



ANTIGUA AND BARBUDA

THRONE SPEECH

DELIVERED BY

SIR JAMES BEETHOVEN CARLISLE, GCMG

GOVERNOR GENERAL

AT

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Honourable President of the Senate

Honourable Speaker of the House

Honourable Members of the Senate

Honourable Members of the House of Representatives

When countries are faced with economic circumstances that are less bountiful than they have previously enjoyed, there is a tendency to believe that these circumstances are unique. This belief is not always valid.

Today, the global economy is in difficulty. The United States of America, the world's richest nation, is currently experiencing an economic slowdown. In addition, global stock markets have performed poorly and large sums of money have been lost by investors as stock values decline worldwide.

These circumstances have caused both a global slowing of investment and a more discriminating approach by investors who are seeking countries where the cost of doing business is not prohibitive and where the legal and political environment for investment is not forbidding.

In the Caribbean, with the single exception of oil-rich Trinidad and Tobago, the decline in new investment is palpable.

Our region also faces problems associated with the loss of preferential prices and market share in the European Union for our primary products such as bananas, sugar and rice. In addition, tourism within the region has diminished, and the region's financial services sector is facing threats that have already led to a contraction of the sector and a loss of earnings to national economies.

Within the countries of the Organisation of Eastern Caribbean States, most governments have experienced a significant deterioration in their fiscal situation in recent times.

It is in the context of this troubling global and regional economic milieu that the present fiscal situation of Antigua and Barbuda should be viewed. We are not islands unto ourselves. In today's globalized world, we can no more avoid the virus of cross-border economic problems than any individual can escape catching a cold in a room full of people suffering from flu.

However, our nation is more fortunate than most. We have a sound foundation on which to safeguard the economic interests of our country and the welfare of our people. According to the International Monetary Fund (the IMF), our economy grew by 5% in 1999 and by another 4.5% last year. This means that we have the very enviable record of twenty-two

years of unbroken growth in our Gross Domestic Product. Few other nations in the entire world have experienced such a record. It is an achievement of which we should be very proud.

The task that now lies before us is to use this solid economic and social foundation to preserve our gains and build structures of development for the nation's future. The Government will be in the forefront of this task, but it is not the responsibility of the Government alone. Every person and organisation will be required to play their full part.

The 21st Century is characterized by increasing competition in every field. Our success in this aggressive environment will depend on our competitiveness and our readiness to sacrifice short term and transitory advantages for long term and sustainable gains. This means that everyone - the Government, the private sector, the trade unions and the individual workers throughout our society - must improve the quality of their productivity, temper demands for increased wages and salaries, come to grips with modern technology and set priorities for spending that are necessary to sustain the quality of life we enjoy.

It is also important for our society to create and sustain an environment that is welcoming and hospitable to the foreign investment we need in order to continue marching along the path of progress as steadfastly as we have done in the past.

It will be recalled that my Prime Minister informed the nation last year that he had invited the International Monetary Fund to send a team here to consult with the Government, the private sector and the trade unions. The point of the mission is to advise on a tax system that could command consensual support while meeting the needs of the country as a whole. The IMF team will be arriving within a few weeks, but it will be at least 18 months before their recommendations reach the point of implementation. My Government looks forward to the arrival of the team and to receiving its recommendations.

In the meantime, my Government plans to tighten its fiscal stance in order to invest in public sector programmes in education, health and infrastructure, and to reduce the rate of debt accumulation. Details of this plan will be unveiled when my Government presents its Budget in a few days time.

The central objectives of the Budget will be:

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

- continued investment in the education and training of our young people and the provision of health services for all; and
- stimulation of the economy to attract new investment and employment in the private sector.

These measures will set the nation on a steady course towards financial stability.

There is light at the end of the difficult tunnel through which we are now passing, and the tunnel is not too long.

As we strive to achieve the important goal of financial stability, short-term sacrifices will inevitably have to be made as Government allocates its financial resources to the priority areas for enlivening the economy. However, in the medium and long term, the people as a whole will benefit as the economy responds positively to the Government's programme.

In the context of this programme, it should be noted that within this fiscal year a state-of-the-art Information and Technology Centre will be established to place Government's accounting and other essential systems at the cutting edge of technology. This will accelerate the process of accounting for government expenditure and revenue; reduce delays in the paper work for government payments to its service providers; deliver instant access to information on imports to the Customs department; and provide reliable data to the Inland Revenue Department for tax purposes. In short, it will vastly improve all the financial affairs of the Government.

My Government also intends to table fully-audited accounts in Parliament for the years that are now outstanding. To achieve this objective, technical assistance has been sought from Commonwealth Governments, and a team of accountants will be arriving in the country shortly to finalise the accounts for transmission to the Office of the Director of Audit. This team will set up a system and train personnel in the Accountant-General's office to ensure that, in future, accounts are completed and tabled in Parliament within the prescribed time.

A similar team is already at work in the Office of the Commissioner of Inland Revenue. Hand in hand with the local staff, they are establishing a tax collection system that encompasses all tax payers in a fair and equitable manner. The system will be non-discriminatory with none receiving favourable status over another. It will also establish penalties for non-compliance with the tax rules and the requirements of tax inspectors. As such my Government will introduce a Bill amending the Income Tax Act to provide for these penalties under the law.

On the matter of Governance, I will deal now with three matters: Electoral reform, appeals to the Privy Council and the development of Barbuda.

My Government intends to introduce a Bill dealing with Electoral Reform. This Bill will take full account of the recommendations of the Commonwealth Team that observed the last general elections as well as submissions made by several persons and organisations in the society.

My Prime Minister has already provided to my Leader of the Opposition a copy of the draft Bill, and one set of discussions on its content has taken place between members of my Government and my loyal Opposition. The intention is that the two political parties represented in the House might reconcile any contentious differences in advance of the Bill's introduction to the House. This consultative course speaks well of the democratic process in our country and it should be encouraged and strengthened.

Appeals to the Privy Council and the creation of the Caribbean Court of Justice have been widely debated in the region. In keeping with our Constitution, my Government will put the matter before the people in a referendum at the appropriate time. My Government will not advocate one side of the argument or the other; instead it intends to be guided by the wish of the majority of the people in a free vote.

On the matter of the development of Barbuda, my Government has fully accepted the recommendations of a Commonwealth Review Team and a Joint Consultative Committee has been established comprising representatives of the Central Government and the Barbuda Council. The early meetings of the Committee have been very successful and my Government looks forward to productive and harmonious work from the Committee in the interest of Barbuda and the nation.

I turn now to my Government's plan for promoting the continued economic growth of our country. Attention will be concentrated during this financial year on four areas. These are: construction, tourism, financial services and internet gaming, and niche aspects of agriculture.

I will deal with each of these in turn.

Construction has contributed greatly to the increase in Gross Domestic Product in many Caribbean countries, particularly in The Bahamas, Barbados, St Kitts-Nevis and Trinidad and Tobago. Indeed, it has contributed significantly to our own growth, but not as highly.

In order to increase its contribution to our economy and to ensure that the constructed buildings have a continuing beneficial effect on the economy, my Government proposes to sell 200 acres of land in selected areas of the country for development purposes.

Lands will be offered to nationals of Antigua and Barbuda both at home and abroad, and to foreign investors, for the construction of homes, town houses and apartments either for their own use or for sale to high and middle income persons abroad who wish to establish either retirement or holiday homes on Antigua. Similar projects have proved profitable in the countries just mentioned as well as on Jamaica's north coast.

These projects will not only boost the construction industry, but given the nature of the developments that are envisaged, they will pay revenues to the local community for goods and services provided to these developments. The beneficial effect on the economy will be both short and long term.

In addition, the monies realised from the sale of the land will provide funds to the Government to continue its capital investment programme in health, education and infrastructure as well as employment generating projects.

My Government proposes to launch this land project within the next few weeks in a joint exercise between the Ministries concerned and our offices overseas.

Turning now to Tourism. This industry continues to be the largest contributor to our country's economic well-being. My Government is determined to maintain and improve our country's share of the international market.

The task is formidable.

Competition for tourism worldwide is now stiffer than ever before. Almost every country in the world is now promoting itself as a tourist destination.

Our country has to redefine itself in the market and focus our efforts on our chosen segment of the market. Our small size dictates that Antigua and Barbuda should not pursue a mass market. We have neither the territorial space, the size of hotels and resorts, the size of airport facilities nor the policing capacity to cope with such a market.

Our focus, therefore, should be on the wealthier, top-end of the tourism market where the numbers are fewer but the spending power is greater.

However, to secure a place in this market, we have to improve the quality of our country's physical environment and upgrade the standard of our hotels and resorts and the service that our workers provide.

If tourists pay good money to visit our country, they expect good service and good resorts in return.

My Government proposes to take up the challenge of both sides of this issue.

A marketing fund has been established into which a levy of 2% of bed night taxes is paid directly. Marketing programmes have been designed by our Overseas Offices in collaboration with marketing experts abroad and the Ministry at home. The implementation of these programmes is now being financed by the marketing fund. In addition, a plan is being put in place to regulate hotels and resorts to ensure that they comply with international standards.

Simultaneously, my Government will be implementing human resource development plans to educate and train workers at all levels throughout the industry.

At the end of the day, my Government is keenly aware that tourism must benefit the widest cross-section of the people. With this in mind, the utility of "all inclusive" hotels will be studied

seriously with a view to devising ways in which tourists are not confined to hotel properties but are encouraged to move around the country spreading the benefit of their spending power throughout the community.

As a result of collaboration between the Ministries of Agriculture and Tourism, farmers have already benefited from their produce being purchased by a number of hotels in more significant quantities than in the past.

Note should also be taken of the value to tourism of the work done by the Agriculture Ministry on the Wallings Conservation Project. Last year, 300 tourists were taken on guided tours on a monthly basis in the forest area and trails surrounding the dam. This has created a sustainable link between tourism and a natural resource unique to Antigua. It is a link that offers considerable potential for development.

The development of the Airport is, of course, of considerable importance to the enhancement of tourism.

Over \$25million is being spent on the first phase of the Airport development plan. Work has progressed over the past two years on the construction of the first portion of a parallel taxiway with major repair to the aircraft parking apron and refurbishment of the airfield lighting system. Later this year, work will begin on the construction of a new arrivals' terminal and expansion of the parking apron.

A new air traffic control radar system is now installed and is awaiting the final certification of personnel to maintain and operate the system. This will upgrade the standing of the Airport for the major airlines and rate Antigua highly for the movement of passenger-bearing international aircraft. In short, tourism to Antigua and Barbuda will be considerably enhanced. Tackling crime is as relevant to tourism as it is to the safety of our local population, and my Government is determined to curb crime in our community. A great deal of money has been spent on the rehabilitation and refurbishment of several police stations across the country. This work will continue this year to ensure that our police are housed in acceptable conditions. Resources will also be allocated to improve the capacity of the force to prevent crime and expand its rapid response capability.

The phenomenon of increased crime that our society has witnessed in recent times has been linked to the illegal traffic in narcotics. Last year, our forces seized 24.5 kilograms of cocaine, 125.5 kilograms of marijuana, arrested 185 persons and eradicated 9,317 cannabis plants. My Government intends to intensify its narcotics interdiction activity and to work closely with friendly governments, particularly the United States, Canada and the United Kingdom in developing machinery to stamp out narcotics trafficking and its related crimes from our society.

In this regard, a marine unit will be created within the Antigua and Barbuda Defence Force that will be trained by the US Marine Corps. Equipment for the unit will be provided by friendly

governments. This unit will work closely with the Police force in efforts to eliminate these criminal activities.

With respect to financial services, I begin with two aspects of the domestic sector: Cooperatives and Credit Unions, and Insurance.

There are twenty-two Registered Co-operative Societies and Credit Unions with assets in excess of \$37 million and investments in excess of \$8 million.

My Government recognises the phenomenal growth achieved by the Credit Union System and its positive impact in strengthening the economy and contributing to social development. At the same time, my Government is cognisant of the importance of regulating and supervising the system particularly with regard to the safety of monies deposited by the public.

In this regard, my Government will strengthen the machinery in the Ministry of Labour to address this matter.

Apart from banking, the Insurance industry handles the largest amount of finance. A fully staffed Registry of Insurance is now operating in the Ministry of Public works and Insurance to monitor this sector.

There are presently twenty-four fully operational companies, of which ten are life insurance companies and the others general insurance.

My Government is concerned about the absence of strong regulation of the industry which handles such large sums of subscribers' money and upon which subscribers are reliant at times of crisis. In this connection, legislation will be introduced during this Parliament to provide for such regulation.

With respect to offshore financial services and internet gaming. Notwithstanding the threats posed to these sectors by the member states of the Organisation for Economic Cooperation and Development (OECD) under its "harmful tax competition" scheme, my Government remains committed to their continued growth and development.

Over the next few months, it is likely that my Government will introduce legislation to convert the entities in these sectors to local companies doing international business, in order to satisfy OECD requirements that they should not be "ring-fenced" from the local economy. In other words, legislation may have to be introduced giving these entities the right to do business domestically as well as internationally, and, in this context, they may be required to contribute to the local economy beyond the licence fees that they now pay.

Measures that my Government may introduce in respect of these two sectors will ensure that they satisfy OECD requirements and are allowed to continue to function without, either they or the country, attracting sanctions from the OECD.

At the same time, my Government will keep its anti-money laundering legislation and enforcement machinery under constant review. In collaboration with the Financial Action Task Force and the Caribbean Financial Action Task Force, we will introduce such measures as may be necessary to keep our jurisdiction free of money laundering and other financial crime.

Furthermore, my Government has used funds, forfeited under our anti-money laundering legislation to build and fully equip a modern facility at Camp Blizzard to house the Financial Investigation Unit and the Drugs Intelligence Unit. The facility will be completed by May.

It is widely known that Antigua and Barbuda passed the 25 criteria set by the Financial Action Task Force (FATF) and our nation was judged to be fully cooperative in the fight against money laundering.

Indeed, on March 1st this year, our country received the best assessment to date by the United States Department of State in its International Narcotics Control Authority Report. It said:

"During the last two years, the Government of Antigua and Barbuda has shown a clear commitment to the creation of a legal and regulatory anti-money laundering regime that will meet international standards."

The report also cited the United Kingdom's considerably modified Financial Advisory against our country which said:

"Her Majesty's Treasury recognises the considerable effort that the Government of Antigua and Barbuda has made since April 1999 to strengthen the system of supervision and control with a particular view to strengthening anti-money laundering systems"

Both the UK and US Governments have expressed concern about the need to ensure that the internet gaming sector is covered by anti-money laundering legislation and is adequately supervised. My Government considers such legislation and supervision to be as much in the interest of the gaming sector as it for the country itself. Consequently, legislation will be introduced during this year to cover this matter fully.

My Government anticipates that after the legislation is enacted and the supervisory authority is functioning, not only will the two Financial Advisories be lifted, in keeping with the statements of these two Governments, but the gaming entities will be free to conduct legitimate business and grow their enterprises accordingly.

On a related matter, my Government is aware that high costs of telecommunications hinder the greater development of companies doing international business. As long as international telecommunications costs remain high, the prospect of enlarging the number of companies doing international business, including informatics, will remain restricted. In turn, this will constrain the opportunity for creating hundreds of well-paid jobs for our computer-literate young people.

In this regard, my Government intends to enter negotiations with Cable & Wireless with a view to reducing their charges for international communications. If these negotiations fail, my Government will allow other companies, including the Antigua Public Utilities Authority, to bid to compete against them. This matter of reasonable charges for the conduct of international business is of great urgency, and it will be tackled by my Government as a priority.

In any event, through APUA, my Government intends to introduce internet services in competition with Cable & Wireless by the middle of this year.

During the course of this year, my Government will enunciate a comprehensive Telecommunications policy to govern the orderly development of the telecommunications industry in a liberalized market. This will include the granting of licences to qualified entities for the setting up of radio and television Stations, and machinery for the establishment of standards and regulation of the industry.

Still on offshore matters, there are now 1,017 registered vessels under the flag of Antigua and Barbuda earning a sizeable income for the nation. This register is also under threat from the powerful nations of the world . They are subjecting ships flying flags of States such as ours, to more frequent and rigorous examination. They are also demanding more stringent legislation. During the course of this Parliament my Government will introduce further amendments to the Marine and Merchant Shipping Act to preserve our shipping register by ensuring full compliance with requirements of the International Maritime Organisation.

I turn now to niche opportunities in agriculture.

Melons are once again being exported from Antigua. This demonstrates clearly that in certain niche products, our country still has the capacity to earn foreign exchange from selective agricultural production.

Every incentive will be given to farmers who focus their labours on the production of agricultural crops with export capability. In addition, farmers who work with the hotel industry to provide high quality fresh fruit and vegetables at a consistent level will receive special encouragement from the Government.

Already, there are plans in motion to address the problem of water supply for farmers. The Ministry of Agriculture, with technical assistance from the Republic of Cuba, will construct a minimum of 20 mini-dams throughout the six agricultural districts in Antigua to store water for agricultural purposes. In addition, an Integrated Watershed Management Plan involving Pot Works Dam, Body Pond, Belvedere and Creekside is being developed to achieve more sustainable use of the watersheds.

Now turning to my Government's priority areas for spending during this fiscal year. These will be health, education and infrastructure development, particularly in the villages.

My Government remains committed to delivering high quality health care for all.

It is expected that the New Mount St John's Hospital with approximately 187 beds will be completed late this year. It is worth emphasising that the primary purpose of the new Hospital is the provision of free medical attention in a modern, high-quality institution for all people regardless of their economic circumstances.

In addition to the new hospital five clinics at All Saints, Clare Hall, Pigotts, Browne's Avenue and Johnson's Point will be fully staffed and operational by May this year. These clinics will take health care into the communities as a facility for all, particularly for the old and infirm, and mothers with young children.

The problem of HIV/AIDS continues to be troubling. The number of persons who are HIV positive is still rising despite the efforts by the AIDS Secretariat to educate and inform the population. My Government has decided to secure the services of an Expert to assist the AIDS Secretariat to devise a National Strategic Response Plan. It is a plan that my Government hopes will be supported by all sectors of our society in tangible ways, for the problem affects our nation as a whole and threatens the survival of a great number of our people.

Turning now to infrastructure. My Government's road building and rehabilitation programme has been an unquestionable success, particularly in relation to our major highways. This has benefited all the sectors of our economy - commercial business, tourism, agriculture and construction. It has also benefited all road users.

Employment in the private sector also received a boost with twenty small firms being awarded contracts on the road building programme.

Over the coming year, my Government intends to continue its policy of awarding contracts to such firms in its road building and refurbishment activities, particularly in the construction of curbs and drains. Paving of the Crabbs road will be completed, and further work will be carried out on sidewalks and drains in Glanvilles, St Johnston's Village and Cassada Gardens. Freetown Main Road will also be paved and the work started on Fig Tree Drive will be completed. Thereafter, the Ministry of Public Works will concentrate attention on roads in the villages throughout Antigua.

My Government has also contracted the firm of C. O. Williams to reconstruct major highways in Antigua over a three-year period. These are:

- Darkwood Beach, Old Road, Fig Tree Drive, Tyrells/Roman Hill to Vernons; and
- Cochrane's Estate corner, Potworks Dam , Bethesda to Freetown.

My Government continues to be committed to the provision of potable water to people in every village across the country, and stand pipes will be installed where none now exist. Furthermore, 16 miles of pipe will be replaced in various areas outside of St John's.

The new Vendors Mall, the new Heritage Public Market Complex and the adjacent Heroes Park will be ready for occupancy in the middle of this year. An area of St John's will be provided for those vendors who cannot be received in the new complexes. Having provided these facilities, my Government expects that the vendors will leave the streets and pavements of St John's so that other long-established businesses and the general public can conduct their business without inconvenience.

I go now to Education. My Government continues to attach the highest importance to education and training. The very large number of computer-literate young people, who are able to work for good wages in the information and technology companies in our country as well as in offices, banks and other commercial organisations that utilise computers, is testimony to my Government's success in this area.

The increasingly large number of well-educated persons in our society, including those with a University education, is also ample testimony to the success of my Government's programme to develop the human resources of our nation through scholarships.

My Government intends to continue its programme of upgrading schools and maintaining them at levels conducive to study. It will also continue to award scholarships for higher education and to train teachers to provide the best possible education for our children.

It is noteworthy that the Government's Teacher training programme has resulted in ninety teachers pursuing full-time training locally and overseas. At the end of their training, the quality of teachers in the school system throughout the country should be better than many other countries of the Caribbean, giving our students a competitive edge.

Honourable Senators and Members of the House, those of us who dwell within the boundaries of this State enjoy a quality of life that is envied by many in various part of the world. We have no civil and tribal war; no wanton murders; no daily shootings between police and bandits; no curbs on our right to speak and to publish; no restriction on our freedom to walk and talk; we also have no hunger, no starvation and very little disease.

We have a duty and an obligation to preserve, strengthen and sustain this commendable success in our own interest, and in the interest of our children and their children.

My Government believes that the substantial programme of work, set before you in this Throne Speech, addresses the priorities that need to be tackled as our nation joins together in nurturing our country.

I declare this session of Parliament open and pray that the Almighty guides your deliberations. May God bless us all.