



2022 BUDGET STATEMENT

**By the Honourable Gaston Browne
Prime Minister and Minister for Finance, Corporate
Governance and Public Private Partnerships**

To the House of Representatives of Antigua and Barbuda

On Thursday 3rd February 2022

“Setting the Stage for Economic Rejuvenation”

Mr. Speaker

Our nation's economy is bouncing back.

The economy is growing at a rapid pace.

Tourism is recovering and employment is increasing.

The people of our country have not been burdened with new and huge debt. Instead we have kept borrowing down to an absolute minimum.

However, in order to further stimulate the economy, we will have to increase borrowing in 2022.

Undoubtedly, the COVID-19 pandemic battered our economy in 2020 and 2021, as it did every country in the world without exception.

But we bounced back, through solid leadership, to achieve 5.3 per cent economic growth in 2021, as assessed by the Eastern Caribbean Central Bank.

This is robust growth accomplished in a time of adversity.

We therefore present this Budget Statement under the theme: "*Setting the Stage for Economic Rejuvenation*"

Mr. Speaker, as a people, we can be proud that our management and response to the pandemic resulted in far less deaths than in most countries of the world.

This outcome was due to swift and responsible action by your government, which put the health and well-being of all our people first.

That, Mr. Speaker, is good, effective governance.

It puts our people at the front and centre of our policies and programmes.

Our people's well-being comes first, second, last and always.

GDP Growth

As the pandemic crippled the tourism industry in tourism-dependent countries like Antigua and Barbuda, our economy contracted by 20.2 per cent in 2020.

In nominal terms, the Gross Domestic Product (GDP) contracted from \$4.5 billion in 2019 to \$3.7 billion in 2020.

Yet, the policies and initiatives of this government delivered growth of 5.3 per cent in 2021.

By any objective standard, Mr. Speaker, turning around the economy by more than 25 percentage points from a contraction of 20.2 per cent in 2020 to growth of 5.3 per cent in 2021 is a phenomenal feat.

Mr. Speaker, our people must be commended for their sustained resilience and exceptional performance in 2021.

It represented the single largest rebound of the economy in a twelve-month period.

Taking the bull by the horns, your government, in cooperation with the private sector, oversaw an increase in economic output of \$270 million to bring our GDP to approximately \$4 billion in 2021, just \$500 million short of the 2019 figure of \$4.5 billion.

Again, Mr. Speaker, this extraordinary feat was accomplished by astute management of scarce resources, throughout a period of gravely reduced income and exceptionally high expenditure to safeguard the health of our people.

This is one of the reasons why this House of Representatives must applaud the honest statement, by a UPP candidate, Johnathon Joseph, that “on election day, the people of this country must choose the Antigua Labour Party”.

As he told the people gathered at the UPP meeting: “Choose the Antigua Labour Party – you did it eight years ago and you can do it again”.

Mr. Speaker, Mr. Johnathon Joseph, subconsciously and truthfully recognized that the performance of this government did not occur through accident or chance.

Our performance reflects a deliberate effort to strike a balance between keeping the population safe from COVID-19 and maintaining economic activity.

The various interventions to encourage vaccinations among the population, including the vaccine mandates, were critical to our success of limiting the number of persons who were severely affected by the COVID-19 disease.

The Government’s vaccination policy also helped to ensure that, as people from our main tourism markets were ready to resume travelling,

Antigua and Barbuda was well positioned to take advantage of the pent up demand.

Protocols and strategies implemented by the Antigua and Barbuda Tourism Authority and other tourism stakeholders, contributed to the strong rebound in stayover arrivals and readied us to resume cruise tourism.

So, too, did this government's investment, through incentives to the hospitality sector, to improve their properties during the worst periods of the pandemic.

The construction and refurbishment of these properties helped to keep many workers on their payroll, easing the difficulties they faced.

That achievement required planning, preparation, and careful execution by this Administration, including using scarce resources sparingly and utilizing them strategically.

That is true competence; Mr. Speaker, it is effective governance in the interest of the people.

This is what this government does. This government manages our country's affairs with integrity and skill and always delivers on its promises.

We leave empty promises, deceitful statements, and tax numbers that do not add up, to others who promised in the past, and did not deliver; and those who deceived in the past only to be exposed by their own failures.

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Mr. Speaker, a further and indisputable measure of this government's astute management of difficult economic circumstances and gravely reduced revenues throughout 2020 and 2021, is that we did not dismiss a single public servant.

This was part of our caring strategy, by which we ensured that there should be at least one wage earner in each household, even while the private sector was forced to lay off employees.

It was not an easy undertaking.

Wages, salaries, and pensions absorb almost 60 per cent of government revenues.

Again, this Administration opted to put the people first by paying public servants and deferring some expenditure on capital projects in 2021.

But, even as we ensured public servants had their full salaries and wages to care for themselves and their families, we still managed to increase spending to contain the Coronavirus and to provide additional funds to the Sir Lester Bird Medical Centre.

Again, Mr. Speaker, the residents of Antigua and Barbuda – all of them – come first, second, last and always in our government's policies and programmes.

Monetary Developments

Mr. Speaker, disruption in the global economy, such as the world has witnessed over the last two years, highlights the importance of stability in the financial sector.

Again, prudent economic management and active policies to help bolster our financial services sector and its institutions, have resulted in remarkable resilience in the face of daunting challenges.

For the period January to October 2021, there was strong growth of monetary aggregates in the banking system.

This growth underscores that there is robust and very encouraging economic recovery.

The Money Supply grew by \$314 million or 8.8 per cent, compared with growth of 1.8 per cent over the similar 10-month period in 2020.

This expansion was the result of a 38.5 per cent increase in foreign currency deposits and growth of 5.6 per cent in corporate savings deposits.

Within the last year, household savings increased by a further \$100 million, evidencing our people's capacity to save even during a pandemic.

Mr. Speaker, the growth in foreign currency deposits is of particular interest, because it signals a significant recovery in the tourism industry and provides good reason for optimism.

It is also pertinent that credit to households and businesses expanded by 2 per cent and 6 per cent respectively.

This increased borrowing by businesses and households shows recognition that this government is restoring the fortunes of our economy and cementing the people's confidence in our policies.

We expect to see greater flows of funds in the domestic economy given the level of liquidity in the banking system and the unprecedented rollout of public and private sector projects during this year.

The future, Mr. Speaker, looks brighter than it has since March of 2020 and proffers a flourishing 2022 and beyond, despite the continuing challenges of the COVID-19 pandemic.

Financial Sector Stability

Mr. Speaker, it will be recalled that, when two foreign owned banks decided to withdraw from the Caribbean, having made huge profits for decades, our government insisted that their assets should not pass to banks in which Antiguans and Barbudans did not have significant ownership.

Instead, we approved vesting orders which led to the acquisition of The Bank of Nova Scotia by the Eastern Caribbean Amalgamated Bank Limited (ECAB), and the purchase of the Royal Bank of Canada by the Antigua Commercial Bank Limited (ACB), now ACB Caribbean.

It is worth reflecting on the historic nature of these two transactions, Mr. Speaker.

Not too many years ago, the opinion was frequently expressed that our domestic financial system was overbanked, with eight banking institutions jostling for space on a crowded landscape and eking out minimal profits from a small community of customers.

It was conjectured that a strategy of amalgamation should be pursued.

In the early discussions of amalgamation, the focus was on merging our local banks into a single, bigger, more competitive entity that could hold its own alongside the likes of Bank of Nova Scotia, First Caribbean International Bank, and Royal Bank of Canada.

It is evident now that the broader objective of amalgamation has been achieved.

However, it is fair to say that many did not contemplate an outcome in which local banks would be standing tall and in control, as they are now.

The overriding lesson, resulting from this experience, is that although our nation is small in terms of land mass and population, our people are big in vision; and in the intellect, capacity, and fortitude needed to compete and succeed.

We should never underestimate the power of skilful and informed leadership and of courage.

Small size is not always an obstacle to success.

A clear vision, a financially astute plan and determination can triumph over those entities who seek to exploit circumstances for their own advantage.

That is the leadership our Government gave, not only to Antigua and Barbuda but to the entire OECS sub-region, in expanding domestic ownership of the financial sector.

The benefits are there now, for all to see.

This, Mr. Speaker, is the way of the Antigua and Barbuda Labour Party administration.

It is important, Mr. Speaker, that our nation should understand the role played by this transformed financial sector in moderating the impact of the COVID-19 pandemic on our economy and our people.

Banks, credit unions and finance companies played a crucial part in decreasing the adverse effects of the pandemic by offering moratoria to their customers and clients.

This could only have been achieved by institutions whose balance sheets were strong and reinforced by sufficient reserves to absorb the shockwaves ensuing from crippled businesses, lost income, and economic uncertainty.

In this regard, the timely and effective responses of the financial institutions and the regulatory support offered by the Eastern Caribbean Central Bank must be recognized.

Mr. Speaker, just as we have tackled the banking system which strengthened our local banks, so can we ensure that, with the same intellectual and courageous leadership, our economy will continue to be vibrant and robust.

The hard evidence of success is already before us with last year's economic growth of 5.3 per cent and an expanded money supply in our banking system, amid the challenges of the pandemic.

This is achievement.

This is good governance manifested.

That is progressive action in the interest of our Nation.

State Owned Enterprises

Mr. Speaker, it is important that I report on the performance of vital State-Owned-Enterprises which are participating in the productive sectors of our economy, and which are responsible for the stewardship of significant assets of the nation.

Medical Benefits

I start with the Medical Benefits Scheme (MBS) in whose viability, the people of our country have a vested interest, because it is mandated to finance the healthcare system for all of us.

The past two years proved particularly challenging for financing healthcare because of increased demands for pharmaceuticals and medical supplies to respond to the COVID-19 pandemic.

This situation was exacerbated by a 20 per cent decline in revenue over the last two years.

Despite all this, in 2021, MBS spent an additional \$8.0 million on pharmaceuticals and medical supplies required by the Sir Lester Bird Medical Centre to cope with an increased level of infections.

This additional spending, together with a much lower level of contributions from workers and companies in the private sector, created severe challenges across the healthcare system.

That funding gap of \$8 million in 2021 was covered by this Government just as it was in 2020.

In 2021, approximately \$125 million was spent on healthcare, financed by MBS and Central Government, compared with \$115 million spent in 2020.

Our Government astutely prioritized its spending, despite its own reduced revenues, to ensure that everyone in our society, and more especially pensioners and vulnerable persons, were able to continue to get access to medical attention and medicines.

As I have said repeatedly, Mr. Speaker, our government continues to promote and protect the best interest of our people.

And we do so by deed, not by words.

We do so by evident action, not by making empty promises.

Mr. Speaker, it is this government's short-term goal to offer Universal Healthcare for the entire population and to transform MBS into a National Health Insurance company.

We have experienced setbacks because of the pandemic, but we continue to engage the UWI-Health Economics Unit and other stakeholders to assist us in completing the technical aspects of the work that will allow us to fully implement a National Health Insurance system by 2023.

State Insurance Company Limited

Regarding the State Insurance Company Limited, the COVID-19 pandemic made 2021 a challenging year for the insurance industry globally.

Despite the challenges it faced, the State Insurance Company stabilized revenue levels and reduced costs to ensure that liquidity, solvency, and profitability were maintained.

Since becoming a limited liability company in 2018, State Insurance has consistently generated over \$50 million in gross premiums.

At the end of 2021, the gross written premiums reached \$55 million.

In 2022, it is projecting to write gross premiums of over \$60 million.

The Company paid out more than \$29 million in direct expenditures on claims and reinsurance in 2021 and incurred \$16 million in expenses.

This resulted in after tax profits of \$7 million, which is consistent with what the company achieved in 2020, despite the challenging economic environment.

2022 is expected to be a stronger year for State Insurance as it continues the expansion of its operations.

The company is projected to grow premium revenues by 14 per cent and investment income by 12 per cent during the year.

While the pandemic has impacted its mandate to expand operations into the region; 2022 will see State Insurance begin the process of extending its reach beyond our borders into two territories in the Eastern Caribbean.

The activities planned for 2022 should result in an improvement in service delivery and product innovation, as well as an increase in profits of more than 15 percent.

That is a noteworthy achievement in the height of a global pandemic where the insurance industry has struggled.

Again, Mr. Speaker, solid leadership and sound direction paid off.

There is no substitute for them, no matter how loud may be the noise emanating from the banging of empty drums.

Social Security

With regard to Social Security, its ongoing challenge is the collection of sufficient contribution-income to fund payments, which has been made all the more difficult owing to the pandemic.

Mr. Speaker, the government made its required contribution of nearly \$40 million in 2021, bringing this administration's total payments to \$210 million.

However, private sector contributions plummeted.

Tourism and allied industries such as restaurants, transportation, and wholesale distributors account for a significant portion of active contributors to Social Security.

The pandemic and resultant lockdown, along with health management protocols reduced contributions to Social Security by \$8.8 million for these industries alone.

Further, it should be noted that the contribution-income generated by Social Security amounted to \$163.5 million in 2019, \$146 million in 2020 and is estimated to be \$158 million in 2021.

In some months, the contraction in the labour market effectively resulted in the underfunding of the pension and other welfare benefits by as much as \$6 million.

Accordingly, the real dependence ratio fell to 3:1 during the pandemic where 10:1 is needed to ensure full and timely monthly payment of pensions and benefits.

The consequence was that, by September 2021, pension payments were delayed by two months.

However, our government, despite its own cash flow challenges, provided \$10 million that brought the payment cycle current by the end of October 2021.

So, Mr. Speaker, it is easy for persons who failed to deliver on the trust previously reposed in them, to seek a return to government by making grandiose pledges about paying pensions.

This government has already substantially resolved that problem.

Our Administration acts; it delivers; it takes care of the people without fear or favour.

Social Security's insolvency, which occurred as far back as 2010, was a result of non-payment of contributions by previous administrations and was compounded by the effects of COVID-19.

Nonetheless, our Administration acted and, what is more, our policies to recover the economy are already showing success, as I have already described.

As the economy is rejuvenated, Social Security's cash flow will improve thereby eliminating the negative impact on pension payments.

Moreover, the Social Security Board and the government have embarked on an ambitious plan to fund pensions throughout 2022.

This funding plan involves the monetizing of key assets of the corporation and offering investment instruments on the regional securities exchange.

This, Mr. Speaker, is creative and beneficial leadership that comes from financial expertise, experience and a successful track record in finance and investment.

It does not come from persons who indebted this nation to the tune of \$2 billion, only to collapse the economy by 25 percent, increasing

unemployment, forcing people to lose their homes, and reducing their standard of living.

History teaches us, Mr. Speaker, that those who do not learn from their mistakes are doomed to repeat them.

But we in Antigua and Barbuda recognize mistakes when we see them.

These failed experiments may strut and preen, but success is the measure of performance and good governance; not hot air and failure.

Citizenship by Investment Programme

Mr. Speaker, I turn now to the Citizenship by Investment Programme (CIP).

As we are all aware, it is the Antigua and Barbuda Labour Party that conceived the idea of the CIP.

From its inception in 2013, revenues from the CIP have contributed handsomely to the social and economic development of our country.

All its transactions have been an open book, with everyone able to track its income and expenditures in a system of public disclosure.

The CIP has maintained high standards of diligence and scrutiny of the persons who apply for citizenship, and, where the process has been breached, the administrators have acted promptly to cooperate with other jurisdictions.

In 2021, a total of 498 applications were received reflecting a 36 per cent increase over the number of applications received in 2020, indicating an increasing interest in our CIP programme.

Importantly, even with the impact of the COVID-19 pandemic on travel and global movement of people, applications, received by the CIP Unit in 2021, represented a 5.5 per cent increase above applications received in 2019 – the last pre-COVID year.

This is testament to the sustained respect that we have established globally for the integrity of our citizenship and passport.

The National Development Fund investment category continued to be the most attractive, representing 89.5 per cent of the total applications submitted.

Total revenues generated by the CIP programme for the year 2021 amounted to \$123.1 million and helped to cushion the adverse effects of declining government revenues from other sources.

Those monies were used primarily to help our health sector in our national fight against COVID-19 for the benefit of all our people.

Mr. Speaker, when this Government recommended introduction of the CIP, there were many carpers and squawkers against it, but the evidence is there to show that the programme redounds to the benefit of our people and our country, particularly in the worst period of the pandemic when income from the tourism industry was hugely impacted.

Good leadership and good governance, Mr. Speaker, comes not from following routine and pedestrian thinking.

They come from sound analysis and careful calculation of how to make vision and strategic thinking produce real and tangible benefits for the nation.

That is what this Antigua and Barbuda Labour Party administration does and will continue to do!

West Indies Oil Company

This brings me, Mr. Speaker, to the jewel in our crown of national ownership and performance – the West Indies Oil Company (WIOC).

As promised, in May 2021, the Government divested 10 per cent or 321,695 of its shares in WIOC, at an aggregate value of \$19.3 million.

There were 1,071 local and regional applicants of which more than 85% were citizens and residents of Antigua and Barbuda.

WIOC continues to yield dividends for Antiguan and Barbudans.

In 2021, the company invested over \$30 million in operational and capital ventures.

Its estimated net earnings for the year 2021 is \$17 million.

Due to its strategic investments, WIOC now has a second sea-island landing berth for the first time since 1983 and it has commissioned night berthing facilities.

These new facilities open the opportunity for a significant increase in marine traffic and the attendant growth in storage and marine services income.

Investments will continue in 2022 on several projects, including:

- i. construction of a solar photovoltaic power plant;
- ii. a \$35 million Business Park on Friars Hill Road;
- iii. installation of a new Reverse Osmosis Unit; and
- iv. further improvements to the Sea Island Berthing Jetty.

Over the past six years, WIOC has invested over \$200 million to expand its operations and increase delivery of quality products and services to the population.

These investments have had the twofold effect of improving profitability and generating increased tax revenue for the Government.

Since 2015, WIOC has paid \$51.7 million in corporation taxes and \$37.2 million in dividends, bringing total payments of \$89 million to the State since this government acquired majority shareholding in the company.

Overall, WIOC is now poised to increase earnings and profitability, such that the expanded shareholder base, which includes many nationals of Antigua and Barbuda, can expect robust returns on their investments.

Mr. Speaker, I need hardly say that this transformation of a company that previously paid little or no taxes to Antigua and Barbuda into a major contributor to the nation's wellbeing, is another evident manifestation of the visionary and creative thinking that this government brings to the economic advancement of every Antiguan and Barbudan.

This is not empty promises and deceitful pledges.

This is real, measurable, and tangible.

This is the leadership that has advanced our country; improved the lives of our people; kept them safe; and is moving the nation forward!

Managing the Pandemic

Mr. Speaker, the COVID-19 Pandemic has not gone away.

In 2021, cases in Antigua and Barbuda ranged from a low of 3 new recorded cases in June, to a high of 1,516 new cases in September.

The September figure, which led to a significant increase in infected persons and in the number of deaths, was cause for alarm.

It prompted new approaches to contain the spread of the virus, and to limit illnesses and new deaths.

These new approaches led to 60,492 persons being fully inoculated against the COVID-19 virus by January 30th of this year.

The figure is 62 per cent of our eligible population.

It puts our nation well on the way to effectively protecting lives and livelihoods.

This is a major achievement.

It is taking us closer to being rid of masks, and resuming normal life, including crowd participation in major sporting events and full attendance at churches, parties, social occasions, and public places.

I thank all the persons who have seen the wisdom of vaccinations, and who have been responsible enough to inoculate themselves.

They have made a major contribution to their own well-being, to the well-being of their families, friends, and co-workers, and to the economy of our country.

I also thank the medical personnel at all our health facilities who treated patients conscientiously and tried valiantly to save the lives of those who died.

However, the job is not yet over.

Our government will continue to support the medical personnel to deliver the best care possible, by providing the necessary equipment, medicines, facilities, and other financial support.

I remind us all that by January 30th of this year, 6,558 of our people had been infected, and 127 valued lives had been lost.

Hopefully, as more persons are inoculated, the number of cases will be considerably fewer and the hospitalizations and deaths even less.

I repeat the call to those who are still not inoculated to please do so. And we also encourage those who are vaccinated with underlying health vulnerabilities to get boosted.

Fears are understandable.

But the needlessness of such fears should now be evident in the large number of our people who have taken the anti-COVID vaccine and are the better for it, having gained immunity from serious illness or death.

Fear of the vaccine should not be greater than the fear of being infected by COVID-19 or its variants.

If you are infected, you may get ill or die.

But, if you are vaccinated, even if you contract the disease, you are less likely to be hospitalized and have a greater chance of surviving.

To all our people, I say:

If more of our people are immunized, we can relax all the restrictions that we now endure and ensure that we do not have to lockdown our country again, thus avoiding the social and economic hardships that the virus imposed.

That is what we all want; to return to business as usual.

It is now within our reach.

For the safety of all our people; for the economic interest of our one nation; for a return to the freedom of life we so eagerly desire, I call on everyone to pick up the pace in this race to the finish line.

Major Achievements in 2021

Mr. Speaker, I turn now to a review of our major accomplishments in 2021.

I do so because these accomplishments have established the foundation for increased economic growth and improved circumstances for all our people in this year and beyond.

I start with our fiscal performance.

When 2021 is compared with 2020, the fiscal balances improved markedly.

The primary deficit was lowered by \$113 million, and the overall deficit was reduced by \$97.4 million.

Recurrent revenue, which is comprised of tax and non-tax revenue, is anticipated to be \$790.9 million or \$41 million more in 2021 compared to 2020. Of this, \$667 million represents tax revenue, which is 16.8% of GDP. This means our tax to GDP ratio is the lowest in the OECS sub-region.

In 2021, tax revenue increased by \$56.7 million compared to 2020 and is indicative of improved economic activity.

One of the significant contributors to tax revenues was stamp duty which rallied in 2021, amounting to \$68.6 million.

This is an 83 per cent increase compared to \$37.5 million collected in 2020.

Mr. Speaker, what it shows, without any doubt, is enhanced activity in real estate, demonstrating once again confidence by individuals and the private sector to invest in property purchase and development.

Revenue from the ABST also increased by \$35 million in 2021 compared to 2020 and the Revenue Recovery Charge (RRC) and import duties also performed better than in the previous year.

Capital revenue amounted to \$21.3 million in 2021 compared to \$5.3 million in 2020 – a huge and very beneficial jump.

This more than threefold increase in capital revenue was realised through the divestment of a portion of government's shares in WIOC.

The government also received \$36.9 million in grants in 2021 which demonstrated confidence by the international community and private persons in our capacity to manage and utilize grants with integrity, scrutiny, and efficiency.

Mr. Speaker, as is well-known, Antigua and Barbuda is one of the lowest tax jurisdictions in the world.

Our people do not pay income tax.

They do not pay tax on interest earned on their deposits in banks.

Our people do not pay inheritance tax or capital gains tax.

They people do not pay tax on personal rental income.

Our citizens and residents take home their full pay in their pockets, except for the payments for medical benefits, education levy, and social security savings, that give them a pension in their retirement years.

Our people also control the amount of ABST they pay by the choices of consumption that they make.

Mr. Speaker, consumption tax revenue declined by 40 per cent or \$31.9 million to \$47.5 million in 2021 compared to the \$79.1 million collected in 2020. While fuel prices fluctuate more frequently in other jurisdictions, our government's objective over the years has primarily been to maintain price stability at the pump in Antigua and Barbuda and ensure it collects the targeted revenue to help fund public sector operations.

A final point to note with respect to fuel prices is that, in addition to stability at the pump, gas prices in Antigua and Barbuda are the lowest in the Eastern Caribbean. While the ECCU average price for gasoline was \$14.88 in November 2021, the price at the pump remains at \$12.50 locally.

Further, as at January 31 2022, the price per litre of gasoline in Barbados was 3.99 Barbados dollars. When converted to imperial gallons and Eastern Caribbean currency, the price per gallon of gas in Barbados at the end of January was \$24.64. This is almost double the domestic price of gasoline.

Turning to expenditure, there was a slight decline from \$990.1 million in 2020 to \$987.3 million in 2021. Government expenditure as a proportion of GDP amounted to 24.8 per cent. This compares to as much as 43 per cent in other jurisdictions in the ECCU region.

While transfers and interest payments increased in 2021 compared to 2020, these increases were offset by a \$27 million decline in capital expenditure. The other expenditure items, including wages and salaries and pensions, were largely in line with the amounts spent in 2020.

The reduction in capital expenditure is partly due to the requirement to allocate increased resources to manage and contain the spread of the Coronavirus and to provide additional funds to the Sir Lester Bird Medical Centre.

The fiscal performance realised in 2021 was possible due to the diligent efforts of the management and staff of the Customs and Excise Division, the Inland Revenue Department, and the Treasury Department.

The overarching point I am underscoring here, Mr. Speaker, is that our fiscal performance dramatically improved in 2021. This is due to the policies and programmes our Government established and implemented, setting us on a course for further advancement and improvement in 2022.

Performance of Key Economic Sectors

Mr. Speaker, the tourism sector was the catalyst for growth in 2021, showing significant improvement since the onset of the pandemic.

Total stay-over visitor arrivals were 169,469 compared to 125,089 at end December 2020 – an increase of 35.48 per cent.

Stay-over arrivals recorded for 2021 were 55 per cent of stay-over arrivals in 2019 and played a significant role in producing the 49.2 per cent expansion in output from the hotel sector in 2021 compared to the 69 per cent decline in 2020.

Growth of the tourism sector, as represented by hotels and restaurants in the GDP numbers, is expected to be 16 per cent.

This is a significant turnaround from the decline of 63.6 percent that the sector experienced in 2020.

Additionally, the construction sector is projected to improve by 12 per cent in 2021 after a decline of 26 per cent in 2020. The sector for Transport, Storage and Communication is expected to grow by 5.7 per cent for 2021 compared to a decline of 25.2 percent in 2020.

Other sectors experiencing growth include: Agriculture, Livestock and Forestry sector - 1.9 per cent; Fishing - 2 per cent; and Wholesale and Retail Trade – a remarkable 10 per cent.

These represent solid evidence that growth is returning to the economy, that tourism is bouncing back, that employment is rising, and that the business sector has confidence in the government's policies to rejuvenate the economy.

The figures speak for themselves.

Mr. Speaker, the foundation for a further take-off, as the world takes all the precautions to deny spread of the coronavirus, has been laid effectively and well.

As a nation, we can all be proud of the patience and endurance that all our people displayed.

And we can be doubly proud of the readiness of our people to get back to work; to confront the COVID-19 challenge and stop it from impeding our progress.

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Mr. Speaker, this is the right moment for me to pause; to thank my Cabinet colleagues for their herculean efforts to guide their ministries and departments to continue to fulfil their mandates in the interest of all the people of our country.

The task was not easy under exceptionally difficult circumstances, but they prevailed.

I acknowledge as well, Mr. Speaker, the role that you and the staff of parliament, as well as the two members of the opposition benches, played in ensuring that there was full debate on issues, and that our necessary legislative programme was adopted in the interest of the people.

You, too, Mr. Speaker, faced difficult circumstances, but you carried on your responsibilities and fulfilled your duties.

On behalf of a grateful nation, I thank you all.

Prices and Inflation

Mr. Speaker, I now address the matter of rising costs of imported goods and inflation.

The inflation rate, as measured by the consumer price index, was 1.2 per cent in 2021, compared to 2.8 per cent in 2020.

This indicates clearly the grave effect that the COVID-19 pandemic had in 2020, and its easing in 2021 as millions more persons around the world received the COVID-19 vaccination and went back to work.

In 2020, and early 2021, the entire world experienced a severe disruption in the global supply chain, which manufactures and transports goods.

Workers on farms could not go to work, therefore food production dropped.

Workers in factories could not work, therefore manufacturing severely declined.

Ships could not ply the seas to transport goods because sailors were afflicted with COVID and ships were unable to sail.

All of this created a shortage of goods worldwide.

And, as we are all aware, when goods are in short supply, the prices are increased by those who produce, manufacture and transport them.

Right now, there is high inflation in the United States, which is the country from which we purchase most of our goods.

The US forecasts that this high inflation will continue into the second quarter of 2022 pushing up the cost of products we, as a nation, import from them.

Apart from the increased cost of goods and shipping, other components of prices increased.

Included in this, was the average world-wide cost of shipping a 40-foot container. Mr. Speaker, in some cases, this cost increased to as much as US\$19,000 in 2021.

As can be expected, this impacted the cost of shipping a 40-foot container from south Florida to Antigua. On average, the rate increased from US\$5,000 to US\$6,500.

It should be noted, Mr. Speaker, that even as their costs have increased, the regional carriers have shown great commitment to our islands as they have not participated in the heartless and predatory actions taken by global carriers.

In early November 2021, 11% of the world's loaded container volume was being held up in logjams.

The extreme increase in the price of a container pushed up the cost of every single product contained in it, as did the insurance price of shipments.

It is important, Mr. Speaker, that everyone in our country understands that the increased price of imports during the pandemic was not unique to Antigua and Barbuda, nor was it a result of any policies or actions taken by this government.

Almost every country, including the United States, Canada and European nations, are facing these increased costs.

Two pieces of good news is that; first, as more people are vaccinated around the world and manufacturing and other production increase, the price of a 40-foot container dropped by 15 percent since September last year.

And second, the logjam of containers, while still above the pre-COVID levels, was beginning to reduce.

Antigua and Barbuda's greatest failure in the management of the country's economy and its finances now claims, in his usual deceit, that he will "remove the customs duty on ALL imported food", and he will also "remove the duty altogether on certain items".

Please note that he did not identify the "certain" items on which he would remove the duty altogether, nor did he say how he is going to "remove the customs duty on ALL imported food".

Where will the money come from to pay government's obligations, including salaries, wages and pensions?

Remember, this is the same man that borrowed over \$1 billion to ostensibly stimulate economic activity, but instead collapsed the economy by 25 per cent, bringing hardship and suffering to the people of this country.

And, if this is the only promise he made to wipe out Government revenue without replacing it, that would be bad enough, but he has made even more unrealistic and bombastic promises that can never be fulfilled.

Honourable Members, you will note that I did not call any names.

But, you know who it is, don't you..... ?

I didn't call names, but you all know him well as the great pretender and compulsive deceiver that he is.

Mr. Speaker, we have already taken steps to protect the poor and most vulnerable in our society.

So, what problem is the great pretender, pretending that he will fix?

We fixed it already, and, as you will see, we are continuing efforts to ameliorate the external factors over which we have no control.

We are keeping a careful eye on these external factors and will take every action to cushion any effect on our country through precise planning and targeted interventions.

Last year, 2021, when the international price of oil escalated, no one in Antigua and Barbuda felt it, because this Government intervened to absorb the increase at the pump.

We reduced consumption tax revenue by \$32 million to protect our people from further costs, while the pandemic had impacted employment and earnings.

Should prices escalate again, we will intervene to stabilize prices.

That's what our government does to protect its people.

We analyze, we scrutinize, we strategize, and we act decisively in our people's interest.

Everyone knows of my government's commitment to our people.

Public Sector Debt

Mr. Speaker, while I have remarked on the past debt experience of this country under the previous administration, I report now on current public sector debt.

Total public sector debt to GDP as at December 2021 is estimated to be 88.9 per cent compared to 94.0 per cent in 2020.

We have succeeded in bringing the figure down yet again, even amid the pandemic by meeting our debt obligations, growing the economy, and not rushing to the IMF, with its attendant conditionalities, that would call for increased taxes, public sector retrenchment, and forced divestment of State assets, which would undermine our corporatization strategy.

At the end of Fiscal Year 2021, the total public debt portfolio remained largely unchanged at about \$3.5 billion. Of this amount, \$3 billion represents Central Government debt and \$500 million guaranteed debt for statutory corporations.

Working to improve debt management and reduce the debt service burden; this government restructured its loan portfolio with a number of creditors, including domestic banks.

Additionally, the government successfully negotiated a moratorium on loans from China that were issued prior to 2016.

Though the moratoria on some debts came to an end in the second quarter of 2021, the government was able to resume payments without default.

Also, payments to holders of securities issued on the Regional Government Securities Market were consistently made on a timely basis.

Mr. Speaker, we have not ignored our obligations to local contractors and suppliers.

We have started discussions to reduce arrears, and will begin to implement the agreed arrangements in 2022 as revenues increase.

Outstanding arrears to public sector workers were also addressed in 2021. We entered into an arrangement to clear risk allowance owed to workers at the hospital and have honoured our commitment. With respect to overtime owed to various segments of the public service, we will, by the end of this month, begin clearing the arrears.

The point is, Mr. Speaker, that we have not burdened this nation with unproductive debt.

We have not pawned the future of our nation to lenders who would dictate that we tax our people, or banish them into unemployment, and shrink the economy, as the previous administration did.

We have acted with regard to the interest of the nation, through prudent and careful financial management upon which every small country relies at the best of times, but especially to overcome the challenges imposed by crises.

Plans for Economic Rejuvenation

Mr. Speaker, I turn now to the development plans for 2022 – a year in which the ECCB projects that our economy will grow by 4.7 per cent.

My own expectation is that we, the people of Antigua and Barbuda, will do better, acting together, and that we will achieve at least 8 per cent growth.

There is every reason we should do so, provided we keep the coronavirus at bay, and that we maintain our pathway to economic rejuvenation with tried, tested and successful management team.

Mr. Speaker, I will now set out in detail our plans for 2022, which will show how our economy will be grown, employment increased, and local ownership and empowerment expanded.

Tourism

Tourism remains the anchor of our economy and will continue to drive economic recovery this year.

A further rebound in tourist arrivals is anticipated as arrivals should reach at least 75% of 2019 levels.

Of course, these estimates have to be considered within the context of the increased COVID-19 cases due to the highly infectious Omicron variant.

Mr. Speaker, it is expected that tourism growth in Antigua and Barbuda should exceed 20% in 2022 and average in excess of 6% over the medium term.

With respect to cruise tourism, our partnership with Global Ports promises to yield increased benefits in 2022.

Performance for the month of January 2022 indicates continuation of a promising trajectory from the last quarter of 2021, with 71 calls and over 200 bookings received thus far.

Once the dredging of St. John's Harbour is completed in the first quarter of 2022, Antigua and Barbuda can expect to record more historic moments in cruise tourism.

Our country has been highly commended by the Cruise Operators for its recent handling of the latest wave of COVID -19.

The result has been the addition of 12 calls to the January 2022 cruise ship schedule, including 3 calls from Carnival Cruise Lines.

The completion of the fifth berth has also been lauded by Cruise Lines and other cruise partners, placing Antigua at the forefront of the itinerary-building and homeporting considerations in the Caribbean.

A Homeporting incentive package has been developed by the management of GPH (Antigua) Ltd. which has been well received by Cruise Lines, whereby five lines have indicated a strong interest in using Antigua as a homeport by 2023.

Mr. Speaker, the yachting industry is an important part of our tourism product, and it is expected that Antigua Sailing Week, a long-standing event on the country's calendar, will return in April 2022.

A total of 67 yachts have already registered for this event.

Also, the Royal Ocean Racing Club, with a sponsorship contract for the next four years, will be returning to the destination in this year.

Private Sector Projects

Mr. Speaker, there is a crucial link between construction and tourism in Antigua and Barbuda. Investments in major hotel development projects help to spur growth in construction, thereby producing employment for citizens and residents.

The finished properties then expand our capacity to accommodate more tourists, generate additional foreign exchange, and provide opportunities for our people to earn a living.

Though several major projects that were slated for implementation in 2021 were delayed due to the ongoing pandemic, there was notable activity that contributed to estimated real growth of 12 per cent in construction in 2021 compared to a contraction of 26 per cent in 2020.

The US\$120 million spent on the PLH Ocean Club on Barbuda in 2021 along with the completion of the Elite Island Resorts all-inclusive luxury property at Devil's Bridge helped to spur growth in construction.

Additionally, work continued on the US\$70 million Baron Lorne Thyssen mansion at Laurie Bay and development of luxury properties progressed at several sites, including Jumby Bay, Windward Beach, Pearn's Point, Galley Bay Heights, and Mill Reef Club.

The amount spent on these properties in 2021 was well over US\$50 million.

It is expected that, at least, a further US\$80 million should be spent in 2022.

In addition to these major construction projects, there was a marked increase in residential construction.

Data from the Development Control Authority indicate a 15 per cent increase in approvals for residential construction in 2021 compared to 2020. The value of these properties was an estimated \$530 million.

Further, the Antigua and Barbuda Investment Authority (ABIA) approved 118 applications under the Construct Antigua Barbuda Initiative (CAB-I).

This programme provides concessions to first time homeowners to reduce the cost of home construction.

The aggregate value of the homes that benefited from the CAB-I in 2021 is \$33.9 million.

The ABIA also approved concessions for 13 commercial projects with an aggregate value of \$46.7 million.

These projects represented investments in several sectors, including tourism, restaurants, property development, and retail.

In 2022, several projects will contribute to further expansion in the construction sector thereby creating significant employment for our people.

The list of projects include:

- i. A further US\$150 million to be spent on the PLH Ocean Club project on Barbuda.

This US\$2.5 billion project is the single largest private sector investment project in the Caribbean.

It currently employs 500 full time employees and this is expected to increase to 800 full time jobs in 2022. This development boasts luxury homes, an 18-hole golf course, high-end restaurants and other amenities.

PLH Ocean Club caters to industry captains and high net worth individuals from North America and Europe seeking private, luxurious accommodations in beautiful and pristine locales.

- ii. Investment of up to US\$40 million at Mill Reef Club on new properties, to include a five-star restaurant on Green Island.

- iii. The US\$80 million renovation and expansion project at the existing Rex Halcyon Hotel by Sunwing, which will start in the first quarter of 2022.
- iv. The US\$40 million Dulcina Project on Barbuda will also commence in 2022.

Negotiations are underway with an international property management company that has experience and expertise with the development and management of high-end properties.

- v. The US\$100 million Royal Caribbean Cruise Lines Royal Beach Club project at Fort James will also start in late 2022.

This partnership agreement was consummated in February 2020 just before the onset of the global pandemic.

However, the government and Royal Caribbean Cruise Lines remain committed to this project and, as travel and tourism prospects are improving, we are determined to begin work later this year.

In addition to these development properties, it is expected that investments in landside cruise infrastructure will accelerate in 2022.

Antigua Cruise Ports will invest \$35 million to create the Antigua Port Day Club, an ultramodern waterfront playground, featuring several pools, a state-of-the-art casino, local food-and-beverage outlets, and approximately 70 to 100 retail spaces for local entrepreneurs.

The day club project will include the implementation of solar panels to supplement power to the area. Construction of the day club will begin in July 2022 and is scheduled to be completed by July 2023.

This exciting new attraction will be accessible to cruise passengers, other visitors, and locals and residents of all ages.

The redevelopment will also include upgrades to the Heritage Quay Shopping Centre, which is currently ongoing.

Local companies have already been engaged to work with GPH (Antigua) Ltd. to make the cruise port a much more attractive representation of Antigua and Barbuda.

Special Economic Zones

Other private sector investments in 2022 will include expenditure of an additional US\$50 million on the YIDA project and building out the special economic zone (SEZ) at Seaforth. The investor in this special economic zone development proposes investments in tourism, banking, light manufacturing, medicinal cannabis, and medical schools. On the basis that it is successful, it will create significant employment opportunities in 2022 and over the medium term.

Mr. Speaker, much has been said about the benefits associated with special economic zones and whether citizens and residents of Antigua and Barbuda will be positively impacted.

Simply put, a special economic zone is another tool used by countries, whether developed or developing, to promote economic diversification and attract and encourage investment.

A good example of how an SEZ can impact the domestic economy is the offshore education institutions such as AUA, which has impacted retail and wholesale trade, property rentals, restaurants, transportation, telecommunications and other segments of the domestic economy.

In addition to the impact on employment, special economic zones can also lead to increased exports, foreign exchange earnings, and technology transfer.

Having established the legislative arrangements to support the development of special economic zones, the government has granted licences and concession to two investors who have met the requirements of the law.

We have not sought to pick winners, but to provide the environment that would encourage investments to benefit the economy and people of Antigua and Barbuda. The US\$200 million that has already been invested by YIDA has no doubt been a benefit to our country. We therefore look forward to further injection of capital in these special economic zones, so that the direct and indirect benefits of these initiatives may be realized.

Mr. Speaker, other private sector projects that will be undertaken in 2022 include the Hadeed Group marina development project in the vicinity of the McKinnon's Pond and continuation of construction on the Doctors Hospital and Medical Centre, a project spearheaded by Dr. Joseph John.

Manufacturing

In 2021, this industry contributed about \$54 million to GDP.

Though this is not as significant a contribution as other sectors, manufacturing is a very important industry in which new local businesses can develop and which can engage in import substitution, saving the country foreign exchange and providing employment.

The government will continue to encourage entrepreneurship in this area through the provision of tax incentives and development land at a concessional rate of \$3 per square foot.

Agriculture and Fisheries

Mr. Speaker, since the sugar industry was closed in this country, agriculture in Antigua and Barbuda has been stigmatized.

Indeed, a culture of disdain toward agriculture took root in our country.

I am pleased to say that the attitude is changing.

And, it is changing because young entrepreneurs are recognizing that there are profits to be made from agriculture, by producing some of the food crops that our nation is now spending hundreds of millions importing.

The use of modern and appropriate technologies, including hydroponics and aquaponics, offers opportunities for productive yields that have not been previously deployed.

The agriculture sector grew by approximately 2% in 2021 and contributed about \$24 million to GDP.

Fisheries also grew by 2% and contributed about \$32 million to GDP.

As indicated last year, our objective is to increase the contribution of agriculture and fisheries over the next ten years from the current \$56 million to \$250 million.

This is an important commitment, as it will have the three-fold effect of reducing our food import bill, improving nutrition for our people, and ameliorating our vulnerability to external shocks to our food supply.

To this end, the government has engaged the Caribbean Development Bank to provide assistance in increasing capacity in livestock and crop production and to exploit export potential in fisheries.

Another important development in this sector is the creation of an insurance instrument in partnership with the Department of the Environment, to provide coverage for fisherfolk in the event of loss or damage to their vessels as a result of natural disaster.

This will help ensure that this important source of household income is not completely lost due to climate events.

Of course, we will continue to extend concessions on agriculture inputs, including fertilizers, machinery, fishing vessels, engines and equipment.

Also, through ongoing partnerships with the FAO, IICA, the Peoples Republic of China, and Japan, technical support and training in modern agriculture technologies will continue to be delivered to farmers and fisherfolk.

All this, Mr. Speaker, are lessons learnt from the pandemic crisis.

Entrepreneurial Development Programme

Mr. Speaker, in July 2019, our Government launched the Entrepreneurial Development Programme (EDP).

Its purpose was to support the growth and development of small and medium sized businesses across many industries.

The EDP has provided approximately \$4 million to 33 locally owned businesses.

Loans range in value from \$10,300 to \$180,000 at a maximum interest rate of 3 per cent.

In 2021, this programme provided more in funding than in the two previous years, and has stimulated creativity, innovation and entrepreneurship in five key sectors. These are: tourism, fishing, agriculture, construction, and retail and other services.

Mr. Speaker, the EDP aims to create an entrepreneurial class in our country. It is a boon for persons who, traditionally, had little chance to establish their own business.

Our Government intends to maintain it, empowering our people to own, manage and succeed.

In 2022, the EDP will partner with the Caribbean Union Bank and the Eastern Caribbean Partial Credit Guarantee Corporation to increase funding and access to support for micro, small and medium enterprises in Antigua and Barbuda.

This, Mr. Speaker, is part of our commitment to build an ownership class and to give opportunity and means to persons who have, for too long, been denied a place in the economic sun.

They are entitled to a leg-up and my Administration will give it to them.

Development of Barbuda

Mr. Speaker, I turn now to my favourite subject which I know will command the full attention of the Member for Barbuda.

Because I have heard him say that the Barbuda Council wants taxes, I know that he is perfectly aware that Barbuda is being transformed into an economically viable and sustainably managed island.

The PLH project is playing – and will continue to play - a major role in advancing the development of Barbuda.

In 2022, work on the Paradise Found luxury resort will be accelerated.

The investors, who include well known actor Robert De Niro, will invest US\$40 million over the coming months thereby boosting even more the economic activity and employment prospects on Barbuda.

Barbuda is now one of two exclusive destinations in the Caribbean that boast a globally celebrated Nobu Restaurant.

This world renowned Japanese fine dining restaurant has been such a success, that its proprietors have recently rebuilt a new, rustic facility to meet increasing demand.

Work on the new airport on Barbuda was also advanced in 2021.

With US\$8 million provided by PLH, the runway was completed.

A further \$11 million will be spent in 2022 so that, by the time this project is completed in June, \$65 million will have been invested in it.

This government will then focus on constructing a cargo port on the island.

An allocation of \$15 million has been made for this purpose.

I need hardly point out, Mr. Speaker, that these investments will result in improved air and sea craft travel to and from Barbuda.

The Barbuda Energy Resilience project is now operational and generating electricity.

This \$27 million project has been funded with the assistance of multiple partners, including the Abu Dhabi Fund for Development, the United Kingdom through UKCIF, the Caricom Development Fund, the Government of New Zealand, the Caribbean Development Bank, and the Government and people of Antigua and Barbuda.

It involves the establishment of a solar photovoltaic energy plant that will serve as the main source of energy for Barbuda.

Additional battery storage will be acquired in 2022 at a cost of \$10 million to ensure Barbuda is powered exclusively by green energy.

The ultimate goal is to make Barbuda carbon neutral and establish it as the cleanest, greenest island community in the world.

Also, the investment in this energy project will result in the provision of subsidized electricity for Barbudans.

In terms of housing, work continues on the Louis Hill Cottages project, which is funded by the Calvin Ayre Foundation.

Through this initiative, 20 disaster-resistant and climate resilient houses will be constructed for Barbudans who lost their homes during Hurricane Irma.

Also, the EU funded UNDP Project to repair and construct homes on Barbuda is expected to be completed this year.

Half of the \$15.5 million provided by the EU has already been spent with newly repaired and constructed homes delivered to 62 of the targeted 104 families.

An estimated \$10 million, which includes the balance of the EU grant and amounts allocated by the Government, will be spent in 2022 to complete the repair and reconstruction of homes damaged by Hurricane Irma.

Our government is delighted, Mr. Speaker, to advance the development of Barbuda and improve the lives of all its inhabitants.

We are, after all, a unitary State; one Nation; one People with a common destiny.

My administration fought relentlessly to acquire the necessary resources to construct new dwelling properties, to improve the living standards of our Barbudan brothers and sisters.

Major Public Sector Projects

Mr. Speaker, I turn now to detailing this government's investment programme that will deliver an unprecedented transformation of public sector infrastructure, while creating new employment for hundreds of people.

The \$265 million redevelopment project at the St. John's Port, funded by the China Ex-Im Bank, remains a significant undertaking in public sector investment and is 85 per cent completed.

Our expanded port infrastructure will position Antigua and Barbuda to be a major transshipment hub in the region.

Mr. Speaker, as a complement to the Port redevelopment and the ongoing expansion at Heritage Quay by Antigua Cruise Ports, work on the \$30 million Enterprise Zone near the Deepwater Harbour will begin.

In 2022, about \$15 million is to be spent on this project to enhance the St. John's waterfront.

Work on rehabilitation and reconstruction of major roadways will also be advanced in 2022.

We will continue the second road rehabilitation project and start work on a third.

Both these projects are being implemented with financing of US\$75 million provided by the Government and the Caribbean Development Bank through the Second Road Infrastructure Rehabilitation Project and the Rehabilitation and Reconstruction Loan project.

These projects will result in the reconstruction, rehabilitation and transformation of Sir Sydney Walling Highway, Anchorage Road, Old Parham Road, Valley Road North, Darkwood Bridge, Herberts Main Road, and Royal Gardens Road.

Mr. Speaker, Barbuda will also benefit from a number of public sector projects in 2022, including a new access road to the airport.

In particular, the nearly US\$4 million project to repair and expand the Sir McChesney George Secondary School will be completed this year.

Additionally, nearly US\$3.5 million from the CDB funded RRL project will be spent over the next 12 to 18 months on several activities, including:

- i. Rehabilitation of the Barbuda Community Centre
- ii. Repair and furnishing of the Barbuda Council Administration Building
- iii. Construction of a Reverse Osmosis Plant and Storage Tank, among others.

Also, the government, with funding from PLH, will repair and expand the River Dock cargo port, at a cost of \$15 million by July of this year.

These are no pie-in-the-sky promises, Mr. Speaker.

I have told this Honourable House how much these projects cost and from where the funding has been committed.

Another exciting project to be undertaken in 2022, is the transformation of the Woods Pond into a scenic park and recreational area.

This is part of the \$12.1 million McKinnon's Waterway project being executed by the Ministry of Works and the Department of the Environment.

The Ministry of Works will also partner with the National Assets Management Company Limited to complete the UPP unfinished Car Park and begin work on the new headquarters for the Antigua Barbuda Broadcasting Services (ABS).

Further, road works will be undertaken in various communities including Bethesda, Parham, All Saints, Lightfoot, Pigotts, Potters, and Cades Bay.

Public Utilities

Mr. Speaker, I come now to a subject that I am aware will be of interest to everyone, including the UPP political party, which left us with the problem after 10 years of utter neglect.

All of a sudden, they have seen the light and want water to flow like manna from heaven.

They broke the system and left this ABLP administration to fix it.

Well, we are fixing it.

Since March 2014, our government has been working assiduously on increasing the production, storage and distribution of water.

It has not been an easy task.

Years of leaving rotting and unsuitable pipes in the ground, and no investment in reverse osmosis or desalination plants, left our drought-prone country in misery.

It has taken time and considerable resources to renovate the water distribution system and to invest in and install water production machinery.

Much has already been done, and by the end of 2022, we intend to increase water supply by a further 30 per cent.

Here's how we plan to do it:

We will erect a Reverse Osmosis Plant at Bethesda.

This plant will have a capacity of 3.2 million Imperial Gallons per day at a cost of approximately US\$14 million.

We will erect another Reverse Osmosis Plant at Fort James with a capacity of 500,000 Imperial Gallons per day.

We will also commission a plant to produce 350,000 Imperial Gallons per day at Ffryes Beach, and we will replace water mains located in the following areas - South Street, Point, Buckleys, Sawcolts, Johnsons, Michaels Village, Seaview Farm, among others.

All this, along with existing water production, will cover the projected daily demand of 9 million imperial gallons.

The UPP broke the system; left \$22 million in unpaid debts for water, which was repaid by my Administration.

Mr. Speaker, my Administration is fixing the water problem we inherited.

But, there is no quick fix; it will take time to manufacture these plants, requiring the continued patience of our people.

Mr. Speaker, I will now give a brief overview of other matters related to Public Utilities.

On telecommunication, our government is determined that our services, particularly in broadband, should be modern and of the highest international standard.

In this connection, the second phase of the island-wide Fibre-To-Home initiative will be completed this year.

This is designed to give persons working from home, school children of all ages, NOMAD residents, and every member of the population reliable and affordable broadband technology, that will facilitate our transition in to a modern, digitalized economy.

On electricity, APUA will execute the following projects this year:

- i. Completion of a 10 megawatt (MW) solar and 11MW battery project by first quarter of 2022
- ii. Collaboration with the Ministry of Environment to install 4MW Wind Turbines by the third quarter of 2022.
- iii. Installation of a 5MW solar plant to increase renewable energy penetration on the grid.
- iv. Erection of a 40 Megawatt-hour Liquid Natural Gas Generation and Fuel Plant at Crabbs Peninsula.
- v. Installation of an additional backup 400KW Gen-set at the New Green Barbuda Power Plant.

These projects, Mr. Speaker, will enhance our electricity supply and significantly reduce power outages.

Housing Revolution

Mr. Speaker, in 2021, the National Housing and Urban Renewal Company continued to execute its mandate of delivering affordable and well-constructed homes for our nationals.

By the end of last year, National Housing had constructed over 400 homes located in Dredge Bay, Paynters, Denfields, and on private lands across the country.

Also, since 2015, the Central Housing and Planning Authority (CHAPA) constructed over 100 homes in Lightfoot, Northsound, and on private lands; 35 of these were constructed in 2021.

These were supplemented by additional houses constructed by the Ministry of Works.

To increase the construction of homes, the government has partnered with a number of private contractors to construct and deliver houses to prospective homeowners in 2022.

One example is the 400-home development at Olivers, where foundations for the first 25 houses were started in January.

Other projects being undertaken through partnership with private contractors are a 75-home housing development in Bolans and a 65-home development in Jennings, for which the three-bedroom model home has already been constructed.

The price of the houses in these developments will range from \$175,000.00 to \$310,000.00.

Also in 2022, National Housing will complete and assign a further 204 homes in Olivers, Denfields, and on private lands.

Since its inception, the National Housing and Urban Renewal Company has spent about \$150 million to deliver houses and lands to citizens and residents.

Mr. Speaker, it should be noted that these homes are heavily subsidized to the tune of \$150,000 each. This is our egalitarian policy to assist in inter-generational wealth accumulation.

The Company has engaged local contractors to undertake work and paid in excess of \$84 million for construction and related services.

Additionally, it provides permanent employment for nearly 300 persons.

There is also a high demand for land.

Over 8,500 applications have been received for parcels of land and we have already begun to respond to this demand.

1,058 parcels of land were made available in 2021 in Piggotts, Bolans, Willikies, Belmont, Freetown, Zion Hill, Jennings, Halcyon Heights and Denfields.

In 2022, a further 2,000 parcels will be distributed in Cades Bay, Picadilly, Olivers, Coolidge, Fitches Creek, Carty's Hill, and Table Hill Gardens.

Of the lands allocated for 2022, 250 parcels are designated for the Land Empowerment Programme (LEP), which is reserved for the youth.

These parcels will be made available to young people at a price of \$3 per square foot.

Work continues on clearing the site for the Booby Alley Housing Project.

Construction of the new homes should start later this year with a projected spend of \$50 million.

This project, which will upgrade the housing stock in the Villa and Point communities, is being financed through a generous grant provided by the Peoples Republic of China.

Education

Mr. Speaker, the past two years have been quite challenging for our country's education system.

The COVID-19 health crisis and the protocols established to fight the spread of the disease meant that those responsible for delivering instruction and training to our children, had to do so in a constantly evolving environment.

Creativity, flexibility and responsiveness were required to ensure the continued education of students at all levels.

Though remote learning and, ultimately, blended learning, required adjustment by teachers and students alike, the transition has, for the most part, been successful.

This is borne out in the performance of our students in the Caribbean Secondary Education Certificate exams and the National Assessment.

By and large, the results indicate students performed reasonably well despite the upheavals caused over the past two years. In fact, results in some subject areas were better than before the pandemic.

As we look ahead to this year and eventually a return to normalcy, the government will continue to collaborate with the CDB in its push to transform education in Antigua and Barbuda.

In 2022, our partnership with the CDB will involve the US\$15.8 million Enhancing Expansion and Quality Improvement Project (EEQIP).

This project will facilitate major renovations and expansion at the Antigua Girls' High School, Ottos Comprehensive School, Pares Secondary School, and the Golden Grove Primary School.

Further, the government will spend \$2 million to refurbish the old Ottos Primary School building to serve as the home for the Youth Education Empowerment Programme (YEPP).

This programme is an important aspect of our strategy to provide citizens and residents, regardless of their age, a second chance to achieve formal education certification.

YEPP's role in contributing to the development of human capital in our country cannot be denied and should not be underestimated.

UWI Five Islands

Mr. Speaker, our government has allocated \$18 million in this year's budget for the UWI Five Islands campus and will invest a further \$13.5 million to construct a block of dorm rooms on the campus.

There has been an almost 70 per cent increase in enrolment at the Campus with nearly 200 new students enrolled in the first semester of this academic year.

Over 435 individuals from Antigua and Barbuda and across the region are pursuing tertiary level education on this island.

Since it opened in September 2019, the Five Islands Campus has had some major achievements that are quite notable, given they took place in just three short years.

What is more impressive is that the institution has had to navigate its emergent years in the throes of a pandemic, that has disrupted how people across the globe live, work, interact and learn.

Despite the challenges, it has:

- i. conferred fifty graduate and post-graduate degrees;
- ii. established the Lifelong Learning Unit (LLU) which delivers professional development courses by which persons can upgrade

- their credentials and improve their competitiveness in the labour market;
- iii. created the School of Science and Artificial Intelligence, which will help produce a cadre of Antiguan and Barbudans capable of exploiting the opportunities that accompany the fourth industrial revolution;
 - iv. collaborated with Harvard University to implement the Credential of Readiness (CORe) programme in October 2021. This programme is delivered online, and participants will earn the Credential of Readiness designation from Harvard Business School Online and the UWI Five Islands Campus.

Additionally, the Five Islands Campus has executed an agreement with the Department of Business at the Antigua State College that will allow qualified students from ASC to enter UWI at Level 2, thus shortening the time it takes to complete their Bachelor's degree.

Over the coming months, the institution will conclude negotiations that will result in an exciting partnership with Monroe College in New York to benefit persons pursuing degrees in the field of tourism and hospitality.

Also, UWI Five Islands will soon finalize an arrangement with the American University of Antigua, to deliver a nursing degree programme that will provide training to local, regional and international students.

We should all be proud of this institution that has made attainment of higher education for Antiguan and Barbudans significantly more accessible and affordable.

Through our very own UWI campus, we can certainly attain the goal of having at least one university graduate in every household by 2030.

Healthcare

Mr. Speaker, I now address the important matter of health care and how we will continue to enhance it in 2022.

While management of COVID-19 has been the focus of the healthcare system for the better part of the past two years, we have not lost sight of the objective of continuing the transformation of healthcare.

The government remains committed to delivering high quality and affordable medical treatment for communicable and non-communicable diseases alike.

Our strategy for transforming healthcare also emphasizes preventative care through public education and modern diagnostic services, that allow for early intervention to minimize the potential for invasive and costly treatment.

We recognize that transforming the healthcare system requires further investments in health infrastructure and have allocated significant resources for this purpose. In 2022, the projects to be undertaken include:

- i. constructing the new Dialysis and Renal Centre on the old Holberton compound
- ii. establishing a Cardiac Centre at Sir Lester Bird Medical Centre
- iii. renovating the Old Road, Johnson's Point, and Cobbs Cross clinics
- iv. refurbishing the Clarevue Psychiatric Hospital
- v. developing a new facility for the Fiennes Institute.

The equipment for the Dialysis and Renal Centre will be procured with funding provided by Inter-American Development Bank through a line of credit administered by the Caribbean Development Bank.

This Centre will improve our capacity to meet the increasing demand for dialysis treatment, while creating space at the Sir Lester Bird Medical Centre (SLMC) to enhance treatment options for cardiac patients.

The most recent addition to Antigua and Barbuda's stock of healthcare assets is the Sir Cuthwyn Lake Medical Centre located at Nugent Avenue.

This 75-bed facility was completed at a cost of \$5.8 million and will serve as an annex to the Sir Lester Bird Medical Centre. It will function mainly as a Respiratory Disease Management unit of the hospital, as well as a diagnostic facility.

Finally, like many countries across the globe, Antigua and Barbuda faces an epidemic of non-communicable diseases.

Illnesses such as diabetes, hypertension, heart disease, cancer, chronic kidney failure, strokes, and autoimmune conditions have a deleterious effect on the economic potential of a nation and place significant burden on the healthcare system.

Medication and treatment for these diseases are facilitated by the Government and through the Medical Benefit Scheme.

We must not only be concerned with providing treatment and medication but must redouble our efforts to prevent the occurrence and progression of these diseases.

To this end, we will establish a programme to augment the management of diabetes and hypertension through our primary healthcare facilities.

The pilot phase of this initiative will start with the Polyclinics in Villa and Glanvilles and will involve providing testing and treatment services that can be accessed by persons within the communities surrounding the Polyclinics.

Public Safety

Mr. Speaker, amid the most significant crisis to grip the world in 100 years, our law enforcement agencies were called upon to protect and serve like never before.

They provided support to frontline healthcare workers while still attending to their primary responsibilities to safeguard the population against the criminal element that dwells among us.

On behalf of my government, I extend deepest condolences to the families and loved ones of the 16 souls that were taken from us in 2021; half of which were due to crimes of passion. Our Government will enhance public awareness and education and pursue interventions that will assist in conflict resolution to reduce gender-based violence and crimes of passion.

We remain committed to ensuring the Police and other law enforcement agencies are equipped to identify, apprehend and prosecute all perpetrators of crime against property and persons. To this end, we will ensure they are provided with all necessary tools and equipment.

Already, the Government has provided a military aircraft to the ABDF and will provide a 55-foot vessel to the Coast Guard at a cost of US\$800,000 by the end of this month.

In 2022, we will improve the capacity of the police to ensure the safety and security of citizens and residents by training 50 new police recruits.

The training has already started, and it is expected that the new batch of officers will be ready for full duty by July 2022.

We recognise that a critical factor in fighting crime and identification of offenders is the effective scrutiny of crime scenes and timely analysis of evidence.

Currently, we rely on external agencies to analyse certain evidentiary material, which can sometimes delay the progress of investigations.

To address this, we will improve our capacity to conduct analysis locally by constructing a Forensic Science Laboratory later this year.

Additionally, the government will invest in other public safety and justice infrastructure to include completing construction of new accommodations for the Parham, Bolans, and Barbuda police stations and refurbishing the St. John's Magistrate Court.

Though we will not relent in our pursuit of criminals, we are mindful of our responsibility to ensure that the incarcerated are treated in a manner that is compliant with international standards and requirements.

As such, we have begun the process of renovating Her Majesty's Prison.

The Ministry of Works is leading this effort and has already advanced work to deliver upgraded facilities to house 170 inmates, while at the same time boosting the security features of the prison's perimeter.

Finally, I wish to commend the leadership and officers in the Royal Police Force, the Defence Force, Coast Guard, the ONDCP, Customs and Excise Division, and Immigration Department for their committed service under very trying circumstances.

The nation's gratitude is amplified by the fact that members of a number of these agencies have themselves been victims of the most horrific of crimes.

Commendations are also extended to the Police and Defence Force for responding to the needs of St. Vincent and the Grenadines, as that nation contended with the twin crises of the pandemic and volcanic eruption.

Protecting the Vulnerable

Mr. Speaker, protecting the vulnerable in our society and providing relief to them have always been priorities for my Administration.

We are conscious that the supply chain disruptions that I have already described, are having an impact on our domestic market.

But this government has maintained the basket of zero-rated items, which includes food, baby formula, pampers, basic toiletries and cleaning supplies, pharmaceuticals, and medicines.

This basket of zero-rated essential items, which includes rice, flour, chicken, fish, fruits and vegetables, remains one of the most extensive in the Caribbean region, and it has helped to curtail the impact of imported inflation and higher shipping costs on the population.

More importantly, Antigua and Barbuda has a strong social safety net in place that has provided relief and benefits to the most vulnerable in society.

Thousands of elderly, orphaned, disabled and economically disadvantaged persons benefit from programmes delivered through the Ministry of Social Transformation.

Initiatives existed before the pandemic, including the Home Advancement Programme for the Indigent (HAPI), the Board of Guardians, and the Government Residential and Care for the Elderly (GRACE) programme.

However, during the pandemic they were enhanced and augmented by additional interventions such as the Government Assistance Programme (GAP) and the Emergency Food Assistance Programme.

Since being introduced in 2020, 76,400 packages were distributed through the Food Assistance Programme to households across the nation.

Also, 7,600 persons benefitted from the cash vouchers provided under the Government Assistance Programme.

Other programmes such as the National School Meals Programme and the School Uniform Grant continued to deliver much needed benefit to students and ease the financial burden on households.

More than 6,000 children in 31 primary and pre-schools, receive meals daily while primary and secondary school students all have access to the uniform grant programme.

Further, nearly 9,200 individuals across Antigua and Barbuda, including pensioners, single mothers, and the disabled, are receiving invaluable

cash assistance through the PDVCAB Peoples Benefit and Utility Subsidy programmes.

Added to all this, at the height of the pandemic, when lockdowns and tight restrictions on movement were necessary to curtail the spread of the Coronavirus, our Government introduced the pandemic relief barrel and caused a reduction in the electricity charges paid by residential and commercial customers.

There have been over 30,000 pandemic relief barrels cleared since the initiative started in April 2020, affording citizens and residents duty and ABST relief on food, toiletries, baby and disinfecting wipes, face masks, detergents, and vitamins as well as clothing and shoes.

Mr. Speaker, by lowering the fuel variation charge and offering discounts on bills, our government, through APUA, eased the financial burden on more than 35,000 households and businesses.

Households benefited from as much as a 25 per cent reduction in electricity bills, while businesses received a 20 per cent reduction.

Farmers also received a 25 per cent discount on water bills, and a moratorium on utility disconnections was implemented.

Mr. Speaker, when the social and economic effects of the pandemic began to impact our nation, our Government did not have to contemplate what social programmes could be implemented to help persons who were facing the economic fallout from the crisis.

We already had in place a robust set of initiatives that we broadened to provide even greater economic and social relief.

Through the various programmes and initiatives, the estimated value of the relief delivered to the population since the start of the pandemic is \$80 million.

We can list every programme and every item, and more importantly, we can list every cost, and how we paid each of them.

Mr. Speaker, the charlatans, proven failures, deceivers, and pretenders are claiming they will fix problems that do not exist.

This Government fixed those problems a long time ago.

So, these wolves in sheep's clothing must wheel and come again.

The people of this nation will not be fooled again.

They will not be deceived again.

Economic Diversification

Mr. Speaker, I have already described how this Government is encouraging the diversification of the economy.

I now want to detail other viable industries that we will continue to pursue during this fiscal year.

The first is Medicinal Cannabis.

Honourable Members will recall that a Medicinal Cannabis Authority was established in 2019 and tasked with facilitating the development and regulation of this industry.

To date, the Authority has issued thirteen provisional licenses and one substantive license to eight different companies.

The licensing process involves rigorous due diligence of the companies and their principals to ensure the medicinal cannabis industry in Antigua and Barbuda is developed, as one of the most robust, sustainable and well-regulated cannabis industries in the world.

In 2022, the Authority will launch initiatives to increase participation of local entrepreneurs in this new and potentially lucrative industry.

Based on the licenses that have already been issued, it is projected that the Authority will generate over \$6 million in revenues in the first half of 2022.

As the medicinal cannabis industry develops over the next few years, it is expected that direct revenues to Government will exceed \$23 million.

We have an opportunity, with the controls and regulations necessary, to produce for the world a much-needed medical component, while earning foreign exchange, creating opportunities for ownership, and increasing employment.

The Blue Economy

Mr. Speaker, the second activity with real potential for Antigua and Barbuda is the Blue Economy.

Since our country's size in terms of marine space far exceeds its land mass, it is sensible that we explore the blue economy as an area for further growth and development.

With the assistance of the British High Commission, we have launched the official Maritime Economy Plan, which will guide our interventions in this area.

Authoritative international agencies estimate that the worldwide ocean economy is valued at US\$1.5 trillion annually providing jobs for hundreds of millions globally.

Activities that fall under the blue economy include traditional industries such as fisheries, tourism, and maritime transport, all of which currently contribute to the local economy.

Other aspects of the blue economy encompass aquaculture and mariculture, marine biotechnology and bioprospecting, offshore renewable energy, and extraction and use of marine resources.

In May of this year, we will embark on a collaborative partnership with Odyssey Marine Exploration - a US-based company which specializes in deep sea explorations.

The intention is to undertake sustainable mining of our ocean resources and minerals.

Mr. Speaker, new and modern technology offer us the opportunity to increase our nation's wealth and the well-being of all our residents, by exploiting marine resources.

We are grabbing it with both hands.

Medical and Wellness Tourism

The third area for diversification, ripe with potential, is Medical and Wellness Tourism.

At the heart of this industry is the delivery of quality, affordable and personalized care for the treatment, prediction and prevention of health issues.

We already provide medical services whereby doctors and surgeons can travel to Antigua and Barbuda to perform transplant and specialized surgeries.

With the establishment of the additional health infrastructure, we will be able to provide a wide array of health and wellness services to an increasing number of persons, who are willing to travel for individualized treatment and care in a sunny, peaceful and idyllic setting.

An exciting aspect of our strategy to enhance medical tourism in Antigua and Barbuda is the establishment of stem cell treatment centres.

Stem cell therapy or regenerative medicine, uses stem cells to treat varying diseases and injuries including heart disease, cancer, stroke, burns, Alzheimer's disease, and spinal cord injuries.

The Government will partner with reputable providers to provide stem cell treatments locally.

Also, two facilities will be established in Antigua to manufacture stem cells.

Both the treatment and manufacturing processes to be pursued will be done in accordance with internationally accepted standards and ethical practice.

Ultimately, Antigua and Barbuda's medical and wellness tourism industry will offer the health traveller a menu of options, that ranges from highly specialized surgeries to cosmetic and anti-aging treatments.

Financial Technologies

Mr. Speaker, our Government recognizes the growing place of block chain technology, cryptocurrencies and other financial technology solutions in the world of modern-day global transactions.

That is why we enacted legislation and created the enabling environment that has positioned our nation as a leader in the Caribbean.

The intention is to participate in the global revolution in financial services, and to benefit from so doing.

Myriad opportunities for our citizens and residents to utilize FinTech solution and applications for educational, fundraising, financial management, cash transfers, and microfinance and retail credit, emerged during the pandemic.

So, we already know that there are benefits and we will position our citizens and residents to exploit these opportunities.

Building Climate Resilience

Mr. Speaker, Climate Change is a threat hanging over the entire world, but it is most perilous for small island states, such as ours.

That is why our government took a firm and vigorous stance on this issue from the day we took office.

We could not stand by idly while industrialized countries polluted the atmosphere with deadly CO2 emissions, that are recognized as causing Climate Change.

Climate Change has, in turn, caused global warming, the erosion of coastal areas and extreme weather events, such as the much stronger and more devastating hurricanes from which we have suffered.

Thus, Mr. Speaker, we took a lead role as the Chair of the Alliance of Small Island States (AOSIS) and I was invited to represent both the Alliance and CARICOM at the global Summit on Climate Change, organized by US President Joe Biden.

At COP26 in Glasgow last November, we led the negotiations on compensation for loss and damage to which we are entitled, given the considerable devastation and destruction that we have continuously suffered over the last five decades.

We also launched an initiative with two other small island states – Tuvalu and Palau in the Pacific and Indian Ocean – to seek a legal opinion, concerning redress in the international legal system.

We are being assisted in this by a battery of experienced international lawyers who share our concern for the injustice small states are being made to endure without compensation.

Nonetheless, Mr. Speaker, my Government recognizes that while the international community, particularly through the Global Environmental Fund, has been helpful to us in providing some funding; for the most part, two big promises have not been kept.

The first broken promise by the industrialized nations is the delivery of US\$100 billion by last year to help mitigate and build resilience in suffering affected countries.

The second is the pledge to curb temperature rise, at no more than 1.5 degrees Celsius above pre-industrial levels.

The world is now on track to exceed the 1.5 level.

This will result in even more extreme weather events, including floods and droughts, unseasonal heat and cold, and extreme storms.

In this connection, apart from our strong and sustained advocacy in global fora, we have to take action at home to protect ourselves as best we can.

Therefore, Mr. Speaker, we will undertake some practical measures in 2022 that have financial implications.

These are as follows:

We will build resilience in domestic and residential buildings, primarily through access to the Sustainable Island Resource Framework (SIRF) Fund.

To date, loans valued at \$16 million have been issued to 192 applicants seeking to make their homes more climate resilient.

Citizens and residents can access financing under the SIRF Fund to reinforce roofs, strengthen windows and doors, improve water storage and septic systems, and install renewable energy systems.

We will also increase resilience in roads, waterways and gutters to ensure that every extreme weather event does not become a disaster.

We will build resilient clinics, hospitals, police and fire stations.

This year, my Government will begin implementation of the GCF Build Project, which is a \$124 million project approved by the Board of the Green Climate Fund in August 2021.

It will be implemented over the next six years, ensuring the installation of climate proofing in critical public service buildings – ministries, schools, clinics, fire stations and police stations across Antigua and Barbuda.

In the agricultural sector, new technologies will be introduced to help combat high heat, water scarcity and hurricane damage and, also, to make insurance accessible to farmers.

Funding is already being provided to churches and community centres to become more resilient and to provide hurricane and water shelters to the

community moving away from the practice of using schools as hurricane shelters.

We will also intensify our efforts to secure the promised donor funding.

Access to Financing

Now Mr. Speaker, I draw this Honourable House's attention to a grave anomaly in the way that successful small economies such as ours are treated by the international financial institutions and some wealthy countries.

Developing countries, including some in the region, received financial support from traditional sources such as World Bank and the IMF to help mitigate the effects of the pandemic on their populations, without having to adopt adjustment programmes and austerity measures that are typically associated with financing from these institutions.

However, though we too were facing significant economic and social hardships as a result of the pandemic, Antigua and Barbuda did not benefit from the special financing windows intended to help countries impacted by the crisis, that has crippled the globe for nearly 24 months.

That is because, without any regard for the vulnerabilities we face, we are disqualified because of the flawed criterion of high per capita income.

Even though our revenues also plummeted, and our people also faced the loss of life and livelihoods, our so-called high-income status prevented us from accessing much needed financing.

We are the victims of our successes in transforming our nation and achieving high per capita income, social development and political stability in which democratic principles are upheld; including the right to trade union representation and better conditions of employment.

Further, our attempts to access the IMF's Rapid Financing Instrument, which is not tied to an IMF programme, was derailed because of our indebtedness and arrears to Paris Club creditors, who even in the height of the pandemic refused to reschedule our debt.

Having little option for external support, the Government strategically balanced its efforts to address the health crisis with the imperative to restart economic activity, so that the revenues needed to keep the public sector operational and to meet critical expenses could be generated.

Though there were challenges and delays in payments, we managed to remain afloat during the worse months of the crisis.

While we lost nearly \$900 million in economic value because of the pandemic, the external financing received for budget support was \$140 million.

However, through the skilful management of our scarce resources by my government and the resilience of our people, our nation not only survived; we achieved economic expansion in 2021.

Further, we are happy to note that our efforts, and that of other members of CARICOM, to present the case for inclusion of vulnerability in the determination of a country's eligibility for development assistance have gained traction.

We intend to continue to pursue this inequity vigorously in every international organization and bilateral encounter.

Mr. Speaker, given our inability to access financing from traditional sources without being tied to the demands of an adjustment programme, the Government has explored other options to secure the resources necessary to boost the recovery and transformation of our economy.

In this regard, we issued a US\$200 million bond, on the international capital market.

This 10-year, 4.5% instrument is registered on Euroclear.

It is the first and largest bond of its kind issued by Antigua and Barbuda and it has been fully subscribed.

This financing provides an incredible opportunity for the Government to re-profile its debt, to ensure sustainability going forward, and to invest in strategic projects that will drive economic growth, create employment, and generate increased revenue to finance government operations.

The proceeds from this bond will be used to implement projects that will stimulate the economy and secure growth of 8 per cent this year. Two of these projects are:

- i. Acquisition and renovation of the Jolly Beach Hotel. We will also ensure payment of severance due to the Jolly Beach workers upon successful acquisition of the property.
- ii. Construction of a hotel resort at Morris Bay.

Mr. Speaker, that is the measure of solid performance and sound governance.

That is the leadership, management, and success that my Government has brought for the residents of Antigua and Barbuda, despite the most overwhelming odds.

While, others pretend, deceive, and make empty promises; we deliver, Mr. Speaker.

Budget Projections and Ministry Allocations

Mr. Speaker, I now turn to the estimates of revenue and expenditure for 2022.

But before I proceed, I now announce that there will be no new taxes in this Budget.

This Government is a caring government, Mr. Speaker.

We recognize that, after almost two years of economic difficulty caused by the pandemic, persons and companies need an ease to recover, to rebuild and to reinvigorate.

We also know that, once they have sufficiently rebuilt their lives, livelihood and business, they will both restore their savings and spend on the things they have gone without in the last 24 months.

All this will help to rejuvenate the economy, accelerating our achievement of 8 per cent growth or more.

Mr. Speaker, these Budget projections are based on a bold and deliberate strategy for economic growth, job creation, and transformation of our country.

The projects and initiatives will be implemented this year, to accelerate the pace of economic recovery and to give benefits to all our citizens and residents.

While it is rooted in the principles of sound fiscal management, this Budget focuses on enhancing delivery of critical public services such as health, education, national security, housing and improving infrastructure.

The Budget provides for an overall resource requirement of \$1.64 billion. This figure represents an increase of 9 per cent, or approximately \$130 million, over the estimated total spend of \$1.51 billion in 2021.

It indicates this Government's targeted expansionary fiscal policy that is intended to stimulate the economy and propel a resurgence in domestic output.

The budgetary and fiscal position points to an overall deficit of 2.6 per cent of GDP or \$110 million.

We are also forecasting a marginal primary surplus for 2022.

The primary balance is the overall fiscal balance less interest payments on public sector debt and is an indication of a Government's ability to meet its obligations in a fiscal year without incurring additional debt.

Though small, the primary surplus forecasted for this fiscal year is an important indication of our commitment to limiting growth in the public debt stock through prudent fiscal management.

Mr. Speaker, the projected fiscal outcomes for 2022 are an improvement over the estimated fiscal performance for 2021 and are consistent with the balances targeted in the published Medium Term Fiscal Strategy.

No economy that has experienced the constraints that ours has, consequent to the impact of the pandemic, can withstand further constraint if it is to grow and expand.

We are opening up the country, opening up the economy, and opening up the opportunity for all to advance and prosper.

Revenue Projections

Mr. Speaker, with the expected resurgence in economic activity, total revenue is projected to increase noticeably this fiscal year.

Recurrent Revenue is estimated at \$975.6 million for 2022, which is a 23% increase over the \$790.9 million generated in 2021.

The components of recurrent revenue are:

- Indirect Tax Revenue - \$689.5 million
- Direct Tax Revenue - \$124.6 million

- Non-Tax Revenue - \$161.5 million

The Customs and Excise Division and the Inland Revenue Department are responsible for delivering this revenue performance and, having met or exceeded targets for some of the major tax types in 2021, we are confident the management and staff of these institutions are equal to the task.

The amount budgeted for capital receipts is \$7 million, while grant funding for Fiscal Year 2022 is budgeted at \$50.2 million.

Expenditure Projections

On the expenditure side, estimated recurrent expenditure, excluding principal payments, is \$961.1 million.

Therefore, a current account surplus of \$14.5 million is projected for 2022.

The components of recurrent expenditure are:

- Wages and Salaries - \$410.6 million
- Transfers and Grants - \$159 million
- Pensions and Gratuities - \$73.4 million
- Goods and Services - \$167.6 million
- Interest Payments - \$110.1 million
- Statutory Contributions - \$40.4 million

Mr. Speaker, Government's Capital Budget for 2022 is \$181.8 million.

It more than doubles the almost \$80 million spent on capital projects in 2021.

This Honourable House will recall that resources had to be redeployed to help fight the spread of COVID-19 in 2021 and this limited the execution of the capital budget last year.

This year, we will pursue an aggressive public infrastructure enhancement strategy that requires a significant increase in capital spending.

Spending on road works will amount to \$34.2 million in 2022 and \$7.1 million has been allocated for major repairs and maintenance to Government buildings.

All this, Mr. Speaker, will increase employment of contractors and people, and it will have a knock-on, bumper effect on contributions to the MBS and Social Security; replenishing their coffers to meet payments to pensioners on time, and to satisfy obligations for the health care of our citizens and residents respectively.

Mr. Speaker, the year before us is the light at the end of a 24-month tunnel.

It is shining brightly for all, because of this Government's sound management in a crisis; its prudent utilization of scarce resources; and its well-judged investments.

Ministry Allocations

Mr. Speaker, Parliamentary Representatives with responsibility for Ministries will present details of the programmes to be executed in 2022 when they contribute to the debate on this Budget.

However, I will now highlight the main ministry allocations in Budget 2022.

The Ministry of Education, Science and Technology has the highest budgetary allocation in the amount of \$154.8 million.

The Ministry of Health, Wellness and the Environment gets \$114.1 million for all the reasons I described earlier in this presentation.

The Office of the Attorney General, Ministry of Justice and Legal Affairs, Public Safety and Labour receives \$104.4 million.

The Ministry of Works is allocated \$87.5 million in Budget 2022 for management and maintenance of public infrastructure.

The allocation for the Ministry of Tourism and Economic Development is \$25.6 million.

And, let me say now that while this may appear small, it is supplemented by significant contributions for tourism and marketing that goes directly to the Tourism Authority.

The Ministry of Information, Broadcasting, Telecommunications, and Information Technology is allocated \$16.4 million.

The Ministry of Agriculture, Fisheries and Barbuda Affairs is allocated \$17.5 million.

The Ministry of Civil Aviation, Energy and Transportation is to receive \$9.5 million.

The amount allocated for the Ministry of Housing, Lands and Urban Renewal is \$5.7 million.

The Ministry of Foreign Affairs, International Trade, and Immigration is allocated \$37.7 million.

The Ministry of Social Transformation, Human Resource Development, and Blue Economy is allocated \$26.8 million.

The newly created Ministry of Creative Industries and Innovations is allocated \$10.4 million in Budget 2022.

Mr. Speaker, as the epidemiological position improves, and public health conditions allow for a return to large gatherings, one of the primary objectives of this Ministry will be to facilitate the return of carnival, which will be culturally infused with dynamism.

The 2022 budget also includes allocations for other Offices, such as the Legislature, the Judiciary, the Electoral Commission and others.

The full details are available in the Appendices to the printed version of this presentation.

I take the opportunity now to speak of the allocations and their purposes for the Office of the Prime Minister, which is allocated \$35.7 million and the Ministry of Finance, Corporate Governance and Public Private Partnerships, which is allocated \$115.7 million.

Included in the amount budgeted for these ministries is, \$15 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.

Priorities in 2022 for these Ministries include:

- Executing the population census which was postponed due to COVID-19.
- Reforming the national procurement system for improved contract management.
- Upgrading revenue management systems and optimizing revenue collections through enhanced application of IT solutions.
- Installing non-intrusive detection systems (scanners) at the Air Cargo and Baggage Sections at the airport.
- Completing the 2022-2026 Medium Term Development Strategy.
- Implementing the Sail Clear System for advance clearance of yachts and small craft.
- Ensuring timely submission of Government financials to the Director of Audit.

Finally, the Government's wage negotiation team will complete its work this year.

The negotiations with bargaining agents for public sector employees were overtaken by the imperatives of protecting the population from the Coronavirus and preserving public sector employment. Once the negotiations are complete, a further increase will be paid to public servants.

Budget Financing

Mr. Speaker, this 2022 Budget has a financing requirement of \$609.6 million.

It will be financed by \$274.3 million from Securities issued on the Regional Government Securities Market and by loans and advances of \$335.3 million.

Amnesty

Mr. Speaker, the many private and public sector projects to be implemented in 2022 will require additional labour, if we are to secure the projected 8 per cent growth rate.

To ensure that sufficient labour is available domestically, we will offer amnesty to individuals living in Antigua and Barbuda whose status is not regularised.

The amnesty period will run from March 1 to April 30 2022.

Conclusion

Mr. Speaker, all that I have described here underscores that leadership matters.

If our country did not have sound leadership, capable of managing the COVID-19 pandemic and, at the same time, keeping the economy afloat, it would have been in disaster today.

We have overcome grave and severe threats and are, once again, marching steadfastly on the road to progress, because this Government gave the leadership our nation needed.

In this connection, I now thank all my Ministers – my Cabinet colleagues – who supported me and joined enthusiastically in implementing the policies and programmes that were necessary and which have paid dividends.

Additionally, Mr. Speaker, I am grateful for the diligent efforts of the Minister of State and staff members in the Ministry of Finance.

We thank all of our bilateral and multilateral partners who have continued to provide invaluable support to our nation and people.

I also thank the citizens and residents of our country who kept faith with this government's leadership, so that, together, we, the people, picked ourselves up and fought our way back; though the road was arduous and the journey long.

The loyalty to this country's future; the people's confidence in my Administration, and their determination to support this government's leadership, has brought us, with God's grace, out of the worst valleys of darkness, into the bright light of new possibilities.

And as I did on the first day of this New Year when I addressed the people,
I recall Romans, Chapter 8, verse 31:

“What shall we say about things as wonderful as these?

If God is for us, who can ever be against us?”

Mr. Speaker, proven leadership - the combination of creativity, courage, strength, resilience, strategic thinking, entrepreneurship, and commitment to people – led us out of crisis, and created, once again, conditions for progress and prosperity.

Our nation is ready to resume its egalitarian march to prosperity on which we had so firmly and convincingly set our feet.

Let us now lay aside every weight, and run with endurance the race that is set before us.

Mr. Speaker, I commend this Budget to this Honourable House.