



2002 BUDGET STATEMENT

Consolidating our Gains: Investing in Our Future

Delivered by

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Prime Minister and Minister of Finance.

22 March 2001

Madam Speaker

Our nation is in the year of its 21st anniversary of independence.

We have enjoyed 21 years of relative peace and prosperity.

We have experienced 21 years of unbroken growth of our economy.

Not the devastating effects of Hurricane Luis in 1995 caused our growth to halt, not the unrelenting damage of five more hurricanes in five years between 1995 and 2000 caused our growth to stop; not the disastrous consequences of September 11th caused our growth to cease.

We have done well. And the record proves it.

Not only have we enjoyed unbroken economic growth, we have transformed the living conditions of our country.

Our infant mortality rate is equal to that of the United States. So too is life expectancy for both men and women. Health care and medicines are available to all. Every child has a place in school, and any student who has the capacity to pursue university education is assisted to do so. More Antiguans and Barbudans own their own homes than ever in the history of our people.

We have mastered the information technology that underpins the beginning of the 21st Century, and the students from our Institute of Technology can compete with the best in the world.

We have also built-up a unique physical infrastructure. There is electricity and pure water in every village and every person has access to a telephone.

Our business community benefits from instant and reliable telecommunications to global markets and from an Airport and Port that gives them unrestricted access to the world for their goods and services.

While there have been political disagreements and dissension among us, the rights of every person have continued to be respected and upheld. There are no political prisoners in our jails, and no voices are muzzled. There is no restriction on religious worship, and no restraint on political affiliation. We have encouraged workers representation and upheld the value of trade unionism.

Democracy thrives in our nation as does peace and relative prosperity.

Over the last 21 years, other nations have not done as well. Some like Yugoslavia have split asunder, others such as Rwanda have witnessed the worst tribal violence seen in recent time, many others in Africa, Asia and Latin America have been savaged by internal warfare. Still others have been crippled by violent crime and murder. Some economies have collapsed and millions of people are forced to survive on less than one dollar a day. Neither democracy nor economic growth survived, and people suffered.

We faced no such hardships.

Our nation thrived while many others withered.

Positive Role of Government

These 21 years of growth, of peace and relative prosperity did not come about by accident. They were made possible by three things:

- the hard work of the population as a whole in times of adversity,

- the creativity of some members of the private sector, and
- government intervention in the economy.

There is no doubt that the people worked hard to reconstruct this country after the devastation of Hurricane Luis. It is also indisputable that after each successive natural disaster that we faced between 1995 and 2000, the people of this country displayed a remarkable capacity to put adversity behind them and to rebuild their lives and the means of their livelihood.

Some members of the business community have also shown a readiness to contribute to the economy and to the progress of the country. Unfortunately, this observation is not true of all. If it were, our economy would have been even stronger today and our fiscal difficulties would never have occurred.

But, it would be wrong not to acknowledge the role played by businessmen who are prepared to put their money where their mouth is in terms of contributing to the economic growth and development of this nation.

In this connection, I pay tribute to two members of the private sector: the ABI Financial Group and the Stanford Financial Group. They both have diversified their businesses to the benefit of our economy. The ABI Financial Group now owns the Antigua and Barbuda Investment Bank, the Antigua Overseas Bank, an Insurance Company and the Jolly Beach Hotel - banking, insurance and tourism. The Stanford Financial Group, led by Allen Stanford, has also made a considerable investment in our economy in banking, construction, aviation and tourism. In both cases, these two Groups have strived to establish high standards in all that they do. Our country has benefited from their efforts. Jack should be given his jacket, as we say in Antiguan parlance. Both these companies are leaders in the field and they richly deserve their "jackets".

Of course, not all the private sector has been as diligent in contributing to the economy. Indeed, for the most part, the private sector has not pulled its weight. Worse still, many of them either avoid or evade the payment of taxes to the detriment of the country even though they run profitable businesses that benefit from the country's costly infrastructure. I will address this in greater detail later in this presentation.

Madam Speaker, it is the government that has been forced to intervene in the economy to ensure economic growth and guarantee the improved standard of living that our people have enjoyed over the last 21 years of our nation's independence. We did so in three particular ways:

We invested in the productive sector of the economy to provide jobs and create revenue. Thus, we built projects such as the Royal Antiguan Hotel, Heritage Quay, and the Vendors Mall.

We invested heavily in physical infrastructure necessary for the development of business and the growth of the economy. We upgraded the port at the deep-water harbour and the V C Bird International Airport, we dredged the harbour and created the port at Heritage Quay, we built roads throughout the country, and we took telecommunications, electricity and water across the island.

We also invested in our people. Public Sector data produced by the Eastern Caribbean Central Bank (ECCB) put Antigua and Barbuda's situation into clearer perspective. The ECCB reports that as a percentage of total population, the Public Service in Antigua and Barbuda is 15.7%, with St. Kitts and Nevis ranked second at 9%. Other countries range from as low as 4.8% to 6.9%. As a percentage of the labour force, the Public Service in Antigua and Barbuda ranks ahead of all other territories at 28.8%, with St. Kitts and Nevis again ranked second at 15.2%. Other countries range from 7.4% to 10.8%. Further, while, as a group, the Eastern Caribbean Currency Union's expenditure on Personal Emoluments averages around 50% of current revenue, the range in individual territories is from approximately 38.5% in the case of Grenada to about 66% in the case of Antigua and Barbuda.

Madam Speaker, while the private sector laid-off people after each of the hurricanes we experienced from 1995 to 2000, the government increased its employment. Had we not done so, the numbers of our unemployed would have risen, and so too the numbers of our poor. With unemployment and poverty would have come an increase in crime, school truancy and under performance in schools by students whose families could not afford to feed them properly. We might well have seen an increase in HIV/Aids since the purchase of condoms is hardly likely to be a priority of the unemployed man's spending.

After the atrocities of September 11th, the private sector again laid-off workers forcing government to defer a planned reduction in the public service. In light of an increase in unemployment caused by layoffs in the private sector, it would have been an irresponsible government that added to the numbers.

Madam Speaker, it cannot be overstated that the economic success that Antigua and Barbuda has enjoyed over the past 21 years of independence is a direct result of the government's strategic interventions in the country's economy. In the absence of a dynamic private sector, the government has had to assume the role of leading entrepreneur and main employer. This policy has had its detractors, but there is no doubt that individuals and businesses alike have benefited from this policy, as Antigua and Barbuda continued to register positive growth in its GDP year after year. However, this policy has come at a high cost, the most obvious being the country's debt burden and its high public sector wage bill.

This situation has occasioned the criticism of the International Monetary Fund and the World Bank who are rightly concerned that debt should be decreased and the fiscal difficulties resolved. But what was the alternative? Had the government not intervened positively in the economy, would we have had unbroken economic growth? Would our business community be able to function in a stable environment? Would our people have enjoyed the standard of living that they do? We all know the answer to these rhetorical questions, Madam Speaker.

It is instructive that just last week Mr Ian Bennett, the Executive Director for Canada and the Caribbean on the Board of the IMF, told an Executive Board meeting in Washington the following:

"The combined impact of lower revenues, the increased demand on the social safety net and the need to make significant investments to reconstruct the infrastructure as a result of the weather-related shocks has resulted in a serious fiscal imbalance, and a large accumulation of debt. It is worth noting, however, that despite the overall increase in the debt, the government did manage to bring down arrears significantly from US\$457 million in 1991 to US\$120 million by 2000".

Madam Speaker, that is a reduction in arrears of US\$337 million - pretty impressive by any standard. We have maintained a reputation as a country that does not renege on its debt obligations.

Need for the Business Community to Contribute

Madam Speaker, my government does not enjoy the criticism of the International Monetary Fund and the World Bank. We would welcome their approval of our country's performance and our policies. But, to get such approval, the government needs either to drastically slash its expenditure or dramatically increase its revenue.

The reality is that while we can slash expenditure, the main way in which to do this would be to send our public servants to join the unemployed and to increase the pockets of poverty in our country. Such large-scale and unscheduled retrenchment cannot be the way to go. While the government will retrench, we want to do so in a phased and scheduled way that allows public servants either to go into small businesses on their own or to find employment in the private sector. This is the method by which we intend to address retrenchment.

In this connection, Madam Speaker, the government is promoting the establishment of call centres. Already 284 people have been employed by one of them and another 248 will be employed by the end of

this month. A second call centre is expected to start in April. These call centres provide the opportunity for the government to pursue an Alternative Employment Programme for government employees. Therefore, government employees will be encouraged to take up employment in the call centres, where the wage structure will be better. This will have the effect of reducing the size and payroll of the government service while ensuring that people are maintained in work.

But, Madam Speaker, a more effective way of dealing with the fiscal difficulties is to increase government's revenue.

The money that our country needs is already in the system. If the bulk of the business community would pay the taxes that are legitimately due to the State, the government would solve its present fiscal difficulties virtually overnight.

For example, Madam Speaker, in fiscal year 2001 there were 491 companies registered with the Inland Revenue Division. Of that number 330, or in excess of two-thirds with an annual turn over of \$695 Million, did not pay any corporate tax whatever. This point is worthy of repetition: 330 companies with a turnover of \$695 Million did not pay one cent in taxes.

Then, Madam Speaker, of the remaining 161 companies, 16 of them accounted for 80% of total taxes on companies of \$42.9 million. This too is worth repeating: Sixteen of 491 companies paid 80% of the corporate tax collected.

Just as startlingly, Madam Speaker, of the 491 registered companies, 43 alone are responsible for arrears amounting to \$93.1 million.

Clearly, Madam Speaker, this cannot be right. But what is even more wrong is that there are more than 4,000 businesses, other than the 491 companies I have just identified, most of which also do not pay a cent in taxes. Many of these businesses are sole traders, partnerships and professional organisations such as lawyers' chambers and doctors' offices.

It is obvious that the tax laws of this country are being flouted - and being flouted with impunity. The result has been an uneven distribution of the tax burden even though all benefit from the spending of tax dollars.

Madam Speaker, this state of affairs cannot, indeed must not, be allowed to continue.

The vast majority of the people of this country - including our public servants - must not be asked to sacrifice, to be laid-off, to endure suffering while some members of the business community simply refuse to pay legitimately owed taxes or find creative accounting ways to avoid paying them.

It is time, Madam Speaker, for those delinquent members of the business community to pay what is due, or the government will prosecute them. This is no idle threat, Madam Speaker. The patience of both the government and the people of this nation have been sorely tried. We are now resolved to act. The Commissioner of Inland Revenue will pursue tax avoiders and evaders, all the way to the High Court if necessary. In this connection, I recall a tax case heard by the High Court last year in which the Court found in favour of the government and ordered Texaco West Indies Limited to pay Withholding taxes assessed on fees paid to an offshore affiliate company. The government is confident, that as it seeks recourse through the Courts on such matters, more often than not, it shall prevail.

"Reunion 21" - Time to reunite in Partnership

Madam Speaker, our country will celebrate its 21st Anniversary of Independence under the theme, "Reunion 21".

An anniversary is usually a time to renew past pledges and to make new resolutions for the future. As our nation reaches that formal age of maturity we have reached the time when, as one people, we should renew our pledge of unity; we should reunite behind the principles we vowed to uphold twenty-one years ago. Among those pledges were to keep this nation strong and secure, never to let it slide again into the clutches of those who would colonise us, always to provide for our people, never to mortgage our sovereignty, and, forever, to be masters of our own destiny.

Madam Speaker, Antigua and Barbuda could be a profitable and prosperous entity for all its shareholders - the people who live and work within it. It can provide healthy dividends for all. But first, each of us must invest in her by paying our taxes and by pulling our weight.

An Unhelpful Global Environment

Madam Speaker, the importance of investing in ourselves is underscored by the unhelpfulness of the global environment in which we live.

Prior to September 11th, the global economic outlook was one of moderate expansion in the developed world. However, after September 11th, the US slipped into recession and the depth and duration of the downturn in the economy increased sharply. The Japanese economy, which was already in difficulty, also suffered a significant setback because of its dependence on the expansion of the US economy. Europe also experienced a decline in its exports as the US pulled itself inward and bought less from its European allies. The result was a contraction of economic activity in all the regions of the world, particularly those that consist of small and vulnerable states such as ours.

All of this led to disastrous effects upon our economy that should be unquestioned. The main engine of economic activity - tourism - contracted with damaging consequences for other sectors of the economy.

The events of September 11, 2001 affected economic output significantly in the second half of 2001. Prior to the World Trade Centre disaster, our economy was projected to grow by 2.32%. The Eastern Caribbean Central Bank (ECCB) has since revised that growth projection to approximately 2.%.

The second half of 2001 registered a sharp decline of 9.38% in land based tourist arrivals compared to the same period last year. For the entire year there was an overall decline of 6.62% compared to last year.

With respect to Cruise Passenger arrivals, latest data indicate that there was a sharp falloff of 18.49% in the second half of 2001 and a total annual decline for the year of 4.19%.

The volume of goods passing through the Deepwater Harbour also registered a decline of 5.73% in the second half of 2001 and an overall decline of 4.93% for the entire year. In this regard, 255,530 tonnes of goods entered the Deepwater Harbour in 2001 compared to 268,773 tonnes in 2000.

Other major sectors recorded only moderate economic growth. The Transportation Sector was adversely affected by a fall-off in the number of charter flights from Europe, as well as an overall decline in passenger arrivals from the USA. This sector grew by 0.22%.

The Banking and Insurance Sector is estimated to have grown by 1.85% in 2001, a revision from 2% estimated prior to the events of September 11th.

Only construction continued to show steady growth in 2001, expanding by 4%. This increase was attributable mainly to continued work on the government and fisheries complexes and the building of private homes by Antiguan and Barbudans.

Despite the significant shortfalls I just identified, no country or international financial institution came to our assistance. They continued to apply their ordinary funding criteria even in the most extraordinary circumstances.

Hence, when the World Bank was formulating a package of emergency assistance to alleviate the suffering of vulnerable CARICOM economies, made even more vulnerable in the wake of September 11th, Antigua and Barbuda was classified ineligible because of the relatively high wages and salaries paid to our people, and because the multilateral financial institutions disapprove of the size of our public service.

These developments, Madam Speaker, should make it clear and pellucid to us that unity as a people, and the resolve to be self-reliant by each of us paying our way, are not only desirable but critical if we, as a nation, are to realize our full developmental potential.

Overcoming Obstacles

Madam Speaker, we are indeed a small country, but as Janil Williams showed us, size need not be an obstacle to scaling the heights of greatness. Stamina, strength of character, proper planning and preparation, and an unwillingness to concede victory catapulted Janil Williams to first place in the Junior Pan American Games that took place in Argentina last year.

What makes this achievement so amazing, apart from Janil's tender age and slender frame, is the fact that while she did not have the high-quality facilities and frequency of competition that athletes from larger countries of the Americas enjoyed, she practiced and prepared using meagre facilities - and triumphed. This indicates to us, Madam Speaker, that the will to win is the most potent ingredient in any successful campaign, be it athletic or economic. In this regard, Janil Williams has confirmed to us, as have Cultural Ambassadors Leston Jacobs (Young Destroyer), Kareta Farrell (Lady Challenger) and Kimberley King (Little Kimmey), that if we as a country clearly articulate our goals, devise the means through which we can achieve these goals, and muster the courage and the discipline that are necessary to stay the course, Antigua and Barbuda will negotiate successfully its current challenges.

Addressing the Difficulties

Madam Speaker, I now wish to focus on the ways in which this Budget will address the difficulties that we currently face.

At the outset, let me say that the Budget is a realistic appraisal of our situation, including the need to maintain a high-level of employment in the country in everyone's economic and social interest.

A Programme of Adjustment

Antigua and Barbuda has been in adjustment mode since January 2001 when a number of expenditure control measures were introduced, including a freeze on employment and a cap on salaries and wages. Negotiations with the Antigua Trades and Labour Union ensued, culminating in the signing of a Memorandum of Understanding (MOU) in June 2001. The MOU encapsulated a range of fiscal stabilization and adjustment measures, chief amongst them being a wage and salary reduction initiative in respect of Non-established workers and Ministers of Government.

These adjustment efforts were Antigua and Barbuda's response to the prevailing state of fiscal imbalance. It was recognized that a significant cause of the fiscal imbalance was the burdensome size of the public sector. There was some degree of frustration by regional and international institutions when the main stabilization feature of the MOU, the salary and wage reduction, was put on hold because the private sector, particularly some of the hotels laid-off workers. The Government continued to work with the ECCB and the Caribbean Development Bank (CDB) to formulate a comprehensive Structural Adjustment

Programme for the Country. In this regard, ECCB, CDB and Finance Ministry officials recently presented to Cabinet, an Adjustment Scenario in which Central Government debt would be reduced to 60% of GDP by 2005 and debt servicing to 15% of current revenue by 2008. The Adjustment Scenario also proposes that personal emoluments be reduced over time from approximately 70% of current revenue in 2001 to 50%, and that the ratio of goods and services to current revenue be contained at 14%. The document further outlines a number of initiatives and possible policies that would enable the proposed targets to be achieved.

The Government is committed to these adjustment measures and we will work closely with the ECCB and the CDB to implement them.

Managing Debt

Madam Speaker, I wish now to turn our attention to Antigua and Barbuda's debt situation. One of the strategies that government will continue to pursue in its efforts to restore fiscal balance is that of debt rescheduling. In 2001 the government was able to restructure a portion of its outstanding arrears and make current payments even in the face of declining revenue. In this regard, the government rescheduled EC\$6.9m in arrears with the Kuwait Fund for Economic Development and EC\$1.6m with The Peoples Republic of China. As a result of these efforts, the public debt provisions for fiscal year 2002 have been estimated at \$139,136,751 representing 22.8% of the budgeted current expenditure, an improvement over last year's 23.24%.

Given the impact of debt on Government's cash flow position and in light of prevailing market conditions, debt management in Antigua and Barbuda is a matter of critical concern. The Government will therefore seek to employ Best Practices in Debt Management with the major objectives being to keep debt servicing costs as low and as manageable as possible.

Improving Revenue Performance and Administration

Madam Speaker, Customs and Excise and Inland Revenue account for more than of 90% of recurrent revenue.

In fiscal year 2001, the Customs and Excise Division registered a 9.8% increase in revenue collection over the year 2000 even though there was an overall decline in certain yields such as Import Duties and Embarkation Tax in the wake of September 11th.

With respect to the Inland Revenue Division, collections in 2001 recorded an increase of 12.61% over 2000 and in absolute terms represent the best effort over the preceding 5 years. Again, however, because of the effects of September 11th, there were declines in the important revenue streams of Hotel Guest Levy, Hotel Tax, and Travel Tax.

The overall improved revenue yields in respect of both the Customs and Excise and the Inland Revenue Divisions were due in part to the introduction in 2001 of a number of new or enhanced revenue measures. New Property Tax legislation was enacted to assess property values more equitably and rationally along with legislation to give effect to other measures such as the 2% Tax on Gross Income of Unincorporated Businesses, Tax on Gross Income of Offshore Banks, Tax on net win of Offshore Gaming Companies and Throughput Levy on Fuel Products. Also contributing to the improved effort was an enhanced capacity within the Inland Revenue Division to audit the returns of businesses and to detect instances of tax evasion and avoidance. This has also strengthened the position of the Government with respect to the assessment and collection of arrears.

Tax Relief

Madam Speaker, as I said earlier in this presentation, cutting government expenditure is necessary and we shall do so in a number of ways. One of them is by reducing the number and amount of tax concessions that the government gives. While we will continue to give such concessions to the productive sector particularly the tourism, agriculture and information technology areas, we will drastically slash them for other areas.

But cutting government expenses is not enough. We must also take concrete steps to increase revenue by collecting taxes that are not being paid.

In this regard we have given careful thought to how we can encourage the business community to pay their taxes. We want a genuine partnership with the business community not an adversarial relationship. In this connection, the government will lower the rate of corporate tax from 40% to 35%.

This gesture is designed to give some measure of relief to the few companies that have borne faithfully the brunt of the corporate tax burden. It is also meant to encourage payment by those that have continuously evaded and avoided their tax obligations.

The government shall also reduce the rate of Withholding Tax from 40% to 25% and shall be looking at ways to simplify the rules governing how depreciation is calculated for tax purposes, amongst others.

Having extended the hand of cooperation in this way, my government hopes that there will be an equal response from the business community who must realise that the country needs everyone to play their part if it is to continue to provide a good living for all.

To help ensure a more equitable distribution of the tax burden, the government will introduce a Minimum Alternate Tax (MAT). This regime will be designed to draw into the tax net those businesses that pay no taxes currently, mostly by virtue of their accounting methods. Under a MAT arrangement companies would be required to pay the normally assessed corporate tax, or the 2% on gross turnover, whichever is the higher.

It is common knowledge, Madam Speaker, that most of the companies in the Antigua and Barbuda are closely held and that a substantial portion of their total income is ploughed back into the owners' and shareholders' pockets in the form of directors' fees, interest on shareholders' loans and rent, all of which are tax deductible expenses. Further, in the absence of any personal income tax, huge amounts go out of the tax net every year in the form of salaries to owners, directors, shareholders and employees who are relatives of the owners.

These companies must now play their full part, and we must bring to an end the situation in which 16 companies pay 80% of the corporate taxes collected, while 330 companies with a total turnover of \$695 Million pay nothing at all. I am sure, Madam Speaker, that all the peoples' representatives in this Honourable House will agree that this is not only fair, it is also just.

Health and Education get Lion's Share of Expenditure

Under the Programme Budgeting system that we have adopted, twenty-three ministries and non-ministerial departments shall be responsible for the execution of thirty-eight programmes at a cost of \$599,224,038.00. The profile of expenditure for fiscal year 2002, is consistent with that of prior years, and reflects the "people-centred" approach to governance adopted by successive Labour Party administrations.

I expect that in their contribution to the Budget debate in this Honourable House, each Minister will explain his Ministry's policies and work programme, and identify the benefits for the nation as a whole.

I would simply like to comment on the government programmes on which the lion's share of the expenditure will be devoted.

The Ministries of Health and Social Improvement and Education, Culture and Technology, together account for 23.49% or nearly one quarter of total expenditure.

The Ministry of Health gets the largest single portion of the Budget with 11.83%, underscoring my government's determination to provide medical attention for the old and the very young who are the two groups most vulnerable to illnesses. It also emphasises the attention my government is giving to curbing HIV/Aids in our society.

We had our first recorded case of HIV/Aids in 1985. Since then the number of infected persons has grown though at a somewhat lower rate than the general pattern in the Caribbean. We take no comfort from a lower rate however. Our objective is to control this dreaded disease and work feverishly toward its complete elimination from within our borders.

Education gets the second largest portion of the budget with 11.66%. Again, this reflects my government's resolve to train and educate the young people of our country to a standard that allows them to compete with the best in the world in a variety of fields, including information technology. We intend to boost the quality of our human resources and broaden our economic base. Education has liberated our people from menial tasks and manual labour. My government will continue to invest in education as a means of catapulting our children to the highest levels of achievement in the business and professional world. Money will be spent on enhancing the delivery of teaching services and improving the effectiveness of student learning.

Although it is not reflected in this Budget, I also wish to announce that the government will enter into an arrangement with contractors to start the construction of two new schools this year to mark the 21st Anniversary of our country's independence. The schools will be constructed on an arrangement that will allow the government to operate the schools and to pay for their construction over a period of time.

Madam Speaker, the Ministry of Public Works, which is largely responsible for the execution of Community Development projects, and the activities of the Ministry of Labour, Cooperatives and Public Safety, along with Education and Health, account for more than 43% of total recurrent expenditure. It is worth noting, Madam Speaker, that in the case of the Ministry of Labour, Cooperative and Public Safety, 60.39% of its allocation is devoted to fighting crime with the major portion going to the Police for the provision of more equipment and training.

In other words, Madam Speaker, more than 43% of budgeted recurrent expenditure is allocated to Ministries whose functions affect directly the welfare and well being of Antiguan and Barbudans.

When recurrent expenditure is disaggregated by programme, Madam Speaker, Health and Education attract 22% of recurrent expenditure; and if Community Development is also considered, these three areas account for just below 25% of recurrent expenditure. When other programmes that have a direct bearing on the lives of citizens and residents, such as Security and Civil Rights, Transportation and so on are taken into account, our people will benefit directly from 43% of total allocations.

Clearly, Madam Speaker, the government has embraced the concept of development in its broadest terms. We are not concerned simply with the rate of economic growth; we are deeply concerned about the progress of human development. Hence, development in our twin-island state has been people-driven. It is no accident therefore, that a significant portion of expenditure has been allocated to programmes that are specifically formulated to maintain and improve the quality of our lives.

Long before the 64th Meeting of the IMF/World Bank Development Committee in Ottawa last November, we as a Labour Party government were aware that it was "...not sufficient to focus solely on macroeconomic policy, nor only on the structural issues that are normally the domain of finance ministers". The government is keenly aware however, that the fiscal formula must be right. That is why, long before the Development Committee said it, we have been combining market-based economic policies with the political and social imperatives that are critical for ensuring poverty-reducing growth and an improved quality of life.

Madam Speaker, I draw this Honourable House's attention to the fact that the detailed estimates for each Ministry and Department under every Head of Expenditure is appended to the text of the Statement as Appendix 1.

Development Expenditure

Madam Speaker the expenditure for Capital Development 2002 is budgeted at \$206,553,244 an estimated \$30,000,000 increase over last year's allocation. The global economic downturn last year which worsened in the last quarter as a result of the events of September 11th, as well as domestic events, combined to limit the implementation of the government's capital programme. Thus, portions of this year's budget reflect a carry forward of development projects originally scheduled to be undertaken in 2001. This year's Capital Development Estimate includes a significant increase in the allocations to Reconstruction of Main Roads, Repairs and Maintenance of Roads and Drains, Rehabilitation of Sporting Complexes, and Upgrade of the V.C. Bird Airport.

The main sources of funds for Capital expenditure are the Kuwaiti Fund - \$17.5 million; and the Sale of Crown Lands - \$20 million. The Medical Benefits Scheme will also be funding significant capital expenditure specifically relating to the completion of the Mount St. John's Medical Centre.

Madam Speaker, the Mount St. John's Medical Centre now stands seventy percent complete. When construction is finished this year we will address the interior design, the equipment supply and installation, landscaping and staffing. Within a few months forty percent of government's operations will be housed in the new government office complex. However we will continue to renovate a number of government buildings vacated by these ministries. The attendant costs are provided for in the Development Estimate under the Activity Construction and Reconstruction of Government Buildings. The buildings in question are those that housed the Ministries of Justice and Legal Affairs, Tourism and Education. In fiscal year 2003 we intend to relocate other Ministries and departments into these refurbished buildings, at which time we would have housed sixty percent of Government operations in public buildings and realised a 65% savings from our investment.

Madam Speaker, Security has become the world's number one concern since September 11th. In this ever shrinking global village every nation has been called upon to strengthen its security regime. This particularly concerns us as a Tourism driven economy. We cannot afford to have security breaches that will in any way tarnish our reputation as a safe vacation destination. In response to this situation, this Budget features a prominent increase in expenditure with respect to security equipment at the ports of entry and improvements in the facilities and equipment used by our Police and Military forces. Included in the capital estimates are provisions for the construction of a new Police station in Barbuda and for repairs to the Warden's quarters.

In a few weeks we will host the regional training exercises for the military and paramilitary called "Tradewinds". As host there are certain facilities and equipment that we must provide in order for the participants to fully benefit from the sessions. In this connection, provisions have been made in this year's estimate.

Madam Speaker, our investment also includes logical improvements and capacity building in government operations. We are equipping the public service to perform at its optimal level of efficiency. This year we will continue our efforts to computerise government operations. By the middle of the year, we will have computerised the Customs Division and equipped it with the ASYCUDA system. During the course of the year Inland Revenue, Treasury and Finance Headquarters will be operating using Oracle applications as the reengineering of government operations gains momentum. In the next few months the Government Motor Pool will open with a mandate to provide effective transportation for government ministries at reduced cost. Our aim is to make government service the flagship of business activity in this country: efficient, effective and fast.

Recurrent Estimates

Madam Speaker, I now wish to highlight the salient features of this year's Recurrent Estimates.

The government anticipates that in fiscal year 2002, recurrent revenue amounting to \$571,561,672.00 will be collected. This is significantly above the \$503,109,112.00 that was budgeted for last year. I wish to emphasize however that this increase is not predicated upon the introduction of any new tax measure other than the MAT, which does not add to the tax regime, it simply arrests the incidence of non-compliance by many businesses.

What will account for the increase in recurrent revenue is government's decision to limit the number and amount of tax concessions. In this regard, a committee has been established to evaluate more carefully the merits of applications for tax concessions. This more rigorous system of assessment is expected to yield an additional \$50 million in revenue. This impact will be most evident in that category classified as Indirect Tax Revenue, which accounts for 66.90% of recurrent revenue in 2002. This category is comprised of Taxes on Trade and Transactions, which is budgeted to yield \$382,186,130.00 and of Licences and Service Fees.

The other major categories that account for the remainder of revenue are Direct Tax Revenue and Non Tax Revenue. Direct Tax Revenue accounts for 16.10% of recurrent revenue and is comprised of Taxes on Income and Taxes on Property, which are expected to yield \$80,475,010.00 and \$11,525,010.00 respectively. Worthy of note is the comparison between the amount approved for Taxes on Income for fiscal year 2001, \$62,200,010.00 and that being budgeted for 2002, \$80,475,010.00. There is a very simple explanation for this increase in anticipated revenue, Madam Speaker: the Inland Revenue Department will no longer budget for shortfalls resulting from tax evasion and avoidance.

Non Tax Revenue accounts for 16.65% of recurrent revenue and is derived from Income from Property and Rights, Licences and Service Fees and Commercial Operations. The most significant increase between the amount approved in 2001 and that budgeted for 2002 is evident in the sub-category Commercial Operations, and in particular Sale of Crown Land, which has moved from \$6,700,000.00 to \$17,600,000.00. This is to provide for the Initiative mentioned earlier in which government would make parcels of land available to public servants.

Financing the Deficit

In light of the foregoing, the question naturally arises as to how the recurrent deficit of \$27,662,366.00 will be financed.

We intend to do so from the sale of lands for five specific projects. These are:

- residential tourism,
- the continuation of the 'Land for Youth' programme,
- lands for nationals to build their own homes,

- lands for Antiguans and Barbudans who live abroad and are choosing to retire at home, and
- lands for public servants.

I will now explain each of these projects in greater detail. In the case of the residential tourism project, one of the lessons of September 11th is the need to diversify our tourism product. We cannot continue to rely on the chance that visitors will continue to come to our shores in the numbers required to sustain earnings to the economy.

Therefore, we have to adopt a strategy that has been employed successfully in The Bahamas, Barbados and Jamaica and which worked well in Montserrat until the eruption of the Soufriere Hills volcano. That strategy is to develop 'residential tourism'. Under this scheme, developers will be invited to develop 100 acres of land on which to build homes for people of high-worth from all over the world. These will be people who want a tropical home of their own to use primarily in the winter period, but also at various other times during the year.

This project would not only bring in immediate cash to the Treasury, it would also sustain the government's cash in-take year after year since the taxes on these properties would be quite sizeable. The additional benefits of the project would be the guaranteed presence of a number of high-worth persons throughout the year. They would employ people to provide various services to their homes, and they would add to the volume of goods purchased from the local business community.

The second land project is the continuation of the 'Land for Youth' scheme. My administration undertook to empower young people in our country. We started this project in 1999 and it has continued successfully since then. Today, more young people own land than at any other time in our nation's history. Ownership has given them a sense of deep involvement in our country and has heightened their interest in contributing to its continued prosperity. Thus, their ownership of land is not only meritorious in itself; it has the additional benefit of underscoring their patriotism.

The third scheme is to provide land for nationals to build their homes. Already both the Social Security Scheme and the Central Housing and Planning Authority have done much to help nationals to own their own homes. The various housing estates that have been built are impressive and speak to the pride that our people have always taken in their homes, their gardens and their communities. More lands will be made available to CHAPA for sale to nationals.

The fourth scheme involves the Antigua and Barbuda Diaspora - those Antiguans and Barbudans who left their native land in the 1950's and 1960's to work in the United Kingdom, the United States and Canada. Over the years, many of these people never turned their backs on their native country even though they adopted the citizenship of their second homes. They sent money home to look after relatives and to help in times of dire circumstances. Many of them have now reached retirement age, and they wish to spend their twilight years at home. The government intends to sell 100 acres of land to returning nationals. Apart from recognising the contribution that they made while they lived abroad, the sale of lands will again bring money into the Treasury and provide a continuous cash flow from property taxes. In addition, since these people will continue to receive their pensions from abroad, there will be a steady flow of foreign exchange into the economy.

The fifth and final scheme is dedicated to Public Servants. Parcels of land will be made available to public servants, including Nurses, Teachers, Police Officers and the wider Civil Service. This is not an entirely new idea, but we are introducing a novel element, which is to waive the requirement for any deposits up front. Instead, monthly deductions will be made from salaries and wages, similar to deductions made for car loans, to pay for the land. This situation would be a win-win situation for all concerned: public servants will be able to acquire land, while the government will be able to reduce its outlay for salaries

and wages. We would all agree that this proposal is preferable to either retrenchment or an absolute reduction in salaries and wages.

While these five projects will take at least five years to be realised completely, government expects that the sale of lands this year will yield revenue to cover part of the deficit identified in this Budget. The balance will have to be covered, Madam Speaker, in the same way that all CARICOM governments are covering the shortfalls in their revenue this year - and that is by borrowing.

The shortfall in revenue to the whole of CARICOM as a result of the global recession and the effects of September 11th is estimated at US\$200 million. Every country will have to borrow. In our case, Madam Speaker, government will seek the best possible terms for any such borrowing in order to continue to keep debt servicing as low as and as manageable as possible.

A More Transparent Financial System

Madam Speaker, in my last Budget Statement, I had indicated that the 2001 Budget would "set us on the road to a modern and transparent financial system and the restoration of fiscal balance..." We are indeed on that road, and although there is some distance yet to travel, we remain undeterred. With respect to the implementation of measures to ensure a more transparent financial system, programme budgeting was introduced last year. The 2001 Antigua and Barbuda Estimates of Revenue and Expenditure represented only the basic format and structural aspects of the initiative. This year, the Budget Office will focus on the Performance aspect of Programme Budgeting so as to measure the operations of ministries and departments against pre-determined, objective performance criteria.

With respect to transparency on a more global level and specifically with respect to the government's accounts, it will be recalled that in the Throne Speech at the opening of this Parliament it was announced that audited accounts for the five years, 1990 to 1994 inclusive, will be laid in Parliament today, and the remaining years, including 2001, will be submitted no later than December this year.

Madam Speaker, the government has always contended that the delay in submitting these accounts was not an attempt to conceal information from the Public Accounts Committee. My administration has been very keen to make its operations completely transparent. For that reason, we secured the services of two top Treasury Consultants from India to computerise the system and bring the accounts up to date. Along with the staff of the Treasury, they have done so. I take this opportunity to pay tribute to the hard work of the Director of Audit and staff who have worked diligently to audit these accounts.

Now that the backlog has been cleared government accounts will be presented to this Honourable House in a timely manner, raising even further the level of transparency of government operations.

Conclusion

Madam Speaker, I would like to thank Senator Asot Michael and the team of devoted staff at both the senior and junior level in the Ministry of Finance and its departments who have all worked hard both to keep the government's finances viable and on the preparation of this Budget.

In this budget the government has found creative ways to meet the economic challenges of today, while keeping an eye on the future. We tackle debt and deficit, new global developments and requirements since September 11th, and the need for diversification in an increasingly competitive world market.

We also addressed the social issues - the everyday needs of our citizens for homes and hospitals, for infrastructure and protection from crime, for education and employment, and for community services and community empowerment.

Our country has made considerable strides over the past twenty-one years. They are strides of which we have a right to be proud.

The 21st Year of our anniversary of Independence is a time to consolidate our gains and invest in our future. This Budget sets our nation on that path, and I commend it to this Honourable House.

APPENDIX TO BUDGET STATEMENT

HEADS OF EXPENDITURE

E1 GOVERNOR GENERAL

Head E1, Governor General, has an allocation of \$1,615,849 or 0.27% of the Estimated Recurrent Expenditure for 2002. This Head provides for the cost of administering the Office of the Governor General, in accordance with the Constitution of Antigua and Barbuda.

E2 LEGISLATURE

Head E2, the Legislature has an allocation of \$2,092,967 or 0.35% of the 2002 Estimate of Recurrent Expenditure. The House of Representatives Head E2A has an allocation of \$1,659,339. E2B, the Senate, budgetary allocation reflects a slight decrease of \$52,110 over the 2001 Revised Estimates and a slight increase of \$20,000 over the Approved Estimates for 2001.

E3 CABINET

The Cabinet, E3, has an allocation of \$3,801,057, or 0.63% of the 2002 Estimate of Recurrent Expenditure. This Head provides for the functions of the Cabinet Office, administered by the Cabinet Secretary. Those functions include those executed in accordance with such instructions as may be given by the Prime Minister for arranging the business of Cabinet and the keeping of Minutes of Cabinet Meetings. Under this Head of expenditure are included provisions for the payment of salaries and allowances to Ministers, Cabinet staff and Political Secretaries.

E4 JUDICIAL

Head E4, Judicial, has an allocation of \$844,325 or 0.14% of Estimated Recurrent Expenditure and represents the contribution of Antigua and Barbuda to the operational expenses of the Eastern Caribbean Supreme Court.

E5 SERVICE COMMISSIONS

This Head of expenditure provides for the financing of the office of the Public Service Commission (E5A), Police Service Commission (E5B), and the Public Service Board of Appeal and has been allocated \$445,677 or 0.07% of Budgeted Recurrent Expenditure for 2002. Allocations under the respective Sub-heads are as follows:

A. Public Service Commission \$242,094

B Police Service Commission \$ 82,707

D Public Service Board of Appeal \$120,876

TOTAL EXPENDITURE \$445,677

E6 AUDIT

This Head has an allocation of \$1,064,696 or 0.18% of Estimated Recurrent Expenditure. The functions of the Audit Department are set out in Section 97 of the Constitution of Antigua and Barbuda. It gives the Director of Audit power to undertake or cause to be undertaken audits of the accounts and systems of Government departments, agencies and wholly owned corporations. The Director of Audit inspects all public accounts of revenue paid into and expenditure met from the Consolidated Fund and submits reports

on examinations of the said accounts to the Minister of Finance who places same before the House of Representatives.

E7 PENSIONS AND GRATUITIES

An allocation of \$18,935,674 or 3.16% of the Estimate of Recurrent Expenditure has been budgeted for E7. Under this Head, provision is made for the Civil Service Pensioners, Police Pensioners, Parliamentary Pensioners, gratuities to Officers taking reduced pensions, gratuities resulting from Constitutional arrangements and supplementary allowances to eligible Pensioners.

HEAD E8 CHARGES ON ACCOUNT OF THE PUBLIC DEBT

The public debt provisions for fiscal year 2002 have been estimated at \$139,136,751 representing 23.22% of the budgeted current expenditure and 24.34% of current revenue. The figure is allocated as follows:

Domestic Amortization: \$64,053,093
Domestic Interest Payment: \$36,957,345
Sinking Fund Contribution: \$ 3,976,144
External Amortisation: \$22,974,817
External Interest Payments: \$11,175,352

In 2001 the government continued its efforts to restructure its outstanding arrears and make current payments. EC\$6.9m in arrears with the Kuwait Fund for Economic Development (KFED) and EC\$1.6m with The Peoples Republic of China (PRC) were rescheduled. Additionally the government was able to secure financing of ¥30m with PRC for major capital projects. Our projected disbursements in 2002 will be approximately EC\$118m.

Regional Government Securities Market

Current legislation limits the maximum amount of treasury bills and bonds outstanding to a proportion of revenue. This limitation has forced the government to secure alternative sources of financing at a higher cost. Under the guidance of the Eastern Caribbean Central Bank which acts as Fiscal Agent for member governments, the Regional Government Securities Market (RGSM) will facilitate access to a wider source of funds and therefore provide greater scope and flexibility in the planning process. This will ultimately help the governments in the union to achieve significant cost savings.

E10 PRIME MINISTER'S MINISTRY

This ministry has an allocation of \$38,713,841 or 6.46% of the Recurrent Expenditure for 2002. The Prime Minister's Office provides for certain general services and formulates and reviews policies affecting subjects of the Prime Minister's portfolio including National Security, National Drug Control, money laundering, Information Technology, External Affairs and Immigration. The divisions under this Ministry are provided for in the 2002 Budget Estimates as follows:

A. Prime Minister's Office \$ 8,602,781
B. Ministry Headquarters - External Affairs \$ 7,056,010
K. Military \$12,160,098
L. Printing Office \$ 2,141,089
N. Overseas Diplomatic and Consular Section \$ 4,652,438
P. Office of Drug Control Policy \$ 1,589,995
Q. Immigration Unit \$ 2,511,430

TOTAL EXPENDITURE \$38,713,841

E15 MINISTRY OF FINANCE

The Ministry of Finance Headquarters supervises the work of all divisions of the Ministry that are

responsible for various aspects of the management and execution of fiscal policy, including Revenue Administration. Allocations to this Ministry for 2002 total 47,907,193, representing 7.99% of budgeted recurrent expenditure and are as follows:

- A. Ministry Headquarters \$21,002,766
- B. Treasury \$ 5,881,196
- C. Inland Revenue \$ 3,922,305
- D. Post Office \$ 5,983,381
- E. Customs and Excise \$ 5,827,947
- F. Property Valuation Unit \$ 1,363,851
- G. Social Security \$ 106,160
- J. National Computer Centre \$ 3,769,587

TOTAL EXPENDITURE \$47,907,193

E20 MINISTRY OF AGRICULTURE, LAND AND FISHERIES

Under the supervision of the ministry headquarters, the various divisions of the Ministry of Agriculture are responsible for the carrying out of government's agricultural policies in respect of project management, environmental protection and enhancement, training for local farmers, veterinary services fisheries management and land development. The respective departments and their allocations total \$15,426,413, representing 2.57% of budgeted recurrent expenditure and are as follows:

- A. Ministry Headquarters \$2,548,968
- C. Agriculture Division \$3,810,925
- D. Veterinary and Animal Husbandry \$2,276,938
- E. Fisheries Division \$ 715,058
- F. Cotton \$ 413,164
- G. Land Division \$ 447,297
- H. Agriculture Extension Division \$2,731,442
- I. Chemistry and Food Technology \$ 778,593
- J. Surveys Department \$1,240,695

TOTAL EXPENDITURE \$15,426,413

E25 MINISTRY OF HEALTH AND SOCIAL IMPROVEMENT

The Ministry of Health and Social Improvement is responsible for the supervision of Health Care Services in Antigua and Barbuda. The mission of the Ministry of Health is to facilitate the attainment and maintenance of the highest quality health care for all peoples of Antigua and Barbuda. Its' vision is to ensure the existence of acceptable health care. The Ministry of Health has a projected budget of \$70,864,799 or 11.83% of the 2002 budgeted expenditures. The allocated resources will facilitate the various departments in ensuring the more prominent health concerns are placed on the National Agenda.

- A. Ministry Headquarters \$ 5,446,498
- C. Citizen's Welfare \$ 2,826,915
- D. Gender Affairs \$ 900,497
- E. Medical General Division \$10,004,056
- F. Central Board of Health \$15,300,595
- G. Holberton Hospital \$29,464,272
- I. Mental Hospital \$ 3,433,250
- J. Fiennes Institute \$ 1,464,088
- L. Health Information Division \$ 310,583
- M. School of Nursing \$ 623,566

N. AIDS Secretariat \$ 689,422
O. Social Improvement \$ 400,056

TOTAL EXPENDITURE \$70,864,799

E30 MINISTRY OF EDUCATION, CULTURE AND TECHNOLOGY

This Ministry is responsible for the general management of all educational services, from primary school to tertiary level. The Ministry has recurrent expenditure of \$69,844,575 or 11.66% of the 2002 budget. In its continued effort to produce a well-educated society, the Ministry has allocated additional resources to retain quality teachers in the upcoming fiscal year. A breakdown of the divisions under E30 is as follows:

A. Ministry Headquarter \$ 3,796,749
B. Administration of Education \$ 6,685,449
C. Primary Education \$23,462,720
D. Secondary Education \$25,517,438
E. State College \$ 8,021,893
F. Public Library \$ 795,082
I. Boys' Training School \$ -
J. Antigua Archives \$ 661,780
K. Cultural Division \$ 903,464

TOTAL EXPENDITURE \$69,844,575

The Boys Training School has been transferred to Ministry of Labour. It is now E75I.

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

This Ministry is responsible for the Antigua Public Utilities Authority, Transportation and Civil Aviation, Meteorology, V. C. Bird International Airport, Housing and the Central Housing and Planning Authority. The estimated recurrent expenditure for the 2002 budget is \$12,407,600 or 2.07% of the total recurrent expenditure. The amount allocated to each department is as follows:

F. Ministry Headquarters \$ 1,138,831
G. V. C. Bird International Airport \$ 9,224,605
H. Meteorology Division \$ 2,044,165

Total Expenditure \$12,407,600

V. C. Bird International Airport

The V.C. Bird International Airport continues to promote efficiency in air traffic services to the island. As part of this initiative, the air traffic controllers will be undergoing extensive training in 2002 at the cost of approximately three hundred and eighty five thousand dollars. Additionally with the international push for tighter security measures the department will be hiring additional staff as well as providing enhanced training for security officers.

E40 MINISTRY OF PUBLIC WORKS, COMMUNICATIONS AND INSURANCE

This Ministry is responsible for Public Works, St. John's Development Corporation, Communications, Sewage, Development Control Authority, Urban Development and Renewal, and Insurance, State Insurance Corporation. The Ministry is basically responsible for the overall maintenance and upgrading of the economic and social infrastructure in the state of Antigua and Barbuda. The estimated recurrent expenditure for the 2002 budget is \$69,229,375, or 11.55% of the total recurrent expenditure. The amount allocated to each department is as follows:

- A. Ministry Headquarters \$23,905,645
- B. Works Division \$43,508,733
- C. Design and Control Division \$ 396,026
- D. Construction Division \$ 293,505
- E. Equipment Maintenance and Funding Scheme \$ 169,139
- F. Development Control Authority \$ 635,444
- G. Urban development and Renewal \$ 320,883

TOTAL EXPENDITURE \$69,229,375

The increase from last year's figure is due mainly to the transfer of Urban Development and Renewal from the Ministry of Home Affairs. The Ministry Headquarters covers the rental of buildings for office accommodation. Savings of approximately \$4 million is expected to be realised when the New Government Buildings become occupied.

Works Division

This division covers the maintenance of public buildings and furniture, repairs to Government vehicles, maintenance of roads and the mining of sand. In 2002 the government is planning to spend \$5,000,000 on the refurbishing of a number of government buildings and \$22,000,000 on improvement of primary and secondary roads in urban and rural areas.

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

The allocation for E45 is 4,049,782 or 0.68% of the estimated recurrent expenditure for 2002. This Ministry includes six (6) departments, which are responsible for specialized social services including disaster management and facilitates programmes and activities of local councils as well as administrative links with the Barbuda Council. The various departments and their allocations are as follows:

- A. Ministry Headquarters \$1,535,565
- B. Board of Guardians \$ 501,295
- C. Community Development \$ 765,689
- D. Local Government \$ 718,212
- E. Urban Development and Renewal \$ -
- F. Barbuda Administrative and General Services \$ 315,502
- G. Substance Abuse Prevention Division \$ 213,519

TOTAL EXPENDITURE \$ 4,049,782

The Substance Abuse Prevention Division was transferred from the Ministry of Labour, while the division for Urban Development and Renewal was transferred to the Ministry of Public Works, Communications, Insurance and St John's Development.

E50 MINISTRY OF JUSTICE AND LEGAL AFFAIRS

This ministry has an allocation of \$13,512,789 or 2.26% of the 2002 Budget. This allocation is to aid the Ministry in executing its functions, which include the financing of Crown prosecutions and representations, management of the calendar of Industrial cases, and provision of services by the Registrar and Provost Marshall division. A breakdown of the amount allocated to each department is as follows:

- A. Ministry Headquarters \$9,247,962
- B. Industrial Court \$ 480,317
- C. Office - Director of Public Prosecution \$ 337,080
- D. Registrar and Provost Marshall \$1,277,394
- E. Magistrate \$1,098,847

J. Lands Registry Division \$ 271,108
K. Legal Aid Advice Centre \$ 265,507
L. Registry of Intellectual Property and Commerce
\$ 534,573

TOTAL EXPENDITURE \$13,512,789

E60 OMBUDSMAN

Head E60 Office of the Ombudsman has an allocation of \$486,913 or 0.08% of the 2002 budget. This Office is a creature of the Constitution as provided by Parliament under Section 66(4) of the Antigua and Barbuda Order 1981. Its functions are specifically expressed in Section 5 of the Ombudsman Act, 1994.

E75 MINISTRY OF LABOUR, COOPERATIVES AND PUBLIC SAFETY

The Ministry of Labour, Cooperatives and Public Safety has a projected budget of \$49,662,453 (8.29%) of the 2002 budgeted resources. The Boys Training School was transferred to this Ministry from the Ministry of Education, Culture and Technology, while the Drug Rehabilitation Programme and Reduction was transferred to Ministry of Home Affairs, Urban Development and Renewal and Community Development and renamed Substance Abuse Division. This Ministry is mandated to manage and police the Labour Code, be responsible for disaster management, regulate cooperatives, organize drug rehabilitation programmes and facilitate effective administration of the Police Force. The allocated resources will fund the following nine (9) departments

A. Ministry Headquarters - Labour \$ 6,839,650
E. Office of National Disaster Services \$ 611,932
H. Cooperatives Department \$ 649,722
I. Boys Training School \$ 597,313
J. Drug Rehabilitation Programme and Reduction \$ -
K. Police \$29,873,185
L. Police Training School \$ 323,257
M. Fire Brigade \$ 6,062,005
N. Prison \$ 4,705,390

TOTAL EXPENDITURE \$ 49,662,453

Cooperatives Department

At the commencement of 2002, there were twenty-two (22) Registered Cooperatives Societies of which sixteen (16) are reasonably active. Of the active sixteen, six (6) are Co-operative Credit Unions. The Credit Unions combined have a total membership in excess of fifteen thousand (15,000), with total shares \$26.9 million, deposits \$7.9 million, loans \$26 million; statutory reserves \$9.3 million, investments in excess of \$9.3 million and total assets in excess of \$40.8 million.

E80 Ministry of Tourism and Environment

The Ministry of Tourism and Environment is responsible for the development of Antigua and Barbuda's tourism product and the promotion and marketing of tourism locally and abroad. It has responsibility for the Antigua and Barbuda Hospitality Institute and is also responsible for the execution of the government's environmental policy. Allocations to the Ministry total \$13,100,478 or 2.19% of budgeted recurrent expenditure, and are as follows:

A. Ministry Headquarters \$4,344,165
B. Antigua Tourist Office \$1,363,894
C. Overseas Tourism Offices \$5,564,552

- D. Antigua and Barbuda Hospitality Institute \$1,040,972
- E. Environment Division \$ 787,895

TOTAL EXPENDITURE \$13,100,748

E85 MINISTRY OF ECONOMIC DEVELOPMENT, TRADE, INDUSTRY AND COMMERCE

Together with the private sector, this Ministry aims to promote and facilitate the establishment of a dynamic business environment, through strengthening and enhancement of the Country's productive capacity in the midst of global change. This Ministry is also charged with responsibility for the administration of Electoral affairs pursuant to the Representation of the People Act. The estimated recurrent expenditure for the 2002 budget is \$4,118,442 or 0.69% of the total recurrent expenditure. The breakdown with respect to this Ministry reveals:

- A. Ministry Headquarters - Trade and Economic Development \$1,704,328
- B. Ministry Headquarters - Industry and Commerce \$ 413,250
- C. Prices and Consumer Affairs Division \$ 738,162
- D. Antigua and Barbuda Bureau of Standards \$ 245,714
- E. Electoral Affairs \$1,016,988

TOTAL EXPENDITURE \$4,118,442

E 90 MINISTRY of PLANNING IMPLEMENTATION, PUBLIC SERVICE AFFAIRS

The Ministry of Planning, Implementation, and Public Service Affairs' main goal is to facilitate the creation of an efficient and sustainable economy in order to provide a superior quality of life for all Antiguans & Barbudans. This Ministry is also responsible for the administration of Civil Service affairs. Total allocations amount to \$8,947,042 or 1.49% of budgeted recurrent expenditure, and are broken down as follows:

- A. Ministry Headquarters \$2,605,435
- B. Statistics Division \$1,880,244
- C. Establishment Division \$3,868,014
- F. Training Division. \$ 593,349

TOTAL EXPENDITURE \$8,947,042

In 2000/2001 the Department of Statistics conducted a nation wide census, this was done to determine the overall population of Antigua & Barbuda. Preliminary Census figures suggest a resident population of 70,737. This enumerated figure consists of 33,643 Males and 37,094 Females. The data collected indicates an overall population growth of 16.3 percent.

E95 MINISTRY OF INFORMATION, BROADCASTING, SPORTS AND CARNIVAL

This Ministry is responsible for youth empowerment, Non-Formal Youth Skills, Sports, Carnival Development Corporation, and Public Information and Broadcasting. The estimated recurrent expenditure for the 2002 budget is \$13,015,346, or 2.17% of the total recurrent expenditure. The amount allocated to each department is as follows:

- A. Ministry Headquarters \$ 4,784,902
- C. Sports Division \$ 3,458,603
- D. Public Information and Broadcasting \$ 4,771,841

Total Expenditure \$13,015,346

The amount budgeted for 2002 is approximately \$4.9 million higher than the figure budgeted in 2001, owing in part to the inclusion of salaries, wages and travelling allowances of the employees from Sports Division which were previously paid from the Sports Development Fund but with effect from 1st January 2002 are being paid from the Consolidated Fund. In addition the subsidy to Carnival Development Committee has been increased from \$100,000 to \$1 million. The Ministry has also begun restructuring and improving the curriculum and facilities of the Non-Formal Youth Skills Training Project and has allocated an addition \$700,000 towards this programme for 2002.