will make 10 acres of land available to locals, at \$3 per square foot, for development of a 50-room Marriott Courtyard-type hotel within the golf course. Individuals, or a consortium of local investors, are invited to make their proposals for consideration by the Cabinet.

These investments, costing in excess of \$2 billion, will generate an economic boom: creating more jobs; increasing income; and enlarging demand for goods and services from which retailers, wholesalers and owners of every type of business will benefit.

## **PARTNERSHIP WITH GLOBAL PORTS**

Mr. Speaker, contrary to the uninformed comments of certain political opportunists, the Government's partnership with Global Ports Holding (GPH) is already proving to be beneficial to the nation.

This is a public-private partnership in which the people of Antigua and Barbuda, through the government, retain ownership of the cruise port while GPH will invest US\$57 million to:

- complete a fifth pier, allowing us to host the world's largest cruise ships;
- develop and construct over fifty thousand square feet of new retail, food and beverage and entertainment facilities, to be leased to local persons; and
- renovate and enhance the Heritage Quay shopping complex.

Mr. Speaker, to be clear, the new pier and new commercial complex will be built by GPH but owned by the Government and people of Antigua and Barbuda. At the same time, we have transferred the loss-making risk to GPH; which will make their success our success.

As part of the partnership arrangement, GPH has already repaid a US\$21 million debt, incurred by the government two decades ago, to develop the Nevis Street Pier.

Building the Oasis class pier is vital to the growth of our cruise tourism sector. This partnership with GPH will ensure Antigua and Barbuda acquires the infrastructure to compete in the new cruise tourism space. Further, GPH has already employed twenty-two Antiguan and Barbudans who are working with taxi drivers, vendors, retailers, restaurateurs and tour operators to develop and support the local economy. In addition,

the company has also contracted the services of several local companies to provide services at Heritage Quay and the Port.

Furthermore, GPH is establishing the YES Foundation which will contribute US\$5 million to qualifying Antiguan and Barbudans, who have the ambition to start their own business or develop their current tourism-focused business.

## **PUBLIC SECTOR PROJECTS**

Mr. Speaker, our government will also make significant investments in infrastructural development this year.

Work on the US\$90 million St. John's Port Re-development will be advanced. It has already provided jobs for Antiguan and Barbudans and benefitted countless businesses including heavy equipment operators. When it is completed, our country will have one of the most modern seaports in the Caribbean, supplying trans-shipment facilities to other countries, earning new revenues, and providing a wide range of jobs and business opportunities for locals.

With a modern airport and seaport – both hubs for the movement of people and goods regionally and internationally – it should clearly be seen that our country will assume strategic importance for trade and tourism in the OECS subregion.

And, that is where we want to be.

A hub of enterprise and innovation.

An outward looking, free-trading nation.

A country fit for the future.

Mr. Speaker, crucial to realizing a vibrant, busy, nation is the development of our network of roads. Despite challenges, work on the Friars Hill Road and Sir George Walter Highway progressed in 2019, although protracted. To date, nearly \$40 million have been spent on these highways.

Mr. Speaker, our government has awarded a further \$63 million contract for a second phase of rehabilitation of our roads network. There will be major upgrades to Anchorage

Road, Old Parham Road, Sir Sydney Walling Highway, and Valley Road North. Design work has started, and construction will begin in the second half of this year.

Although it is seldom acknowledged by critics, work was also carried out on several secondary roads in communities across the country where concrete roads have been constructed. Rehabilitation of these secondary roads will continue this year.

### **INVESTMENT IN SPORTS COMPLEXES:**

Mr. Speaker, we know that we have the raw material among our young people to produce Olympic champions. What has been missing, are the facilities to train and develop the existing talent.

I am pleased to report that, by the end of February, we will complete the facility at YASCO where an athletic track of international standard will be ready.

We are capable of being as internationally outstanding in athletics, as we are in cricket – a game we must continue to promote in tribute to the greats we have produced, and as an inspiration for the greats waiting to assert their place.

In this connection, we intend to renovate and refurbish the Antigua Recreation Grounds (ARG). It will be used not only as a main venue for CARIFESTA XV, which we will host in 2021, but as a national monument to the many historic moments in cricketing history, which echo from its grounds.

### **NEW PUBLIC CEMETERY**

Mr. Speaker, another important public sector project will be development of a new cemetery. This will be a modern cemetery located at Tomlinson's. It will address the shortage of space at the public cemetery, which has reached maximum capacity.

## **WESTS INDIES OIL COMPANY: BENEFITTING THE PEOPLE**

Mr. Speaker, Friars Hill Road is undoubtedly the pathway of a burgeoning commercial center.

This year, the West Indies Oil Company (WIOC), in partnership with a regional investor, will accelerate the development of such a centre, by investing \$40 million into a thriving business park.

Over the past four years, WIOC has invested \$154 million in expanding its facilities. This includes an LPG Tank farm, that was officially inaugurated in October 2019, quadrupling storage capacity and ensuring that the demand for LPG can be met more effectively.

These investments have boosted the company's financial performance which, in turn, has resulted in payment of increased taxes and dividends to the State. Between 2015 and 2019, WIOC paid \$39 million in corporation taxes and \$26.8 million in dividends, giving a total yield of \$65.8 million.

If ever there was a success story from government intervention and participation in ownership, WIOC is that story.

The time has now come, to offer shares in WIOC to citizens of our country, so that they can benefit directly from its financial achievements. Therefore, government has made firm arrangements, to divest a portion of its 51% stake in the company, through a public offering on the Eastern Caribbean Stock Exchange, by May of this year.

The offering will be structured so that individuals, who may not be able to afford to purchase shares by themselves, will be able to do so as part of an investment club.

The objective is to move our people beyond being workers and wage earners and into being owners of real property, businesses and other assets.

Mr. Speaker, ownership is empowerment!

Our people must not sit on the sidelines of their own country's prosperity; they must actively participate in it.

Our government is giving that opportunity to all.

Other opportunities will be given for investment and ownership in State Insurance Company Limited, NAMCO, and other government corporations.

As we develop new and profitable business entities, we will make a portion of the shares available to Antiguan and Barbudans. This is empowerment capitalism at work.

## **PUBLIC UTILITIES**

Mr. Speaker, the Antigua Public Utilities Authority (APUA) continues to position itself to meet the diverse and dynamic challenges ahead. More frequent and severe weather phenomena have amplified the need for more resilient infrastructure. Therefore, the utilities company has embarked on a programme to increase its generation capacity by 25-30 MW.

In order to keep pace with the expected water demand of 8 million gallons per day, two new Reverse Osmosis Plants will be installed – one at Fort James and the other in Bethesda. The Fort James Reverse Osmosis Plant will primarily serve Heritage Quay and the central business district. The Bethesda Reverse Osmosis Plant will replace the Delaps Water Treatment Plant during extreme drought conditions, when water is below extraction levels at the Potworks Dam Reservoir.

An aging, leaky distribution network has exacerbated APUA's efforts to provide water consistently. To address this, the Authority will undertake a \$30 million re-piping project to reduce water loss and increase supply to homes and businesses.

In terms of telecommunications, the Government will proceed with its US\$30 million project to significantly upgrade the telecommunications infrastructure. This will include investment in an underwater fibre optic cable, to bring more reliable and affordable broadband internet service through the fibre-to-home initiative.

## **CONTINUED INVESTMENT IN EDUCATION**

Mr. Speaker,  
Knowledge is power. Therefore, empowering our human resources is, as important as, investing in physical infrastructure.

That's why, this year, our government will inject another \$20 million into the UWI Five Islands campus. These funds include a US\$3 million contribution from Global Ports, and will be used to help construct: dormitories, an administration block, sporting and recreational facilities, and to create an entrance to the campus that is befitting of an institution of higher learning.

We are determined that, within the shortest possible time, our people will be equipped with the knowledge and certification, that allows them to compete with the best in the world.

We know that the pathway to tertiary education is a good secondary education. Therefore, as I indicated before, we will upgrade St. Mary's Secondary School, Ottos Comprehensive School, and Sir Novelle Richards Academy. The nearly \$9 million project to rehabilitate and expand the Sir McChesney George Secondary School in Barbuda has already begun.

We will continue to support capacity building and ongoing professional development of teachers in all disciplines, including special needs education. The Government will also offer scholarships for post graduate studies, to Antiguans and Barbudans who aspire to work at the UWI Five Islands campus.

The highly successful adult learning programme has been a resounding success with 1,600 students enrolled and it will be strengthened in 2020.

## **TRANSFORMING BARBUDA IN 2020**

Mr. Speaker, I now wish to lay out our plans to secure even greater progress in Barbuda.

Working in cooperation with the Barbuda Council, our government intends to implement the following projects:

Rehabilitation of the Barbuda Community Centre;

Repair and furnishing of the Council Administration Building

Construction of a new Disaster Office

Construction of a Multi-purpose Centre which will also serve as a Disaster Shelter

Expansion of the Reverse Osmosis Plant and Storage Tank; and

Development of Agricultural Infrastructure.

Importantly, a Masterplan for the future development of Barbuda, including crucial environmental studies, will be created in full consultation with the people who live on the island.

Further, a project under the auspices of the Prince's Foundation, and funded by Ambassador Calvin Ayre, will construct up to 20 homes on five acres of land at the Louis Hill area. The beneficiaries will be Barbudans, whose homes were completely demolished during Hurricane Irma.

A project, funded with a \$15.5 million grant from the European Union, will start this month to rebuild 150 homes that suffered major damage during the passage of Hurricane Irma. Preliminary land clearing, geotechnical soil investigations and building layout works have been completed in preparation for pending construction work at the 15-acre lot earmarked for the new Holy Trinity Primary School.

This project is jointly funded by the Government of Antigua and Barbuda and the Dominican Republic and will feature: 16 classroom spaces, administration offices, a cafeteria, a security booth, secure parking and recreation space for basketball, tennis, soccer, and cricket.

There will also be a \$20 million renewable energy project funded primarily by a grant from the United Arab Emirates. This will supply 1-megawatt of energy, which will be sufficient to power all of Barbuda during daytime hours. Battery power will be added systematically in the future, which will make Barbuda an island total powered by solar voltaic energy.

Mr. Speaker, the development and transformation of Barbuda requires access to it, particularly for its tourism industry. To facilitate such access, the Government will complete the \$55 million new airport on Barbuda in 2020.

The estimated value of all the projects, which will either be completed, or advanced on Barbuda in 2020, is \$155 million; not including the private sector developments.

Mr. Speaker, no other Administration would have contributed more, in one year, to the development of Barbuda and its people.

Therefore, Barbudans can expect a significant boost in economic activity, new job opportunities, and increased incomes.

## **HOUSING**

Mr. Speaker, as this Honourable House knows well, providing affordable housing, especially low-income social housing for the poor and vulnerable, is one of the most important goals of our government.

Grant funding of \$120 million from China will pay for the construction of 250 low-income, climate resilient homes at several locations in Antigua, with approximately 50% earmarked for Booby Alley.

Fifty of the homes will also be constructed on Barbuda.

The National Housing and Urban Renewal, which built and handed over eighty-seven homes in 2019, at Paynter's Development, will complete construction of another 73 this year at that location.

At Denfields, 60 homes are completed and ready to be transferred to potential homeowners, once the necessary infrastructure is in place.

Under the *"Build on Your Own Land"* option, National Housing also completed and transferred 63 houses to homeowners, and 100 parcels of land were sold to Antiguan and Barbudan citizens in the Friars Hill Development.

Ninety-four parcels of land at Donovan's are currently being distributed under the land for youth initiative and 92 parcels at Royal Gardens are being distributed to potential homeowners.

The Central Housing and Planning Authority (CHAPA) has developed approximately 20 new homes at North Sound, with a further 10 under construction at Lightfoot.

Between CHAPA and the Lands Division, approximately 250 parcels of land were sold in 2019.

As part of the Government's strategy to renew and expand the housing stock rapidly, lands are being sold at the concessional rate of \$3.00 per square foot, to contractors and

developers, who will build affordable homes for sale to citizens and residents. This type of development will take place at Belmont, Paynters, Judges Hill, Lightfoot and Bolans.

To help accelerate the supply of homes to Antiguan and Barbudans, the China Civil Engineering Construction Corporation (CCECC), will also construct a few hundred homes in Paynters, Bolans and Belmont. For these properties, lands will only be transferred from the Crown to the homeowner; at no point during the process will CCECC hold title to the lands. This project will be executed under the oversight of CHAPA.

CHAPA will also be constructing additional low-income homes for individuals who do not qualify under the National Housing initiative.

The United Nations Office of Project Services (UNOPS) and Bau Panel, have recently acquired funding to construct a factory in Antigua to manufacture 10,000 affordable and sustainable homes. Two thousand, five hundred of these homes will be allocated to Antiguan and Barbudans, while the others will be exported to countries in the Eastern Caribbean. The price for these homes will be under \$150,000.00.

Mr. Speaker, unlike the previous partnership in which Bau Panel would have utilized domestic financing and speculated with domestic land, this is a credible partnership with UNOPS, which my Government fully endorses. It will bring foreign direct investment, that will create jobs and develop an export product.

Mr. Speaker, our country is experiencing a **housing revolution** that will benefit all Antiguan and Barbudans. Public servants, particularly teachers, nurses, police, and soldiers, will receive special access to the housing projects.

We are determined to build a prosperous and inclusive economy where everyone can shine, wherever in Antigua and Barbuda they live, and whatever their socio-economic circumstances.

## **IMPROVING THE BUSINESS ENVIRONMENT**

Mr. Speaker, our government recognizes the importance of a vibrant and expanded business community to strengthen our economy, create full employment and enlarge tax revenues needed by the State to provide for the well-being of our society.

That's why, last April, a Business Forum was convened as the first in a series of interactions between the Government and the business community.

Over 200 businesspeople attended, representing a diverse range of sectors.

The objectives of the forum were to encourage business creation and expansion; for policymakers to hear directly from business owners about their experiences; and more importantly to elicit recommendations for improving the business environment.

A Business Forum Working Group has been reviewing the recommendations and developing a Work Plan with input from the relevant agencies for implementation of the recommendations.

The Work Plan and report of the Working Group will be delivered at the next Business Forum to be held in April 2020.

However, in anticipation of the report, our Government has already begun to take action to improve the business environment, making it easier to do business.

The interventions include: reviewing and simplifying the tax code, publishing relevant taxpayer information, and introducing systems for the automation of tax collection at Inland Revenue and Customs.

Also, a Maritime Single Window System will soon be operational, to help improve trade facilitation and an Authorized Economic Operators Programme will be implemented shortly.

These arrangements will allow pre-approved businesses and importers to expedite clearance of their goods.

## **TRANSFORMING ANTIGUA AND BARBUDA DEVELOPMENT BANK**

Mr. Speaker, we are also actively exploring options to recapitalize the ailing Antigua and Barbuda Development Bank (ABDB), so that it can play the vital role for which it was originally conceived.

The Government will work with the CARICOM Development Fund (CDF) to undertake a comprehensive assessment of the ABDB.

At the end of this process will be a revitalized and well capitalized ABDB with a streamlined mandate, improved operations, and a relevant suite of products to meet the needs of small businesses.

## **RENOVATING ST. JOHN'S**

Mr. Speaker, an important matter related to improving the business environment is the decrepit state of St. John's City.

None of us can be content with its present condition.

It urgently needs major refurbishing and rebranding.

This is not a job for government alone.

It requires the participation of all stakeholders, especially those who own properties in St John's and those who conduct business there.

We, collectively, need to determine what St. John's should represent to locals and what face it should show to the many who visit our shores.

In this connection, our Government will convene a meeting of representatives of property owners and other stakeholders in the nation's capital, to include vendors, to explore options for a public-private partnership with the sole purpose of refurbishing, renovating and revamping St. John's City.

Crucial to that meeting will be a Sewerage System and Treatment Facility. The installation of a modern system is long overdue, not only for health reasons, but also for the aesthetics of our capital city, and the protection and preservation of our marine resources surrounding St. John's. Our government has started negotiations with potential funding agencies. However, the participation of property owners and all those who conduct and benefit from business in the capital should contribute to the ultimate solution.

Mr. Speaker, an important factor in tackling issues that adversely affect St. John's, is traffic congestion, caused in part by a lack of adequate parking for motor vehicles. In this connection, the National Assets Management Company Ltd. (NAMCO) has engaged a team to begin work on the unfinished car park, that stands as an eye sore in the city.

The project involves securing and cleaning the site in the coming weeks, while an extensive engineering and structural assessment of the building is conducted to inform its final construction.

The intention is to make the car park operational before the end of the year, while we identify a private sector company, or consortium to partner with us to finish the building so that the rest of it could be utilized profitably.

## **MANUFACTURING AND AGRICULTURE**

Mr. Speaker, if we were to fairly assess the potential of manufacturing and agriculture in Antigua and Barbuda; our country's physical, natural resource and human resource endowment do not allow for these sectors to lead in our economy in terms of income and foreign exchange generation.

In 2019, agriculture contributed 0.7% or \$23.4 million of gross domestic product and manufacturing contributed 1.9% or \$61 million. However, despite their small size, they are still important. They provide opportunities for small businesses to develop; help to advance our food security; reduce the amount of foreign exchange spent on imported goods; and create employment for our people.

The Government will therefore continue to provide concessions to operators in these sectors, to encourage growth and enhance their contribution to GDP.

Mr. Speaker, in terms of manufacturing, a few exciting projects will be implemented in 2020. One is the US\$20 million Carib Beer plant and the other is the US\$10 million Harris Paints factory. The Harris Paints Company has already made a sizeable investment and proposes to start operations shortly. The Carib Beer Plant is set to start construction in April. Also, Parlay will commence construction of their waste recycling base later this year.

These ventures will create manufacturing jobs and increase the level of manufacturing exports.

Manufacturing will be further boosted by the opening of the factory to manufacture prefabricated homes under the UNOPS-Bau Panel project, that I mentioned earlier.

Mr. Speaker, our interventions in agriculture this year, will strengthen food security and nutrition, encourage greater participation in the sector and help alleviate poverty among vulnerable groups in society. We will also reinvigorate the backyard gardening initiative and embark on a programme to encourage small plot farming on designated crown lands.

The Government will retain the regime for concessions on equipment and inputs for use in agriculture and will continue to pursue partnerships with bilateral partners like China, Cuba, Suriname and multilateral agencies, such as the FAO, to provide technical support to farmers and technicians in the sector.

Finally, to encourage participation in the agriculture sector, all loans from the Entrepreneurial Development Fund to farming will be provided at 1%. And, where the agriculture business creates jobs or begins to export, earning foreign exchange, loans will be converted to interest free facilities.

## **MEDICINAL CANNABIS**

Mr. Speaker, the Medicinal Cannabis Authority Board was established in March 2019, as a first step towards the creation of a progressive framework, to regulate and promote the use of cannabis for medicinal purposes.

The Government will now focus on encouraging entry into the mid-stream market of the industry, which involves manufacturing of products such as creams, tinctures, aromatherapy oils and confectionary made from cannabis.

Interest remains high among potential investors and the Medicinal Cannabis Authority Board has registered interests from several companies. One such prospect is the possible acquisition by former World Heavyweight Champion, Mike Tyson, of a hotel property that would be converted into a wellness centre for treatment of diseases, using hemp and other natural products. In this regard, our Government will make amendments to the laws regulating the cultivation and use of hemp and its by-products in Antigua and Barbuda.

Finally, a major conference will be held in Antigua later this year, to bring together investors, industry professionals, scientists and other stakeholders to advance the development of this industry.

## **ENHANCING NATIONAL SAFETY**

Mr. Speaker, Antigua and Barbuda is a nation where its people are blessed to live in relative peace and tranquility. There are countries where people are forced to exist under chaotic and turbulent circumstances and suffer unspeakable tragedy and loss.

The Government is keenly aware that the 75% reduction in the number of murders; the 42% decline in serious crimes, and general maintenance of law and order in 2019, can

be fragile and fleeting. Consistent effort is necessary for national security and public safety. The commitment and diligence of the men and women who serve in our various law enforcement agencies cannot be overstated.

I commend the Royal Police Force of Antigua and Barbuda for the work done over the past year, to contain the level of homicides and serious crimes, especially gun related offenses. The Antigua and Barbuda Defence Force and the ONDCP also played important roles in combating criminal elements in our society, and I also commend their work.

Our Government will invest in more crime fighting equipment, promote capacity building and secure more specialist training in 2020, to maintain the safety and security of all the people within our shores – those who live here, and those who choose to spend their vacations with us.

## **HEALTH CARE: TACKLING NON-COMMUNICABLE DISEASES**

Mr. Speaker, non-communicable diseases pose a serious threat to our society.

Diseases such as diabetes, hypertension, cancer, chronic kidney failure, strokes, and autoimmune conditions, are having an increasing impact on our population. These diseases create significant strain on the healthcare system, reduce the productive years of many young persons, and wreak havoc on the emotional and financial wellbeing of families.

While we have made strides in prolonging the life of our people, for too many, the quality of those additional years is diminished.

Our government is responding to this challenge in a multifaceted way.

We recognise that the lifestyle choices of our people, are major contributors to the rising incidences of non-communicable diseases. Therefore, we will enhance public awareness and public education on the importance of being active and eating a balanced and healthy diet.

Our Government will also encourage community sporting activities, including events for the young and the elderly. We will also establish outdoor gyms in various communities. The Ministries of Health, Sports and Education will collaborate to implement this initiative beginning this year.

Finally, we will introduce a tax on sugary beverages, to help reduce consumption and prompt healthier choices.

## **PROTECTING THE MOST VULNERABLE**

Mr. Speaker, in thriving economies across the world, there are persons who are vulnerable and need special assistance.

In this statement, I have acknowledged the pockets of poverty that continue to exist in our country.

I have also made it clear that we are tackling it.

Our Government maintains several social programmes that benefit the elderly, orphans, persons with disabilities, and poor or indigent individuals.

Hundreds of persons are served by: the Board of Guardians, the Home Advancement Programme for the Indigent (HAPI), and the Government Residential and Care for the Elderly (GRACE) programme.

Also, nearly 9,000 persons receive assistance through the PDVCAB Peoples Benefit and Utility Subsidy programmes.

We are pledged to continue these programmes, because every life is an important life; every citizen is important to our society; our government will let none suffer, nor any go hungry; because we care, and we will always care.

## **YOUTH EMPOWERMENT**

Mr. Speaker, this Government's primary initiative for the empowerment of our youth, is the provision of every opportunity from the primary to tertiary level to acquire knowledge.

For those young people who, for whatever reason, did not manage in their school years, we provide the Second Chance Programme by which they can earn certification, improve their employability, and equip themselves for higher learning.

Our Government makes acquisition of real property possible through its land for youth initiative.

Also, the Young Entrepreneurs component of the Entrepreneurial Development Programme is in place and provides special access to resources, mentoring and technical support to develop and execute their business ideas. All young people with a business idea and a passion to see it through, are encouraged to contact the EDP team, located at the Sagicor building, on Factory Road.

The Science and Innovation Centre that is being managed by UNOPS, to promote local entrepreneurship, offers great prospects for the youth to develop programming skills and identify innovative use of technology to solve real world problems.

Further, with the retrofitting of the former Deluxe Cinema, those who are interested in music, the arts and culture, will have a dedicated space to hone their skills.

Our nation has witnessed the remarkable achievements of Khan Cordice and our international teen sensation AU/RA in music, and Alzarri Joseph, Rakheem Cornwall and Hayden Walsh Jr. in cricket.

Where they have succeeded, others can.

Our government offers the opportunities; our young people must take advantage of them.

## **PUBLIC SERVANTS**

Mr. Speaker, since 2018, our Government's Negotiating Team has been talking with the bargaining agents representing the interest of public sector workers. While those talks progressed, our Government paid 5% wage increases in 2018, without prejudice to the outcome. Also, backpay owed to public servants and payment for outstanding non-negotiated contract periods from 2003 to 2017, have been paid by our government. These two actions were executed at a cost of over \$70 million.

Talks have progressed to the stage where the Government's Negotiating Team has received proposals from almost all the bargaining agents and has submitted counter proposals to half of them. As can be expected, there are differing views on the quantum and the mechanics of the increase. But, the purpose of negotiations is to narrow differences and to find practical common ground.

That is what we are working toward.

Meanwhile, our Government continues to be mindful of the other issues affecting public servants and has demonstrated its willingness to resolve them. For instance, we have

addressed the misalignment between the government's retirement age and the Social Security's pensionable age.

Effective May 1, 2020, the retirement age for public servants will be 65 years, but public servants will have the option for early retirement between the ages of 55 and 60. Further, where the age of a public servant corresponds with the Social Security pensionable age, the public servant will be able to retire with full benefits.

And, that is not all.

Our government has introduced measures to assist public servants with home repairs and home ownership.

But, we recognize that while many have benefitted from these arrangements, other public officials have not been able to capitalize on them.

Therefore, we are implementing new procedures to allow easier access to the following initiatives:

1. Public servants seeking to build their first home will be eligible for concessions provided under the ABIA Construct Antigua Barbuda Initiative (CABI) for a dwelling home valued up to \$400,000.00. The general CABI threshold is \$350,000.
2. Public servants will also be able to benefit from a special window at the Caribbean Union Bank for repairing and refurbishing their homes. An approved public servant can get up to \$50,000 for home repairs, at an attractive interest rate. The Government will provide a guarantee of \$5 million, to CUB to facilitate this special arrangement.
3. Public servants building their first house or repairing their home, will be able to get concessions on import duty normally applied to building supplies and home furnishings.

Mr. Speaker, the Government machinery could never function without the efforts of committed, diligent and professional public servants. Therefore, the Government will do all in its power, to ensure public sector employees receive their fair share of the increased economic pie.

Let it be noted that our Government has shown its appreciation.

Since 2014, Government's spending on wages and salaries has increased by more than \$100 million – and every public servant and their families have benefitted.

## **FINANCING CLIMATE RESILIENCE**

Mr. Speaker, the people of the Caribbean, including Antigua and Barbuda, know that Climate Change is real, because we have lived through its devastating effects.

Therefore, we must be conscious that all our efforts at renovation and renewal, could be in vain, if a major hurricane rips through our country.

That's why we have to build a more resilient economy and a more resilient country.

In this regard, I am pleased to announce that, following a successful partnership with the International Renewable Energy Agency (IRENA) and the Abu Dhabi Fund for a US\$15 million renewable energy project, the Fund has approved another US\$15 million for Phase 2 of the project. This brings the total investment to US\$30 million. This investment in both wind and solar energy will benefit public buildings.

Mr. Speaker, our investment in renewable energy is nearly US\$70 million and evidences a commitment to reducing our carbon footprint, building resilience and adapting to climate change.

While these investments help, they are not sufficient to build the effective shield our country needs to protect itself against the catastrophe of repeated hurricanes. That's why our government established the Sustainable Island Resource Framework Fund (SIRFF) that became operational in 2019. It will programme almost US\$8 million from the Green Climate Fund and other donor agencies in 2020.

A key activity of the Fund will be to facilitate homeowners who need financing to make their homes climate resilient – that is hurricane and drought ready – through highly concessional loans. The Board of the SIRFF is finalizing the details of this facility to allow access to funding before the 2020 hurricane season.

But, Mr. Speaker, we recognize that while this fund is important, it too is insufficient for the task before us.

Much more is needed, or a major hurricane could sweep away, in one fell swoop, all the advances and progress we have made, including all the infrastructure built by private investors and the government in the vital tourism sector.

Given the devastating effects of climate change and the implications for our way of life and very existence, it is critical that we build several facilities to help finance resilience and support our development.

Therefore, the Government will also establish a Climate Resilience and Development Fund (CRDF) in 2020. The purpose of this fund is to finance projects and programmes that will build climate resilience, provide a buffer for public finances in times of natural disasters, and support development of the country. This Fund will be financed mainly through a Tourism Accommodation Levy (TAL), which will be applicable to hotel accommodation, guest houses, apartments, AirBnB rentals, and villas.

This levy will be charged at a rate of US\$3 per guest per night, for room rates up to US\$150 per night. For rooms with rates above US\$150 per night, the levy will be charged at a rate of US\$5 per guest per night.

The Tourism Accommodation Levy will take effect from March 1, 2020.

Mr. Speaker, some will argue that this accommodation levy will increase the cost of our tourism. But, our government has discussed this levy with key operators in the tourism industry in Antigua and Barbuda who have contributed to the refining of the levy. They recognize that tourism is vulnerable to the impact of climate change and, therefore, it is in their interest to help build climate resilience.

The other consideration is that if the financing for this vital undertaking does not come from the tourism levy, it would have to come from the pockets of the workforce of our country. We have chosen the levy, over increased taxation of the workers of this nation, and that decision we feel sure, is the right one at this time.

On a related matter, Mr. Speaker, with effect from March 1<sup>st</sup>, our government will no longer waive the 10% Revenue Recovery Charge (RRC) that Customs and Excise is mandated to collect on imported items. A portion of the additional revenue that will be generated from collection of the full amount of the RRC, will be transferred to the Climate Resilience and Development Fund.

Preliminary estimates indicate that the Tourism Accommodation Levy and the roll back of RRC concessions could yield between \$50 million and \$80 million annually or about 1% to 2% of GDP.

## BUDGET PROJECTIONS 2020

Mr. Speaker, I turn to the estimates of revenue and expenditure for 2020, which support a set of policies that will continue to deliver “Growth and Development for the Benefit of All”.

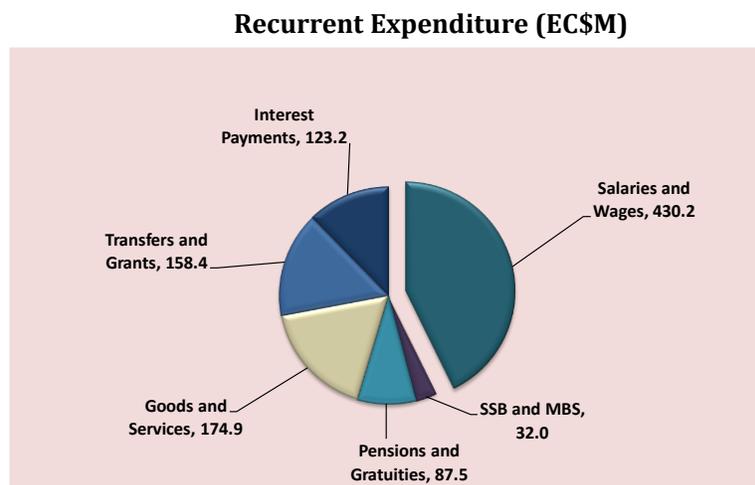
The detailed schedules of all revenues and expenditure, including their sources are provided in the Appendix to this Statement.

Total resource requirements for the 2020 Fiscal Year amount to \$1.70 billion.

This represents an increase of 20%, or \$287.7 million, when compared to total estimates for 2019.

Estimated Recurrent Expenditure, excluding principal payments, is \$1.006 billion, while Recurrent Revenue is \$1.02 billion.

Therefore, a small current account surplus of \$14 million is projected for 2020.

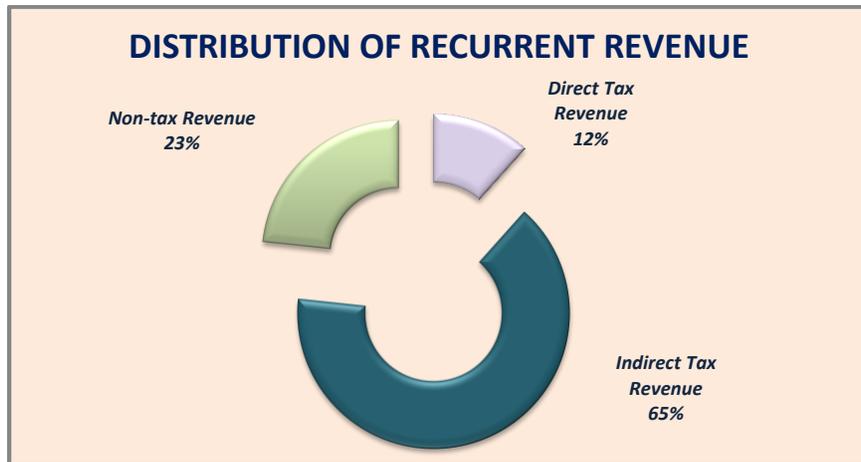


**The components of recurrent expenditure are:**

- Wages and Salaries - \$430.1 million
- Transfers and Grants - \$158.3 million
- Pensions and Gratuities - \$87.5 million
- Goods and Services - \$174.9 million
- Interest Payments - \$123.2 million
- Statutory Contributions - \$32 million

**The components of recurrent revenue are:**

- Indirect Tax Revenue - \$664.1 million
- Direct Tax Revenue - \$118.2 million
- Non-Tax Revenue - \$237.8 million



Government’s Capital Budget for 2020 is \$206.1 million, which is 58.5% above the amount budgeted in 2019.

Recurrent Expenditure, excluding principal payments, plus Capital Expenditure gives Total Expenditure of \$1.21 billion for Fiscal Year 2020.

Total Revenue and Grants in Fiscal Year 2020 is \$1.12 billion, a 16% or \$154.0 million, increase over the amount budgeted in 2019.

Therefore, the projected fiscal deficit for Fiscal Year 2020 is \$96 million. This will be a 45% reduction in the overall deficit compared to the estimated deficit for 2019.

While the Government will continue to stimulate the economy through strategic project implementation, evidenced in the significant capital budget for 2020, we will contain recurrent expenditure.

Additionally, fiscal performance will improve due to increased revenue collections.

Mr. Speaker, this enhancement in revenues will not be the result of any new tax on the population.

It will be achieved through improved tax administration and implementation of the Tourism Accommodation Levy (TAL) in March 2020.

The contributors to the \$1.02 billion of Recurrent Revenue expected in Fiscal Year 2020 are:

Tax revenue, which is projected to be \$782.4 million or about 77% of recurrent revenue.

Non-tax revenue will make up the remaining 23% of recurrent revenue and is estimated at \$237.9 million in Budget 2020.

Tax Revenue comprises Indirect Taxes and Direct Taxes.

Direct taxes are expected to yield \$118.3 million.

The main contributors to direct taxes are Corporate Income Tax, Property Tax and Unincorporated Business Tax.

Corporate Income Tax is projected to yield \$82.5 million, while the Property Tax is expected to yield \$25.4 million.

The Unincorporated Business Tax is estimated to yields paltry \$7.1 million.

Indirect taxes are expected to yield \$664.1 million, which is about 85% of tax revenue.

The main contributors to indirect tax revenue are the ABST, Import Duty, Revenue Recovery Charge, and Stamp Duties.

A total of \$285.5 million or 43.0% of the revenue from indirect taxes will be generated from the ABST.

This represents a 6.2% increase over the ABST yield for 2019.

Revenue from the import duty is budgeted at \$101.4 million, while the Revenue Recovery Charge is projected to yield \$100.8 million.

Revenue from stamp duties is expected to be \$49.9 million in 2020, which is a 14% increase over the amount collected in 2019.

Included in the category of indirect taxes are the tax on offshore banks, the insurance levy and the Gambling Tax.

These taxes are forecast to yield \$2.0 million, \$5.6 million and \$2.2 million respectively.

Finally, the revenue from Travel Tax is projected to be \$7.2 million.

Of the \$237.8 million budgeted for non-tax revenue, \$150 million represents NDF receipts from the Citizenship by Investment Programme, and \$40 million of surplus funds from the Citizenship by Investment Unit.

The amount budgeted for capital receipts is \$5 million, while grant funding for Fiscal Year 2020 is budgeted at \$90.9 million.

## **BUDGET ALLOCATIONS**

Mr. Speaker, I turn now to the expenditure allocations for 2020.

The full details of all sums allocated to each Ministry, and the purposes for which they will be used, are set out in the Appendix.

Parliamentary Representatives with responsibility for Ministries will present details of the programmes to be executed in 2020, when they contribute to the debate on this Budget.

However, I will now highlight the main allocations made in Budget 2020.

As stated earlier, the Government will prioritize education in 2020.

As such, the Ministry of Education, Science and Technology has the highest budgetary allocation in the amount of \$151.6 million.

Included in the allocation for this ministry is \$18 million, to support the UWI Five Islands Campus.

The Ministry of Health, Wellness and the Environment receives the second largest allocation of \$113.6 million.

The Office of the Attorney General, Ministry of Justice and Legal Affairs, Public Safety and Labour has the third highest allocation at \$108.6 million, which will be used to execute programmes to enhance public safety, strengthen the justice system, and pursue the Government's legislative agenda.

The Ministry of Works is allocated \$84.5 million in Budget 2020, to continue to manage and maintain public infrastructure.

The Ministry of Tourism and Economic Development is allocated \$28.6 million in Budget 2020, to execute a strategy for the sector, designed to deliver another year of stellar performance.

In addition to the Ministry's allocation, is three and a half percent of the ABST, provided by the government for tourism promotion.

### **Allocations for other Ministries**

Budgetary Allocations for the other Ministries are as follows:

Ministry of Information, Broadcasting, Telecommunications and Information Technology  
- \$20.4 million

Ministry of Housing, Lands and Urban Renewal - \$6.3 million

Ministry of Foreign Affairs, International Trade, and Immigration - \$39.3 million

Ministry of Social Transformation, Human Resource Development, Youth and Gender Affairs - \$28.6 million

Ministry of Agriculture, Fisheries and Barbuda Affairs - \$18.3 million

Ministry of Civil Aviation, Energy and Transportation - \$9.2 million

Ministry of Sports, Culture, National Festivals and the Arts - \$25.7 million

The 2020 budget also includes allocations for:

- Office of the Governor General - \$2.3 million
- The Legislature - \$2.3 million
- The Cabinet - \$4.1 million
- The Judiciary - \$2.3 million
- The Service Commissions - \$958,000
- Audit - \$1.3 million
- Electoral Commission - \$4.6 million
- Ombudsman - \$634,000
- Public Debt Payments - \$613.8 million

I take the opportunity now to speak of the allocations and their purposes for the Office of the Prime Minister which is allocated \$33.4 million and the Ministry of Finance, Corporate Governance and Public Private Partnerships which is allocated \$110.9 million.

Included in the amount budgeted for these ministries is, \$16 million for the Prime Minister's Scholarship Programme.

The budget for the Ministry of Finance also includes an allocation of \$6.5 million for the Barbuda Council.

The details of the programmes for which these funds are earmarked are also in the Appendix.

However, I wish to highlight a few the priorities for 2020:

- Optimizing revenue collection through increased automation at the Customs Division and Inland Revenue Department
- Undertaking preparatory work for the 2021 population census
- Reforming the national procurement system for improved contract management
- Establishing the Governance Training and Development Fund, and hosting the second annual Governance Training Workshop for public officials; and

- Advancing the work of the Oceans Governance Committee, to ensure appropriate use and management of Antigua and Barbuda's maritime space

## **CAPITAL EXPENDITURE**

Mr. Speaker, the sum of \$206.1 million has been allocated for capital expenditure.

This is about \$110 million more than the amount spent in 2019 and includes \$18.7 million for expansion and rehabilitation of schools.

\$74.5 million of the capital budget will be spent on the road development programme and \$14.2 million has been allocated for major repairs and maintenance of critical government buildings.

## **FINANCING THE BUDGET**

This Budget 2020 has a financing requirement of \$586.7 million.

Our Government will raise \$275 million from Securities issued on the Regional Government Securities Market; issue \$95 million in development bonds; and access loans and advances of \$216.7 million.

## **CONCLUSION**

Mr. Speaker, one of the goals of development is to increase wealth for countries and for their residents, businesses and communities.

Per capita income has climbed from US\$2,000 in 1981 to almost US\$20,000 in 2020, and our country has advanced in the UN Human Development index to the status of one with high human development.

However, there remain pockets of poverty.

Our government has established policies and programmes to level the socio-economic playing field; to create an egalitarian society; and to substantially reduce income inequality.

These measures cause poverty to loosen its grip and the fists of destitution to unclench.

That's why, for our government, they are being implemented steadfastly and unwaveringly.

Mr. Speaker, release from abject conditions frees individuals from the pressing and suffocating needs of today and provides the space and relative comfort to contemplate and to build a sustainable future. A future where wealth is created, cultivated and consolidated, for one's self and for one's children.

These are the conditions in which notions of inter-generational wealth are conceived and cemented. It is where the reality dawns that a most rewarding life requires economic, social, intellectual, physical and spiritual wealth. All are needed since, the absence of any undermines the efficacy of the others and the overall quality of life.

Mr. Speaker, our Government is delivering on our people's expectations.

...investing in our country's future

...empowering our people through ownership

...keeping our taxes low

...and getting our debt down

Now we must pull together ...

to build the bright, prosperous future that is within our nation's grasp.

We must resolve to go forward, not backward...

And continue to build this nation of which we are all so proud, and a country which we all so enduringly love.

Mr. Speaker, I thank the Minister of State and staff members in the Ministry of Finance and my Cabinet colleagues for their continued commitment to the goal of achieving Growth and Development for all in Antigua and Barbuda.

And, I commend the Budget to this Honourable House.

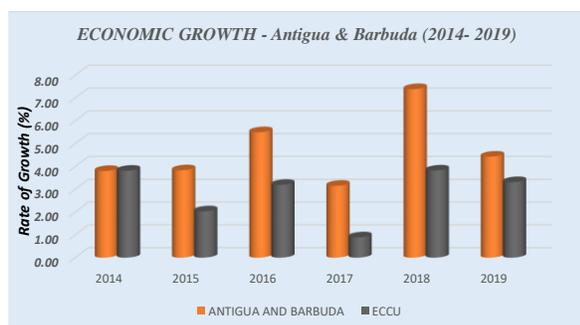
## **APPENDICES**

### **2020 Budget Statement**

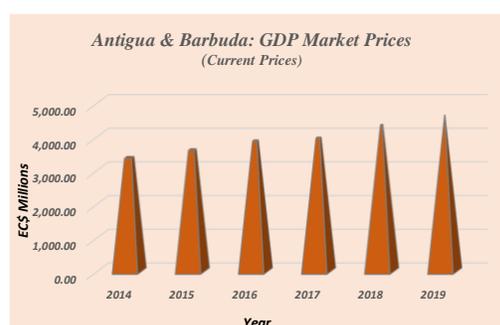
***Growth and Development for the Benefit of All***

## APPENDIX 1: MACROECONOMIC PERFORMANCE

Despite a slower pace of growth in global output and the economies of our main trading partners, the economy of Antigua and Barbuda, according to the ECCB, is projected to expand, in real terms, by 4.4% in 2019, based on data available as at September 2019. This is a slower rate of economic expansion than the 7.4% recorded in 2018. However, as stated earlier, the UN ECLAC has predicted that real economic growth in Antigua and Barbuda will be higher than the ECCB forecast.



Source: Eastern Caribbean Central Bank, December 2019



Source: Eastern Caribbean Central Bank, December 2019

The main economic activities contributing to the Gross Domestic Product in 2019 are: construction, whose contribution is projected to increase to 15.9% from the 14.6% recorded in 2018; hotels and restaurants sector is projected to contribute 13.9%; wholesale and retail trade, 12.4%; real estate, renting and business activities, 13.4%; and transport, storage and communication, 10.7%.

Antigua and Barbuda Contribution of Gross Domestic Product by Sector (%) Constant Prices (2014-2019)						
Sector/Year	2014	2015	2016	2017	2018	2019
Construction	9.38	9.41	10.62	12.33	14.62	15.94
Wholesale & Retail Trade	14.53	14.32	13.78	13.36	12.54	12.37
Hotels & Restaurants	14.92	14.72	14.82	14.00	14.03	13.91
Transport, Storage & Communications	10.61	11.09	10.79	10.55	10.59	10.76
Real Estate, Renting & Business Activities	13.59	14.70	14.30	14.20	13.60	13.36
Public Administration, Defence & Compulsory Social Security	8.45	8.32	8.31	8.28	8.35	8.07

Contributing mainly to the expansion in economic activity is the tourism sector, which is expected to enjoy another year of strong performance against the backdrop of continued growth in our major source markets, most notably the United States; along with the ongoing efforts of the Ministry of Tourism to develop and implement effective marketing and advertising strategies. The sector, as represented by hotels and restaurants in the national accounts, is projected to grow by 8.9% in 2019 compared to 8.1% in 2018.

The construction sector also contributes significantly to the expansion of the economy.

This sector is projected to grow by 12% in 2019 after experiencing growth of nearly 30% in 2018.

The refurbishment and transformation of the Royal Antiguan hotel into the Royaltan Resort provided the fillip in this sector in 2018. With the work on other private and public sector projects such as the St. John's Port Re-development, the St. John's Waterfront Rehabilitation Project, improvement in the pace of activity by YIDA, the expanding central government road rehabilitation project, and ongoing home construction by the National Housing and Urban Renewal Company, construction will have another year of double digit growth.

Despite the challenges of de-risking and costly implementation of new regulatory measures, the banks continue to facilitate economic development by providing financing to the productive sectors of the economy. The Banking sector grew by 2.5% in 2019 following a more than 6% expansion in 2018. Growth in the sector is supported by a 9.8% or \$244.9 million increase in total loans and advances for the period January to September 2019 compared to the same period in 2018. At end September 2018, total loans and advances amounted to \$2.49 billion while at end September 2019 the loans and advances were \$2.74 billion. Attributing mainly to this increase in credit is borrowing for land development and construction. Credit for these activities increased by 114% or \$94.5 million from \$82.7 million at end September 2018 to \$177.4 million at end September 2019. Additionally, credit to the tourism sector increased by 38.5% from \$144 million at end September 2018 to \$199.4 million at end September 2019.

Finally, the loans to deposit ratio increased from 63% in September 2018 to 70% in September 2019. This augurs well for the profitability of banks and is also indicative of increased capacity and confidence in the private sector to make long term economic decisions. On the other hand, the interest rate spread between commercial banks' prime lending rate and their maximum rate on savings deposits remained at 8.5% and the average lending rate was 10.8%.

### ***Fiscal Performance – 2019***

The following table presents fiscal performance in 2018, the estimates for Budget 2019 and the projected outcome for 2019.

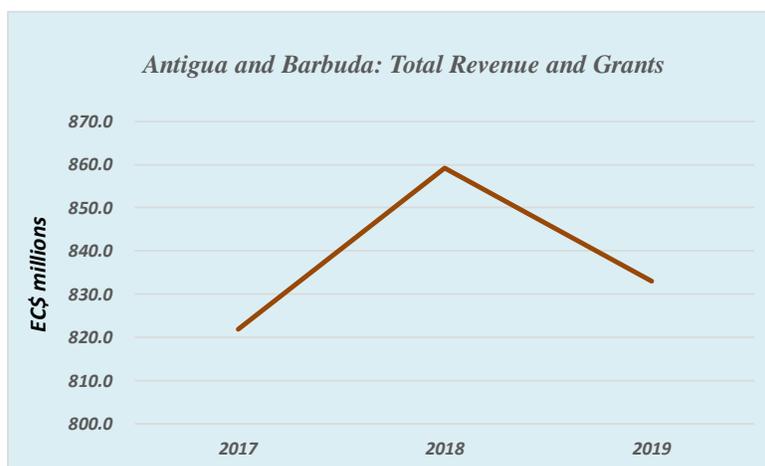
	2018	Budget 2019	Prelim Estimate 2019
<b>Total Revenue and Grants</b>	<b>859.2</b>	<b>966.2</b>	<b>847.5</b>
Current revenue	815.3	932.2	844.1
<i>of which: Tax revenue</i>	679.6	751.2	672.2
<i>Non Tax Revenue</i>	135.6	181.1	171.9
<i>of which: CIP-NDF</i>	59.7	100.0	98.9
Capital Revenue	43.9	34.0	3.4
<b>Total Expenditure</b>	<b>1,015.1</b>	<b>1,045.0</b>	<b>1,020.4</b>
Current expenditure	931.5	914.9	924.3
Wages and salaries	422.8	405.9	406.2
Contribution to SSB & MBS	32.9	32.0	35.7
Goods and services	129.3	158.4	148.8
Interest payments	124.0	98.1	105.3
Pensions, other transfers	222.5	220.4	228.3
<i>of which: Pensions</i>	71.3	86.6	74.1
<b>Capital Expenditure &amp; Net Lending</b>	<b>83.6</b>	<b>130.0</b>	<b>96.1</b>
<b>Current Account Balance</b>	<b>(116.2)</b>	<b>17.3</b>	<b>(80.2)</b>
<b>Primary Balance</b>	<b>(31.9)</b>	<b>19.4</b>	<b>(67.6)</b>
<b>Overall Balance</b>	<b>(155.9)</b>	<b>(78.8)</b>	<b>(172.9)</b>

*Ministry of Finance - Antigua and Barbuda*

### **Revenue Performance**

An analysis of the revenue performance for the period January to December 2019 shows 'Total Revenue and Grants' amounted to \$847.5 million, a 1.4% or \$12 million decline compared to the same period in 2018. This decline is driven by a 92% or \$41 million decline in grant revenue for 2019 compared to 2018. Additionally, total revenue and grants over the year 2019 performed unfavourably when compared to the amount

estimated in Budget 2019, resulting in a budget variance of \$119 million or 12%.



Ministry of Finance - Antigua and Barbuda

This unfavourable budget variance for total revenue and grants can be attributed to the lack of buoyancy in the tax system. Impacting negatively on tax buoyancy are established discretionary and non-discretionary expansionary fiscal policies such as discretionary duty waivers on the importation of motor vehicles and extension of concessions to hotels and other businesses.

Tax buoyancy, which indicates the responsiveness of revenue to growth in GDP, has been a challenge in Antigua and Barbuda. While economic activity has been robust and among the strongest in the region, government revenues have not kept pace. Though Antigua and Barbuda is the second largest economy in the ECCU and experienced growth in excess of 7% in 2018, the country's tax to GDP ratio is the lowest at 16% compared to the ECCU average of 20%. It should be noted that the target tax to GDP ratio for the ECCU is 25%. Economies that grew at a much slower rate and, in most instances, are smaller than the Antigua and Barbuda economy had tax to GDP ratios at or above the ECCU target rate of 25%.

With a tax to GDP ratio of 16%, Antigua and Barbuda's tax revenue for 2019 is about \$672 million. If the Government collected the 25% it should, then tax revenue would be

\$1.2 billion. Now, the plan is not to bring about a drastic swing in the tax to GDP ratio but to ensure a gradual movement upwards to ensure the Government has sufficient resources to improve fiscal performance and enhance the delivery of social services and public goods. Another important fact to note is that for 2018, Antigua and Barbuda's recurrent expenditure as a proportion of GDP was about 21% which is below the ECCU average of 24%. The only country in the region with a lower recurrent expenditure to GDP ratio was Grenada, which has a tax to GDP ratio of 23% and a recurrent expenditure to GDP ratio of 19%.

The main component of Total Revenue and Grants is Current Revenue, which is projected to amount to \$844.1 million in 2019, an increase of about 3.5% or \$29 million over 2018. Tax Revenue, the largest contributor to Current Revenue, is projected to decline by 1% to \$672 million when compared to the \$679.6 million collected in 2018. Further, when compared to the budget estimate for 2019, tax revenue was nearly \$80 million less than forecasted thereby negatively affecting Government's ability to execute some critical projects in 2019.

The main contributors to current revenue are the Antigua and Barbuda Sales Tax (ABST), Stamp Duties, Revenue Recovery Charge (RRC), Import Duty, Corporate Income Tax, Property Tax, Consumption Tax, and Citizenship by Investment receipts.

Despite the increased economic activity in 2019, which was accompanied by an increase in total imports, revenue from the ABST is projected to fall by \$25.8 million or 9% from \$278.3 million in 2018 to \$252.6 million in 2019. Moreover, when compared to the budget estimate of 2019, ABST recorded an unfavourable budget variance of \$32.7 million or 11% below the budget estimate of \$285.2 million.

### Performance of Key Revenue Items

	Actual	Budget	Prelim	Prelim 2019 vs 2018		Prelim 2019 vs Budget 2019	
	2018	2019	2019	Change (\$)	Change (%)	Change (\$)	Change (%)
Corporation Tax	71.5	77.5	71.7	0.2	0	(5.8)	(7)
Property Tax	21.2	29.2	28.6	7.4	35	(0.6)	(2)
Stamp Duties	41.2	52.5	43.2	2.0	5	(9.3)	(18)
ABST	278.3	285.3	252.6	(25.8)	(9)	(32.7)	(11)
Import Duty	96.6	102.4	98.2	1.6	2	(4.2)	(4.1)
RRC	83.6	90.2	80.1	(3.5)	(4)	(10.1)	(11)
Consumption Tax	52.6	65.0	64.2	11.6	22	(0.8)	(1)
CIP-NDF Receipts	59.7	100.0	98.9	39.2	66	(1.1)	(1)

Ministry of Finance - Antigua and Barbuda

The Revenue Recovery Charge (RRC), the Consumption Tax and the Import Duty are also major revenue generators. The RRC is projected to yield \$80.1 million in 2019, which is \$3.5 million less than the amount collected in 2018 and about \$10 million less than the amount budgeted for 2019. The Consumption Tax is expected to yield \$64.2 million in 2019, which is a 22% increase over 2018 and less than \$1 million below the amount forecasted in Budget 2019. Revenue from the Import Duty is expected to be \$98.2 million in 2019, a 2% increase over the amount collected in 2018 but will be 4% less than the budgeted amount for 2019.

The Corporation Tax, Stamp Duties, and Property Tax performed as well as or better than in 2018. Revenue from the Corporation Tax is projected to be \$71.7 million in 2019, which is about the same as the amount collected in 2018. On the other hand, this tax was \$6 million below the amount projected in Budget 2019. Stamp duties are expected to generate \$43.2 million in revenue for 2019. This is a 5% improvement over the amount collected in 2018 but is \$9 million short of the \$52.5 million forecasted in Budget 2019. Property Tax collections for 2019 are estimated to be \$28.6 million, which is \$7.4 million or 35% above the amount collected in 2018.

Finally, Non-Tax Revenue, another component of Current Revenue, is projected to increase by 16% or \$21.8 million in 2019. Non-Tax Revenue, the main component of which is Citizenship by Investment Receipts, should amount to \$157.4 million in 2019 compared to \$135.6 million in 2018. This performance is due to a 66% increase in revenue generated by the CIP National Development Fund (CIP-NDF). The CIP-NDF

generated revenue of \$59.7 million in 2018 and is projected to yield \$98.9 million in 2019. Revenue generated by this source was only \$1 million below the amount forecasted in Budget 2019.

Other sources of Non-Tax Revenue include surplus funds from public enterprises, dividends, work permit, and passport and naturalisation fees. Combined, these sources of revenue are projected to yield \$36 million in 2019, which is \$7 million more than the amount collected in 2018.

### **Expenditure Performance**

Estimated total expenditure for 2019 is \$1.02 billion which is about the same as total expenditure in 2018. Moreover, when compared to Budget 2019, total expenditure was 2.4% or \$25 million less than budgeted. Of the \$1.02 billion in expenditure for 2019, \$924.3 million represents recurrent expenditure which is approximately 1% less than recurrent expenditure in 2018. On the other hand, capital expenditure accounted for \$96.1 million of total expenditure in 2019. This is a 15% or \$12.5 million increase in capital spending compared to 2018. However, capital expenditure is expected to be 26% less than the \$130 million projected in Budget 2019.

Primary expenditure, which comprises all expenditure except interest payments on Government debt, is projected to increase by \$24 million or 2.7% from \$891 million in 2018 to \$915 million in 2019. Further, primary current expenditure, which comprises wages and salaries, statutory contributions, goods and services, pensions, and transfers, is projected to increase by 1.4% or \$11.5 million from \$807.4 million in 2018 to \$818.9 million in 2019.

The main contributor to the increase in primary current expenditure is spending on goods and services which amounted to \$148.8 million in 2019. This was \$19.5 million or 15% above the amount spent in 2018. Higher spending on goods and services in 2019 was partly due to increased Government outlay on inputs used in its road maintenance

programme. At \$406.2 million, expenditure on wages and salaries is projected to be largely in line with budget but 4% or \$16.6 million less than the amount spent on personnel costs in 2018. The \$422.8 million spent on wages and salaries in 2018 included the one-off retroactive payment made to public servants in that year. Pensions and other transfers, another component of primary current expenditure, increased by \$5.8 million or 2.6% from \$222.5 million in 2018 to \$228.3 million in 2019. The amount spent on this category of expenditure was also \$8 million above the amount forecasted in Budget 2019. Included in this category of expenditure are payments to recipients of the Prime Minister’s Scholarship; transfers to the Mount St. John Medical Centre; National Solid Waste Authority (NSWA); the Barbuda Council; and the UWI Five Islands campus.

Finally, interest payments are projected to amount to \$105.3 million in 2019. This is \$18.7 million or 15% below the amount spent in 2018. This reduction is due to increased issuance of securities on the RGSM for short term financing versus higher interest overdrafts. While interest rates on overdrafts generally average between 10% and 15%, the average interest rate on Government’s treasury bills issued on the RGSM was 4.5% in 2019.

**Fiscal Balances**

Whereas we were able to contain expenditure, the overall deficit widened by 3.7% from \$156 million in 2018 to \$172.9 million in 2019. This outcome is due to the underperformance of revenue and reinforces the point that revenue collection needs to be enhanced.



Ministry of Finance - Antigua and Barbuda

Additionally, a primary deficit of \$67.5 million is projected for 2019. The deficit for 2019 is 10.8% larger than the deficit recorded in 2018. It is imperative that we address the gap between revenue and expenditure and arrest any further divergence. To do so is to act in a fiscally responsible manner that ensures the economic growth enjoyed today is not at the expense of stability, sustainability and growth in the future. Therefore, we are determined to improve fiscal performance such that, at a minimum, the revenue generated annually is enough to cover primary expenditure. That is, the revenue generated in a fiscal year must at least be sufficient to cover wages and salaries, statutory contributions, goods and services, pensions, other transfers, and capital projects funded by the Government.

Achieving this requires improvement in revenue administration and collection, more efficient expenditure controls, and improved contract management systems. As indicated before, the widening gap between expenditure and revenue is a challenge that must be tackled. While economic output has increased by \$685 million from \$3.96 billion in 2017 to \$4.65 billion in 2019, tax revenue collected as a proportion of economic output has fallen from 16.1% in 2017 to 14.5% in 2019. Given the Government's policy of subsidised delivery of social services, including education and healthcare, it needs to generate a greater proportion of revenue from the nearly \$5 billion in gross domestic product.

## **APPENDIX 2: FINANCIAL SECTOR STABILITY**

### *Compliance with International AML/CFT Standards*

As the country's financial intelligence unit, the Office of National Drug and Money Laundering Control Policy (ONDCP) plays a critical role in protecting our nation's financial system. Compliance with legislation and adherence to international standards bring transparency to certain financial activities, helping to deter criminals and terrorists from operating within the legitimate channels of our economy. Over the past year, the ONDCP, through its Financial Analysis Unit, continued to provide disclosures of actionable financial intelligence in support of money laundering and terrorist financing investigations to local, regional and international agencies. The Unit also generated valuable strategic intelligence to help create awareness, among businesses and the public, of emerging characteristics, trends and tactics used by criminals to defraud them of their funds.

With respect to its counter-drug and investigative activities, the ONDCP conducted several successful operations which resulted in drug interdictions, forfeiture of cash, and seizure of ammunition. The total value of seizures, forfeitures and frozen accounts is estimated at \$210 million. In addition, the ONDCP continued to pursue several major intra and extra regional investigations, cooperated with other jurisdictions, and provided regional and international assistance by responding to numerous Mutual Legal Assistance requests.

The productivity and professionalism of the ONDCP, was recognised in 2019 by the Regional Security System's Asset Recovery Unit (RSS-ARU) and the ONDCP Director, Lt. Col Edward Croft, was cited as the Most Outstanding Director of the Quarter in the area served by the RSS-ARU, which is Barbados and the OECS. Further, in December of 2019, the Director of the ONDCP, Lt. Col Edward Croft assumed the chairmanship of the Caribbean Financial Action Task Force, which represents 25 member countries across the Caribbean, Central and South America. The organization is charged with improving the level of compliance by all members with the Financial Action Task Force

(FATF) Recommendations on Money Laundering, Terrorist Financing and Proliferation Financing.

It is an interesting, challenging and critical time for the ONDCP as the agency leads efforts to ensure that Antigua and Barbuda is compliant with FATF standards. In this vein, the Government continually reviews and amends legislation and policies; cooperates and collaborates with regional and international organisations; enhances risk management, investigative and supervisory capacities; and reassesses internal and external operating mechanisms to maintain the country's financial integrity in the fight against money laundering, the financing of terrorism and proliferation financing.

#### *Securing a Stronger Domestic Banking Sector*

In the decade ending 2018, the government was concerned and at times preoccupied with financial sector stability. Over this period, it pumped over \$325 million directly into financial sector resolution initiatives, commencing with Bank of Antigua and subsequently with ABI Bank Ltd. Indirect costs in these two rescue missions were also significant. One cannot mention the ABI Bank resolution and not consider the Depositor Protection Trust (DPT) which was established by the Government to safeguard the deposits of eligible ABI Bank depositors. As at December 31, 2019, the Government has made all the scheduled Bond payments to the Depositor Protection Trust totaling \$72.9 million and the sixty-four (64) former ABI Bank Ltd. Depositors who have signed up to receive the Trust Benefit have received total payments of \$66.2 million.

In the wake of these bank resolution exercises and the Government's injection of \$30 million into Caribbean Union Bank, the difficulties faced by small banks, including high fixed operating costs and declining numbers of correspondent banking relationships have been well documented. In this regard, the ECCB, under the direction of its Monetary Council has promoted the view that our banking sector would be more robust and resilient with larger institutions which, because of enhanced size and lower transaction costs, stand a greater chance of being viable.

With the scheduled departure of Canadian banks from our sub-region, we must take a proactive and strategic approach in determining the kind of financial sector that we wish to cultivate and nurture in the wake of this exodus. It is for this reason that the initial announcement of the purchase of the Antigua and Barbuda branch of the Bank of Nova Scotia by Republic Financial Holdings Limited, was received with such ire and responded to with such passion. Apart from the fact that the transaction appeared to disregard the interests of a number of key stakeholders, the government included, the ensuing financial landscape would not have been any further advanced in terms of consolidating our local banking sector and strengthening the balance sheets of our indigenous institutions. Our determined intervention and principled arguments have been effective in persuading the Bank of Nova Scotia to reconsider its approach to divesting its Antigua and Barbuda branch operations and we are optimistic that a mutually acceptable outcome is imminent. Further, it was a positive and welcome development in late 2019 for the Antigua Commercial Bank together with other indigenous banks in the region to have agreed with the Royal Bank of Canada to acquire that entities' banking business. With the acquisition of the Scotia Bank and RBC branches by indigenous banks, the people of Antigua and Barbuda can be assured that their assets and the profits generated therefrom will be managed, retained, and reinvested for the greater benefit of the local economy.

#### *Other Financial Sector Stability Issues*

On matters related to BAICO and CLICO, the resolution strategy continues to be executed at the sub-regional level by the Core Technical Committee for Insurance, established by the Monetary Council of the Eastern Caribbean Central Bank. Under the overall direction of the committee, payments have been made to BAICO policyholders as assets of the company and its principals are liquidated. In August 2019, judicial managers from the accounting firm of KPMG, declared a 2<sup>nd</sup> distribution equivalent to EC\$32.3 million, of which just under EC\$10.0 million was allocated towards Plan Creditors in Antigua and Barbuda. A summary of payments made as at 30<sup>th</sup> September, 2019 indicates that so

far, 55% and 57% of amounts distributed in EC dollars and US dollars, respectively, have been paid to Plan Creditors in Antigua and Barbuda.

CLICO presents a more difficult proposition. The company is presently under judicial management installed through the Barbados Court system. To date, progress has been unsatisfactory in securing an acceptable resolution for Eastern Caribbean Currency Union (ECCU) policy holders; and the Core Committee continues to pursue every legal avenue to secure remedies to the hardship and injustices visited upon our unsuspecting citizens by thugs in ties.

CLICO and BAICO are primary reasons why the legal framework for the operations of insurance companies is being revamped. Drafting of new legislation is advanced and it is anticipated that before the end of 2020 a new Insurance Act will be in place. The new Act will demand more of the Regulators and the Regulated; articulate more clearly the qualifications and character of persons who sit on boards and as executives; and specifically speak to issues of consumer protection. The prospective Insurance Act, along with others that are being contemplated, for example legislation pertaining to deposit insurance, will reinforce our legal framework as it relates to financial sector stability.

Finally, Antigua and Barbuda is also moving in step with other members of the Eastern Caribbean Currency Union in terms of fashioning the institutional architecture that would further underpin and strengthen its financial sector integrity. In this regard, the government is a shareholder in the regional Eastern Caribbean Asset Management Corporation (ECAMC), established under the Eastern Caribbean Asset Management Corporation Act, (2015). This company has a unique role to play in promoting financial sector stability by purchasing nonperforming loans from qualifying financial institutions, thereby enabling said institutions to clean up their balance sheets by lowering the levels of nonperforming loans and bringing them into compliance with established ECCB benchmarks. The government recognizes the critical role that this institution plays and will continue to offer the company steadfast and dependable support as it realizes its objectives and ultimately its goal of enhancing financial sector stability.

### **APPENDIX 3: BILATERAL RELATIONS AND MULTILATERAL COOPERATION**

Antigua and Barbuda maintains diplomatic relations with over one hundred countries and continued to benefit from these arrangements for mutual cooperation in 2019. Also, the country received financial support and technical assistance from multilateral organisations to help advance policy interventions across a wide range of sectors. The Government has leveraged its relationship with bilateral and multilateral partners to secure tangible developmental support in areas such as education, disaster risk management, climate resilience, air travel, housing, health care, infrastructure development, renewable energy, agriculture, public sector management, and small business development.

The Government and people of Antigua and Barbuda are grateful for the development assistance, technical support, capacity building, training and professional development, and cultural exchanges received from the People's Republic of China, Cuba, Japan, the Russian Federation, Venezuela, Canada, the United Kingdom, Mexico, the Dominican Republic, Republic of Korea, India, New Zealand, the United States, and many other nations with which Antigua and Barbuda has cooperated over the years. Additionally, Antigua and Barbuda has benefitted from invaluable interventions from numerous regional and international institutions and agencies to include the Eastern Caribbean Central Bank, the OECS Commission, the Caribbean Development Bank, the CARICOM Secretariat, the CARICOM Development Fund, the Commonwealth Secretariat, World Bank, International Monetary Fund, European Union, Pan American Health Organization, the Organisation of America States, International Atomic Energy Agency, and several United Nations agencies including UN-ECLAC, UNDP, FAO and UNOPS.

Speaking of the United Nations, Antigua and Barbuda's Permanent Representative to the United Nations, H.E. Dr. Walton "Aubrey" Webson, was elected president of the joint Executive Boards of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Office for Project Services (UNOPS) in December 2019. We congratulate Dr. Webson on his new appointment and

anticipate his successful tenure in a role that we expect will improve the responsiveness and impact of these agencies in Antigua and Barbuda and other small island developing nations.

## **APPENDIX 4: PROCUREMENT**

The year 2019 focused on cooperation with CDB and OECD benefitting my government with in-depth analysis of our procurement system. The recommendations finalized in November of this year offer a stepwise approach to remain in synch with the evolving procurement environment. In June 2019, the Government of Antigua and Barbuda, along with Barbados and Belize, became one of the first three signatory countries to the CARICOM Protocol on Procurement. Meeting the obligatory requirements of the protocol naturally accelerates the urgency to reform the public procurement system of Antigua and Barbuda.

While my government will undertake a deeper amendment of the Procurement and Contract Administration Act, Regulations to the existing Act are being drafted to bridge identified gaps necessary for immediate procurement reform. Therefore, in 2020, all government departments and statutory organizations are mandated to remain guided by good Corporate Governance and, as a pre-requisite, shall be required to present complete business cases for procurement of large-ticket capital items and services, rely on public bid solicitations and use standard bid documents that will be stipulated by new procurement regulations.

While my government extends sincere appreciation to the CDB for their technical guidance and incremental approach to our procurement reform, my government is also keen on fast-tracking the use of e-procurement technologies. My government concretely tested and demonstrated the effectiveness of a reverse auction in 2019. Coming out of our participation in the Global Procurement Conference in 2018, my government engaged a provider of e-procurement services in January of 2019. By 13<sup>th</sup> November 2019 our procurement and debt management officials within the Ministry of Finance completed preparation and launched the first ever Reverse Auction event in the OECS region on an e-procurement platform. Regional brokers who issue instruments such as Treasury Bills, Treasury Notes and Bonds, on behalf of the government, to the Regional Governments Securities Market (RGSM) participated, resulting in significant cost-savings. My

government was expected to issue EC\$240million in Bills with the baseline set at .50% fee or \$1,200,000. At the conclusion of the reverse auction, the lowest fee offered amongst the Brokers was .32% with a total fee of EC\$768,000. This represents cost savings of \$432,000 for the upcoming year.

Our successful use of this technology received the nod of approval from our partners, the Eastern Caribbean Central Bank (ECCB) and the Caribbean Development Bank (CDB) and has opened the door to further exploration. A robust procurement system combined with modern procurement technologies stand to achieve significant savings for my government in 2020.

## **APPENDIX 5: MINISTRY ALLOCATIONS – 2020**

### **Budgetary Allocations**

The following highlights the budgetary allocations for the various Ministries.

#### ***Ministry of Education Science & Technology***

The **Ministry of Education, Science and Technology** is allocated **\$151.6 million for Recurrent Expenditure** and **\$21.7 million for Capital Expenditure**. In 2020, the ministry will continue to advance the UWI Campus – Antigua, expand schools under the Basic Education Project 2, Upgrade of the Headquarters of the National Accreditation Board and the National Training Agency, and the Antigua State College Learning Resource Centre.

#### ***Ministry of Health, Wellness and the Environment***

The **Ministry of Health, Wellness and the Environment (MHWE)** will be provided in Budget 2020 **\$113.6 million for Recurrent Expenditure** and **\$63.1 million for Capital Expenditure**. The Ministry will focus its attention on providing access to health care at primary, secondary and tertiary levels and ensuring that environmental protective services are effectively and efficiently delivered – reduction in incidence of mosquito borne illnesses.

#### ***Ministry of Works***

The **Ministry of Works and Housing** has been allocated **\$84.5 million for its Recurrent Expenditure** and **\$93.5 million for its Capital Expenditure** to carry out its mandate in 2020. The ministry will continue to design, construction and maintain the nation's roads infrastructure with the assistance of CDB and UKCIF; design, construct and maintain government-owned buildings.

#### ***Ministry of Tourism and Economic Development***

The **Ministry of Tourism and Economic Development** has an allocation of **\$28.6 million for Recurrent Expenditure**. The ministry in 2020 will continue with its thrust to

enhance and develop the product offering – restoration of selective heritage sites, and establishing licensing standards for properties and providers.

**Ministry of Social Transformation, Human Resource Development and Youth and Gender Affairs**

The allocation for the **Ministry of Social Transformation, Human Resource Development and Youth and Gender Affairs in Budget 2020** is **\$28.6 million for Recurrent Expenditure and \$0.6 million for Capital Expenditure**. The Ministry will use these resources along with support from external agencies to continue work in a number of areas including improving the beneficiaries and disabilities programs, developing a comprehensive system to promote and measure gender equality, enhancing institutional support for comprehensive disaster management and strengthening and building the human resource capacity.

**Ministry of Information, Broadcasting, Telecommunications and Information Technology**

The allocation for the **Ministry of Information, Broadcasting, Telecommunications and Information Technology** is **\$20.4 million for Recurrent Expenditure and \$1.6 million for Capital Expenditure**. In 2020, the Ministry will continue to replace the aging IT network infrastructure in central government while at the same time increasing investment in broadband infrastructure, and the creation and approval of a national cybersecurity strategy.

**Office of the Prime Minister and Ministry of Finance and Corporate Governance**

The allocation for the **Office of the Prime Minister** is **\$33.4 million** while the allocation for the **Ministry of Finance and Corporate Governance** is **\$111.0 million** for recurrent expenditure. **Capital expenditure of \$5.8 million and \$1.9 million for the Office of the Prime Minister and Ministry of Finance and Corporate Governance**, respectively. These Ministries' strategic focus continues to be the following - strengthening arrangements for oversight and monitoring of statutory corporations, and continuing the modernisation of central government's procurement systems, improve

the efficiency of transaction processing and reconciliation, and advancing the modernisation of the General Post Office, and to mention a few.

***Ministry of Foreign Affairs, International Trade and Immigration***

In 2020, the **Ministry of Foreign Affairs, International Trade and Immigration** was allocated **\$39.2 million for Recurrent Expenditure** and **\$1.2 million for Capital Expenditure**. This allocation would be used to activate Antigua and Barbuda's diplomatic initiatives for economic and social development, review negotiation and communication strategy in settlement of the Antigua and Barbuda US/WTO matter and establishing national standards and build and maintain the national measurement infrastructure.

***Ministry of Housing, Lands and Urban Renewal***

This newly created ministry, **Ministry of Housing, Lands and Urban Renewal**, an amalgamation of existing departments, was allocated **\$6.2 million for Recurrent Expenditure** and **\$0.6 million for Capital Expenditure**. The ministry will identify areas to allocate and sell crown lands, install the necessary infrastructure of lands sold and to be sold, computerize the development application process, and continue the expansion of an electronic data sheet/registry map process.

***Ministry of Agriculture, Fisheries and Barbuda Affairs***

The allocation for the **Ministry of Agriculture, Fisheries and Barbuda Affairs** is **\$18.3 million for Recurrent Expenditure** and **\$9.3 million for Capital Expenditure**. Special emphasis will be placed on the Barbuda reconstruction and rehabilitation, reducing of the food import bill, improvement of Abattoir and Meat Market Facility, and improvement of the legislative framework.

***Ministry of Energy, Civil Aviation and Transportation***

In 2020, the **Ministry of Energy, Civil Aviation and Transportation** is allocated **\$9.2 million for Recurrent Expenditure** and **\$0.3 million for Capital Expenditure**. The ministry will continue its staff training and certification for Air Traffic Controllers and Met Officers and also complete the modernization of the Air Traffic Control Tower Cab.

**Attorney General's Office and Ministry of Legal Affairs, Public Safety and Labour**

The allocation for the **Attorney General's Office and Ministry of Legal Affairs, Public Safety and Labour** is **\$108.7 million for Recurrent Expenditure** and **\$0.3 million for Capital Expenditure**. The Ministry will use these resources to enhance its crime prevention strategy, to renovate and retrofit existing facilities, advance the establishment of a family court, to enhance human trafficking education, to review existing legislations to support the functions of government in a competitive business environment and to update land folio.

**Ministry of Sports, Culture, National Festivals and the Arts**

In 2020, the **Ministry of Sports, Culture, National Festival and the Arts** is allocated **\$25.7 million for Recurrent Expenditure** and **\$0.03 for Capital Expenditure**. The Ministry will use these resources to develop the cultural and performance arts in Antigua and Barbuda – establishment of a local food restaurant, strengthening arts and crafts department – revitalization of the National Sports Council and improve the amenities and esthetics of sporting facilities. The Ministry will also commence preparations for the 2021 CARIFESTA.

**Electoral Commission**

The allocation for **Electoral Commission** is **\$4.6 million for Recurrent Expenditure**. The Ministry will continue to decentralize the registration units on a phased basis, and increase its ongoing educational campaign.

**Office of the Governor General** is allocated **\$2.3 million for Recurrent Expenditure**.

In 2020, the office will focus on the ongoing restoration of Government House and staff development.

**Legislature** is allocated **\$2.4 million for Recurrent Expenditure**. The department continues to work on improving its service delivery and support to Parliament.

**Cabinet** is allocated **\$4.1 million for Recurrent Expenditure**. In 2020, the Secretariat will more effectively facilitate the business of Cabinet while strengthening the governance framework for the management of public policy.

**Service Commission** is allocated **\$1.0 million for Recurrent Expenditure and \$0.03 for Capital Expenditure**. The commissions will continue to ensure that personnel matters are dealt with as expeditiously as possible and in keeping with the requisite laws. This was allocated as follows - Public Service Commission - \$0.6 million; Police Service Commission - \$0.3 million; Public Service Board of Appeals - \$0.1 million.

**Audit Department** is allocated **\$1.3 million for Recurrent Expenditure**.

**Office of the Ombudsman** is allocated **\$0.6 million for Recurrent Expenditure**.

**Judicial** is allocated **\$2.3 million for Recurrent Expenditure**.

**Pensions and Gratuities** is allocated **\$85.0 million for Recurrent Expenditure**.

**Public Debt** is allocated **\$613.8 million**.

**APPENDIX 6: CAPITAL EXPENDITURE 2020**

Budget 2020 contains an allocation of \$206.1 million for capital expenditure, of which \$74.5 million will be spent on roads. Other projects to be funded in 2020 include:

<b>Projects</b>	<b>Amount Allocated</b>
Renovation and Upgrade of Military Facilities, renovation of boats	\$2.3 million
Barbuda Rehabilitation/Reconstruction	\$8.4 million
Upgrade of Facilities at Antigua State College	\$0.5 million
GCF Readiness Project, GEF Path – Path Project, Building Climate Resilience, Grid Interactive Solar System Project	\$62.3 million
Renovation or Upgrade of Clarevue Psychiatric Hospital	\$0.8 million
Renovation/Upgrade of Police Headquarters and Parham Police Stations, Computerisation of Police Stations, Establishment of Evidence Recovery Unit, Purchase of Security Equipment, Upgrade of Forensic Science Laboratory, Purchase of Fire Tender	\$2.1 million
Basic Education Project	\$18.7 million
Roads Upgrade and Construction	\$74.5 million
Introduction of E Passports	\$3.5 million
Upgrade of Government Buildings	\$14.2 million
Computerisation of Government Offices	\$1.2 million
Population Census	\$0.8 million

## APPENDIX 7: BUDGET PROJECTIONS 2020

Head of Expenditure DESCRIPTION	Amount EC(\$)		TOTAL
	Recurrent Expenditure	Development Expenditure	
1 Office of the Governor General	2,342,816	-	2,342,816
2 Legislature	2,354,647	-	2,354,647
3 Cabinet	4,135,009	-	4,135,009
4 Judicial	2,277,314	-	2,277,314
5 Service Commissions	958,818	29,040	987,858
6 Audit	1,287,243	-	1,287,243
7 Pension and Gratuities	85,053,600	-	85,053,600
8 Public Debt	613,768,719	-	613,768,719
9 Electoral Commission	4,629,313	-	4,629,313
10 Office of the Prime Minister and Prime Minister's Ministry	33,387,032	5,847,929	39,234,961
11 Ministry of Foreign Affairs, International Trade and Immigration	39,327,002	1,234,000	40,561,002
12 Ministry of Housing, Lands and Urban Renewal	6,353,868	908,490	7,262,358
15 Ministry of Finance, Corporate Governance and Public Private Partnerships	110,998,134	1,915,841	112,913,975
20 Ministry of Agriculture, Fisheries and Barbuda Affairs	18,328,837	9,331,575	27,660,412
25 Ministry of Health, Wellnes and the Environment	113,599,259	63,116,259	176,715,518
30 Ministry of Education, Science and Technology	151,612,729	21,687,878	173,300,607
35 Ministry of Energy, Civil Aviation and Transportation	9,217,550	291,000	9,508,550
40 Ministry of Works	84,462,032	93,524,499	177,986,531
45 Ministry of Social Transformation, Human Resource Development and Youth and Gender Affairs	28,615,267	621,600	29,236,867
55 Attorney General's Office and Ministry of Legal Affairs, Public Safety, and Labour	108,650,291	5,958,600	114,608,891
60 Office of the Ombudsman	634,423	-	634,423
80 Ministry of Tourism, and Economic Development	28,638,048	-	28,638,048
85 Ministry of Sports, Culture, National Festivals and the ARTS	25,688,872	32,695	25,721,567
95 Ministry of Information, Broadcasting, Telecommunications and Information Technology	20,381,789	1,608,375	21,990,164
<b>TOTAL EXPENDITURE</b>	<b>1,496,702,612</b>	<b>206,107,781</b>	<b>1,702,810,393</b>



## APPENDIX 8: SELECTED FISCAL DATA

	2018 EC\$ Million	Est. 2019 EC\$ Million	Budget 2020 EC\$ Million
<b>TOTAL REVENUE AND GRANTS</b>	<b>859.2</b>	<b>847.5</b>	<b>1,116.2</b>
<b>Current Revenue</b>	<b>815.3</b>	<b>844.1</b>	<b>1,020.3</b>
<b>Tax Revenue</b>	<b>679.6</b>	<b>672.2</b>	<b>782.4</b>
<b>Direct Taxes</b>	<b>99.5</b>	<b>102.5</b>	<b>118.3</b>
<i>of which: Corporation tax</i>	71.5	71.7	82.5
<i>Personal Income Tax</i>	0.5	-	-
<i>Unincorporated Business Tax</i>	6.4	6.2	7.1
<i>Property tax</i>	21.2	27.3	25.4
<b>Indirect Taxes</b>	<b>580.0</b>	<b>565.3</b>	<b>664.1</b>
<i>of which: Stamp duties</i>	41.2	43.2	49.9
<i>Antigua and Barbuda Sales Tax</i>	278.3	252.6	285.5
<i>Import duty</i>	96.6	98.2	101.4
<i>Revenue Recovery Charge</i>	83.6	80.1	100.8
<i>Tax on Income of Offshore Banks</i>	0.4	0.4	2.0
<i>Consumption duties</i>	52.6	64.2	65.0
<b>Nontax revenue</b>	<b>135.6</b>	<b>171.9</b>	<b>237.9</b>
<i>of which: Work Permits</i>	4.3	4.4	-
<i>CIP-NDF Receipts</i>	59.7	98.9	150.0
<i>Surplus funds and Dividends</i>	45.5	36.0	57.9
<b>Total Capital Revenue</b>	<b>43.9</b>	<b>3.4</b>	<b>95.9</b>
Capital Receipts	28.2	3.4	5.0
<i>of which: Land sales</i>	28.2	3.4	5.0
Capital grants	15.7	-	90.9
<b>TOTAL EXPENDITURE</b>	<b>1,015.1</b>	<b>1,019.8</b>	<b>1,212.1</b>
<b>Primary Expenditure</b>	<b>891.1</b>	<b>914.5</b>	<b>1,088.9</b>
<b>Recurrent Expenditure</b>	<b>931.5</b>	<b>924.5</b>	<b>1,006.1</b>
Salaries and Wages	422.8	406.2	430.1
Statutory Contributions (S.S and MBS)	32.9	35.7	32.0
Goods and Services	129.3	149.0	174.9
Transfers and Grants	222.5	228.3	245.9
<i>of which: Pensions and Gratuities</i>	71.3	74.1	87.5
Total Capital Expenditure	83.6	95.3	206.1
Interest Payments	124.0	105.3	123.2
<i>External Interest</i>	53.9	30.7	39.8
<i>Domestic Interest</i>	70.2	61.8	83.4
<b>CURRENT ACCOUNT BALANCE</b>	<b>(116.2)</b>	<b>(80.4)</b>	<b>14.2</b>
<b>PRIMARY BALANCE</b>	<b>(31.9)</b>	<b>(67.0)</b>	<b>27.3</b>
<b>OVERALL BALANCE</b>	<b>(155.9)</b>	<b>(172.3)</b>	<b>(96.0)</b>

Ministry of Finance: Antigua and Barbuda

## APPENDIX 9

Indicator	2016	2017	2018	2019e	2020p
	<i>(Eastern Caribbean Dollars)</i>				
GDP Market Prices (\$ Million)	3.94	4.10	4.38	4.65	4.93
GDP Per Capita (Current Prices)\$	42,969	43,441	47,153	48,894	50,996
Total Debt Stock (\$ Billion)	3.05	3.08	3.25	3.21	3.15
<i>of which: Central Government (\$Billion)</i>	2.6	2.6	2.7	2.7	2.6
<i>Government Guaranteed (\$Million)</i>	457.7	465.5	540.0	490.0	580.0
Central Government External Debt (\$ Billion)	1.24	1.25	1.33	1.39	1.55
Central Government Domestic Debt (\$Billion)	1.35	1.37	1.38	1.33	1.01
Debt Service(\$Million)	485.7	429.4	421.2	486.2	613.8
<i>of which: Interest Payments (\$Million)</i>	77.9	89.0	124.0	105.3	123.2
Debt to GDP ratio	79%	80%	74%	69%	64%
Debt Service to GDP	12%	10%	10%	10%	13%
Interest Payments to Revenue	10.0%	11.0%	15.2%	12.5%	12.6%
Primary Balance to GDP	2%	0.8%	-0.7%	-1.5%	0.6%
Overall Fiscal Balance to GDP	-0.1%	-2%	-3.6%	-3.7%	-1.9%

Ministry of Finance: Antigua and Barbuda

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