

2019 BUDGET STATEMENT

By the Honourable Gaston Browne

Prime Minister and Minister of Finance

To the House of Representatives of Antigua and Barbuda

On Thursday 17th January 2019

Building a More Resilient Economy

Mr. Speaker

Today, I present to this Honourable House and to the people of Antigua and Barbuda, a Budget for our nation's future.

Our government is acutely conscious of what the people of our country want.

Employment...

Housing...

Education for their children...

Good quality health care...

Reliable water and electricity supply...

Good roads for their motor vehicles...

Safety and security from crime and violence...

And, resilience to protect them from the ravages of hurricanes, earthquakes, and other natural disasters.

Mr. Speaker

Our government is fully committed to the attainment of those aspirations of the people.

All of them cannot be accomplished overnight, and none of them will be achieved without the effort of all.

But, they are being done, steadily and consistently.

And they are being done, despite those who, without any basis in fact, claim otherwise.

Because their denials, their claims, their propaganda are spoken - does not make them true.

A lie is not an alternative fact, it is simply and blatantly a lie.

Mr. Speaker

In this Budget presentation, I will lay out, as a matter of fact, the accomplishments of our government so far, in pursuit of delivering fulfillment of the people's aspirations.

I will provide hard evidence of how this Budget addresses the nation's future through *Building a more resilient economy*.

In the interest of time, but in full transparency, all the figures and sources of data to which I refer in this presentation, will be attached as an Appendix to the printed statement.

ANTIGUA AND BARBUDA TOP PERFORMER IN ECONOMIC GROWTH

Mr. Speaker

Here are the facts.

Last year, 2018, our economy was the fastest growing in the entire CARICOM area, bar none.

We recorded economic growth of 5.3 per cent.

This is not the government's calculation.

It is the calculation of the UN Economic Commission for Latin America and the Caribbean (ECLAC), which puts Antigua and Barbuda at number one, with 5.3 per cent growth in 2018.

We are followed in the CARICOM area by Grenada at 4.9 per cent, St. Kitts-Nevis at 3.7 per cent, Guyana at 3.4 per cent, Bahamas at 2.5 per cent, St. Vincent at 2.3 per cent, and Belize at 2.2 per cent

All other countries, including Jamaica and Trinidad and Tobago, were under 2 per cent.

Others were zero or less.

Mr. Speaker

Evidently, we are doing something right if we are outstripping all others.

Antigua and Barbuda is a top performer.

And, our government's singular performance is worthy of praise, of commendation, and of acclaim for the quality and success of its management.

Mr. Speaker

Our accomplishment is even more impressive when measured against world economic growth in 2018, which was 3.7 per cent.

In comparison with other regions and countries: the European Union area at 2 per cent, the United States at 2.9 per cent and Canada at 2.1 per cent - all lagged behind us.

RECOVERING FROM NEGATIVE PERFORMANCE OF 2009-2013

Mr. Speaker

It is worth recalling for those with selective memories, long accustomed to hiding truth, that between 2009 and 2013, our country suffered average economic contraction of 4 per cent per year.

In other words, our economy was consistently set back in that period by 4 per cent annually and it retrogressed to the detriment of our people.

I need not remind you of the party or the Finance Minister who destroyed our country's economy and plunged our people into poverty.

Mr. Speaker,

Despite this shaky foundation, our government has stood-up to the challenges.

We have defied the odds.

In the period, 2014 to 2018, the average growth of our nation's economy was a remarkable 4.5 per cent annually.

This country was recovered from the disaster of five previous years of decline, retrogression and regression and placed on a firm, solid and steady climb to progress.

Mr. Speaker

Economic growth brings many benefits, but its seeds must be planted, and its trees nurtured to produce the beneficial fruits a nation needs.

This task requires special management and financial acumen.

And these are among the key competencies that our government has employed to the benefit of our people.

To be noted, growth is not a 'cure-all'; but the absence of growth is a 'kill-all' – as our nation knows from the suffering we endured under the previous administration.

Those facts speak for themselves.

INCREASE IN AVERAGE WAGES AND SALARIES, AND IN EMPLOYMENT

The people of Antigua and Barbuda now have a record of which to be justifiably proud.

Here are just four of the compelling aspects of that record:

First, five straight years of economic growth.

Second, several thousand new jobs have been created between 2013 and 2018, and a further 2000 jobs will be added in 2019.

Indeed, Social Security estimates that the level of unemployment has been reduced, as a result of our pro-employment policies.

Third, back pay to public servants, plus a 5 per cent increase in basic pay, amounting to approximately \$70 million, after a decade of waiting, distress and disappointment under the previous administration.

Fourth, growth in per capita income increased from an average of \$36,569.00 between 2009 and 2013, to \$43,268.00 between 2014 and 2018.

In other words, your wealth has increased by an average of 20 per cent over the period.

Our people are clearly better off today, and our economy is back on its feet and standing tall.

STABILITY OF THE FINANCIAL SECTOR

Mr. Speaker, the stability of our financial sector depends on our compliance with international transparency and financial reporting standards. Failure to abide by the rules established by organisations such as OECD, CFATF and Global Forum, can put us at risk of being labelled uncooperative and a harmful tax jurisdiction.

Recognizing this, we enacted the Miscellaneous Amendments Act in December 2018, which ensured a number of important international standards were reflected in our legislation.

Also, thanks to the diligence of the ONDCP, FSRC and other critical stakeholders in our country, Antigua and Barbuda was found to be largely compliant, following the CFATF Mutual Evaluation assessment. Our 2018 report indicates significant improvement over 2007, and Antigua and Barbuda outperformed practically all of its peers within the region.

Mr. Speaker, our decision to resolve ABI Bank has resulted in payment of over \$50 million to former ABI Bank depositors through the Depositor Protection Trust. We averted a potential crisis by protecting the deposits of our people.

There was no such intervention in the 2009 CLICO/BAICO debacle. Consequently, Antiguan and Barbudans suffered losses in excess of \$300 million.

Mr. Speaker, if ever there was a bright light, illuminating the performance of our government in the interest of its people, this success in resolving ABI Bank stands out as a shining beacon.

Our government cares.

Our government proves that it cares.

Our government delivers, because it cares.

DEBT TO GDP RATIO REDUCED; MORE SPENDING ON SOCIAL BENEFITS

Mr. Speaker,

As part of our improved macroeconomic performance, the nation's debt to GDP ratio has been reduced from a high in 2009 of 102 per cent to 74 percent today. This ratio is projected to reduce further to 72 per cent in 2019.

That was no easy feat.

But, it was necessary and urgent in the interest of every sector of our nation, without exception.

Had we not reduced the debt to GDP ratio, practically all of government's revenues would have had to be sunk in debt repayment, leaving very little money to spend on maintaining our level of social and economic development, let alone to improve it.

So, those that claim that nothing is being done in this country, should understand that our government was confronted with

stopping certain creditor wolves from blowing down our doors, and gobbling-up our assets.

Had we not done so, it is no exaggeration to say that quite literally water would not be running, electricity would have been cut-off, the sea port and airport would not have been able to function.

The country would have ground to a halt.

As for other developments, such as the new airport; the expanded harbour for large cruise ships; the much-improved Mount St. John Medical Centre; construction of Sir Novelle Richards Academy and the upgrade of other schools; none of them would have happened.

Quite definitely, catastrophe would have befallen us.

But, we have successfully reduced the proportion of revenue required to pay the interest on government debt.

The ratio of interest payments to revenue averaged 17 percent between 2009 and 2013.

Between 2014 and 2018, we pulled down the average to 12.3 percent.

And, we did so by growing the economy and by increasing government revenues.

Between 2009 and 2013, government's average annual revenue amounted to \$618 million.

By the period 2014 to 2018, average revenue went up to \$771 million.

Effectively, we earned an additional \$153 million, allowing us to pay down some debt, while increasing spending on healthcare, education and other social welfare projects.

We have made significant progress, but much more needs to be done, because we are still confronted by a mountain of debt and fiscal challenges.

INTEREST PAYMENTS TO REVENUE RATIO WOULD HAVE BEEN LOWER EXCEPT FOR POST-HURRICANE BORROWING

Mr. Speaker

It is worth noting that the ratio of interest payments to revenue would have been lower, were it not for the increased borrowing required to fund post-hurricane reconstruction, particularly in Barbuda.

Members of the international community have been helpful – and we express our sincere gratitude for their help, which amounts to grants and loans of \$150 million.

I take this opportunity to thank all who made contributions.

We are deeply grateful.

But, the bill for rebuilding Barbuda was estimated by the World Bank and others to be in excess of \$600 million.

The costs of caring for Barbudans, and for rebuilding infrastructure on the island, still falls mainly to the government of Antigua and Barbuda.

It is not a task from which we have shirked.

We will continue to embrace it as we go forward, notwithstanding those, who for narrow self-interest, continue to obstruct the progress of Barbuda and its residents.

Later in this presentation, I will spell-out further plans for Barbuda in this year's spending cycle and into the medium term.

A WORD OF CAUTION

Mr. Speaker

Improving revenues to meet our development objectives requires effort by everyone.

So, everyone; individuals and companies, must pay our education levy, social security, medical benefits, import duties, RRC, ABST, and corporate income taxes.

Any person or company, who reneges on these payments, evades paying them, or uses corrupt means to deprive the Treasury of revenue, is hurting every other person and company in our nation.

They should be warned now that our government will not allow this behaviour to continue;

it is not fair;

it is not just;

and it is not acceptable.

Our government, as the wardens of the interests of all the people, will clamp down on the excesses of the few.

Real Sector – Real Growth

Mr. Speaker

I have said before, let those with eyes see.

Those whose eyes are blinded by jealousy live in denial, paralyzed and embittered by a darkness of their own creation.

But, we move ahead with clear sight, on a path lit brightly by the resolve to make our country better, our economy sturdier, and our people stronger.

They cannot evade the truth. The facts reveal truth and expose charlatans – the fakes with their weak lamentations, lies and innuendos.

In 2018, our nation recorded solid growth in tourism, the wholesale and retail sector, the transport sector, manufacturing and in public administration.

Here are some of the illustrative facts:

In 2018, our country received tourist arrivals in all sectors, totaling about 1.1 million.

Mr. Speaker, in our entire history, that is the highest number of visitors we have ever received in a fiscal year.

We have broken all previous records.

With your permission, Mr. Speaker, this House should applaud all those who made this impressive record possible.

Mr. Speaker, figures for 2018 show stay-over visitors of 268,949 an increase of 8.75 percent over 2017.

Cruise arrivals for the year, at 792,873 passengers, also increased over 2017.

Visitor arrivals on yachts was just under 20,000, which is comparable to 2017 arrivals.

Mr. Speaker, the hotels and restaurant sector grew by 5.2 per cent in 2018, because of the increased stayover and cruise visitors.

There was also 8 percent growth in the construction sector in 2018, due to continued construction and renovations in the tourism sector, as well as, work on major government infrastructure, and non-tourism private sector projects. The growth in construction is supported by a more than 20 per cent increase in cement sales in 2018 over 2017.

Economic growth is supported by a 32 per cent increase in total imports from \$1.36 billion in 2017 to \$1.8 billion in 2018.

It should be noted Antigua and Barbuda is a net importer, and that over 70 per cent of our imports are from the United States. The US is therefore projected to record a \$1.26 billion trade surplus with us for 2018. Further, over the past 15 years, since the WTO arbitral

award in our favour, the US would have benefitted from almost \$18 billion in trade surpluses with our country.

This increase in trade further illustrates the buoyancy of our economy and the money in the pockets of our people.

Honourable Members, anyone who tries to paint a picture of anything but a vibrant economy is doing so with a jaundiced eye.

The figures speak for themselves.

And, figures don't lie.

PERFORMANCE OF GOVERNMENT-OWNED ENTITIES

Mr. Speaker

We now turn to the performance of key state-owned enterprises.

State Insurance is expected to earn revenues of \$50.4 million and profits of \$11.6 million in 2018.

The Antigua and Barbuda Transport Board also experienced improved financial performance. In 2017, its gross income amounted to \$8.2 million and is set to increase by 24 per cent to \$10.2 million in 2018. This government entity has moved from deficits to significant surpluses, to the extent that the Board has repatriated \$8 million to the Consolidated Fund.

As a result of increased visitor arrivals, the Airport Authority recorded a 7 per cent increase in gross revenues. The Authority's revenues grew from \$76.5 million in 2017 to \$81.8 million in 2018.

The majority government-owned West Indies Oil Company (WIOC) returned another year of outstanding profits in 2018. WIOC will make approximately \$31 million in profits before taxes, meaning that the government would have a 51 per cent claim on the net profit. Further, WIOC will pay taxes of almost \$8 million into the Consolidated Fund.

The Port Authority also continues to be profitable.

After realizing record revenue of \$43 million in 2017, the Port will see revenue increase by a further 16 per cent in 2018.

This means that the Port will better its performance in 2018 by generating revenue of \$50 million.

In 2018, despite capital investment of almost \$7 million to prepare for a massive \$250 million redevelopment project, it still produced a profit of \$3.7 million.

Mr. Speaker,

Figures don't lie.

This nation is on the move;

The economy is growing;
our people are benefitting;
ownership of homes, vehicles, boats and businesses is broadening;
together, we are climbing the ladder of success,
progressively and resolutely, rung by rung.

INFLATION: THE FACTS

Mr. Speaker

While I am dealing with the exposure of lies and deceptions, it is fitting that I address the most recent lies concerning the cost of living in Antigua and Barbuda.

There are some who claim that Antigua and Barbuda's cost of living is far higher than other countries in the Caribbean, and they point particularly to the cost of gasoline, diesel and LPG.

Let us therefore examine the facts.

According to the IMF, the inflation rate in the ECCU increased only marginally from 1.8 per cent in 2017, to 2 per cent in 2018.

The same IMF report lists Antigua and Barbuda's inflation rate in 2018 at 1.4 percent.

In other words, we enjoy one of the lowest rates of inflation in the entire hemisphere.

Honourable Members, another lie has been exposed.

Let me turn now specifically to the price for gasoline.

The figures I will cite in this section are provided by the Eastern Caribbean Central Bank, not by our government; they are easily verifiable from ECCB reports.

The average price for a barrel of crude oil in 2015 and 2016 was less than US\$50.00; in 2017 it was just under US\$51.00.

By 2018, the average price per barrel of crude oil was 28 percent higher, at just over US\$65.00.

Despite higher international oil prices, the prices of gasoline, diesel and LPG in our country have not increased.

With regard to gasoline, the average price per gallon in the region is \$13.95; the price in our country is \$12.50.

It is cheaper than every other country in the ECCU and Barbados, with no exception.

There can be no doubt that, even though the prices for commodities are set externally, our Government has kept a tight lid on inflation for the benefit of the nation.

Evidence of how our government intervened in the interest of the people, is the fact that revenue to the Treasury from Consumption Tax reduced by 16 per cent from \$62.5 million in 2017 to \$52.5 million in 2018.

Government absorbed that \$10 million loss of revenue, resulting from higher international oil prices in 2018.

The higher price was not passed-on to the people; government sacrificed the revenue, leaving it in the people's pockets.

Our government cares.

Our government proves that it cares.

Our government delivers, because it cares.

REVENUE VERSUS EXPENDITURE: THE NEED FOR BETTER BALANCE

Mr. Speaker

Despite economic growth of more than 5 per cent in 2018, the government recorded a current account deficit of \$36 million in

2018. This is an improvement over the deficit of \$42.7 million recorded in 2017.

Expenditure for 2018 is projected to be \$951.4 million, which is only 2.5 per cent above 2017 spending, evidencing prudent expenditure management.

And, a significant portion of the increase in 2018 expenditure is due principally to the implementation of a 5 percent increase in wages and salaries for public servants, and payment of backpay.

Spending on pensions and gratuities also increased by 5 per cent to \$79.9 million in 2018.

However, while expenditure in 2018 should amount to \$951.4 million, revenues are expected to total \$863.9 million, leaving an overall deficit of \$87.5 million.

It is important to point out that the 2018 deficit is less than the deficit of \$106.3 million in 2017, but it is, nonetheless, unsustainable.

TAX YIELD NOT COMMENSURATE WITH ECONOMIC GROWTH

Mr. Speaker, the lower level of revenues, especially tax revenues, occurs, in part, because of revenue leakage due to low taxpayer compliance in some areas.

Further, tax exemptions and waivers to new, as well as existing, businesses contribute to lower revenue yields.

In 2018, tax waivers amounted to an estimated \$330 million; a significant proportion of which was granted to existing and profitable businesses.

This \$330 million mainly represents waivers of customs duties, ABST, Revenue Recovery Charge, Corporation Tax, Unincorporated Business Tax, and Stamp Duties.

Mr. Speaker, Honourable Members

To secure fiscal balance and stability going forward, these levels of concessions cannot continue.

Taxes incurred must be paid and collected so that government can continue to provide the services and benefits everyone expects.

In 2018, our Government made a policy decision to stop granting waivers for property taxes. This policy will be strictly enforced.

Reducing total tax exemptions and strengthening tax administration will be the cornerstone of the Government's fiscal strategy into the

medium term. With the revocation of the corporate income tax waivers, a new corporate income tax credit regime will be introduced.

If our country is to become an economic powerhouse, capable of sustainable, inclusive growth and creating opportunities for its citizens and residents to generate wealth, it needs to build fiscal resilience.

ASSISTANCE FROM INTERNATIONAL PARTNERS

Mr. Speaker

No country in the world, not even the most powerful, can grow and further develop without foreign investment, regardless of how active its local investors are.

Antigua and Barbuda is no different.

In 2018, several countries and institutions invested in our development through technical assistance, grants and loans.

I take this opportunity to thank all who have made contributions of whatever size.

Every cent counts.

And we are very grateful.

Mr. Speaker, it would be wrong of me not to make special mention of two countries that have particularly contributed to our nation's well-being – namely the Bolivarian Republic of Venezuela, the Republic of Cuba and the People's Republic of China.

The Government of Venezuela has agreed to write-off 50 percent of the debt owed to PDVSA for fuel imported under the Petro Caribe Initiative.

This debt write-off amounts to \$250 million.

That is a significant gift to our people, Mr. Speaker, and one that we should acknowledge with great and resounding appreciation.

The people of Antigua and Barbuda will remember the assistance of Venezuela and its people well into the future.

And, we will continue to urge a resolution of the internal differences in Venezuela, and pledge our support for whatever we might be able to do, to set this country of the liberator, Simon Bolivar, firmly on its feet, in service to all its people.

The Government and people of the Republic of Cuba, despite the continued imposition of the inhumane embargo by the United States, continue to provide educational, medical and technical assistance to countless countries in the region and around the globe.

Antigua and Barbuda has benefitted tremendously from the generosity of the Republic of Cuba. Hundreds of our people have received professional qualifications, free of charge, from the Republic of Cuba and are making meaningful contributions to our state.

We thank the Republic of Cuba for their continued generosity in the field of healthcare, medicine, infrastructural development and education.

Mr. Speaker, in 2018, no other country or institution has contributed more to our development pursuits than the People's Republic of China.

China has committed over \$400 million in grants and concessional loans to fund the development of the St. John's Port, the Knuckle Block Project, the proposed housing development, two polyclinics, and non-lethal military equipment and supplies. They have also provided technical assistance in many areas, including healthcare, education and agriculture.

Support has also been given to the Defence Force in the form of almost US\$6 million in grant aid.

Let me make it clear, this help to the Defence Force, includes no weapons of any kind.

The donation is for non-lethal material, including buses; over 800 hand held and portable radios; and heavy-duty machinery including forklifts, dump trucks and an excavator.

We have valued our relationship with China, as clearly China has valued its relationship with us, despite the huge difference in size and resources.

The relationship between the People's Republic of China and Antigua and Barbuda, demonstrates that, in international relations, countries are well-served by mutual respect and cooperation.

Mr. Speaker, the construction of a US\$23 million dollar marquis embassy building and residences at Marble Hill, will strengthen the bonds of friendship between our countries.

STRATEGY FOR DEVELOPMENT- 2019: Building Economic Resilience

Mr. Speaker, I will now broadly set out our Government's strategy for development, in which we will continue to build economic resilience in 2019.

In the interest of time, I will not go into details of all aspects of the strategy, which is fully set-out in the Appendix and to which

Ministers will speak in their contributions to the debate on this Budget.

My purpose now is to highlight the main projects and programmes on which government will be spending, and the sources from which it expects to derive revenue.

I will also draw attention to private sector projects that will start or come into operation. These projects will provide employment to our people and much needed revenues to our Treasury.

PRIORITIES FOR ECONOMIC RESILIENCE IN 2019

Mr. Speaker, the Eastern Caribbean Central Bank estimates that in 2019, our economy will grow by a further 5.1 percent.

Our objective is to do better.

We are aiming at achieving 6 per cent.

And we plan to do so on the following broad platforms:

- i. Enhancing performance in tourism
- ii. Promoting Investment, including the Citizenship by Investment Programme, and economic diversification
- iii. Encouraging Entrepreneurship

- iv. Renewing and upgrading critical infrastructure; and
- v. Providing better access to adequate housing,

Enhancing Performance in Tourism

I deal first with tourism in 2019.

The Hodges Bay Resort & Spa is now fully operational.

The Hammock Cove by Elite Island Resorts, which is a 5-star property will also open, as will the 360-room Royalton Beach Resort and Spa, operated by Sunwing.

Additionally, at least fifteen properties will proceed in various stages of construction.

These include: the Marriott Courtyard Hotel at the Airport, the Callaloo Cay project, the Half Moon Bay Resort, Best Western, the Valley Church Wellness Resort, to be operated by Ambassador Calvin Ayre, and the YIDA projects.

In addition, over US\$200 million will be invested in private luxury homes at Windward Beach, Jumby Bay, Mill Reef Club, Galley Bay Heights, Pearns Point and other locations throughout the island. This includes a US\$50 million mansion, for private dwelling at Laurie Bay; that is being constructed by Baron Lorne Thyssen.

Mr. Speaker, these hotel projects will increase Antigua and Barbuda's room stock by more than 3,000 rooms and units.

Further, Sunwing has taken over operations of the Halcyon Cove Hotel to revive it and restore its valuable contribution to our tourism industry.

This along with the other new and expanded properties is expected to increase total stayover arrivals in 2019. In fact, we project an additional 50,000 stayover tourist arrivals, which will take Antigua and Barbuda above the 300,000 mark, and allow us to break the record set in 2018.

Also, up to 10 acres of the land that form part of the Halcyon Cove property will be released in 2019, for construction of additional rooms, including residences and villas.

This will be done using investment vehicles to provide opportunities for locals to invest.

Our Government will provide concessions for this project, while Sunwing will manage the properties to secure a good return on investment for local investors.

This model will also be used to develop properties at Shell Beach and Indian Creek.

Our expectation is, that locals will seize the opportunity to build vacation rental properties and small, boutique hotels that can be offered on Airbnb.

We believe that our people must participate as owners in the tourism industry and share in the profits of the industry.

We are providing the opportunity; we are opening the doors; we are giving our people the means to be owners and beneficiaries, not to be only carriers of water and hewers of wood.

That is the compact we made with the nation.

That is the contract our government is fulfilling.

Every Antiguan and Barbudan is being given the chance to thrive.

We promised to do it.

We are delivering on our promise.

Promise made, promise kept.

Our government is a government by the people, of the people, and for the people.

Mr. Speaker, the Government is finalizing a nearly US\$80 million concession agreement with Global Ports, the world's largest, private cruise port operator to transform cruise tourism in our country.

The number of cruise passengers is expected to increase dramatically, bringing more spending with every ship.

The project will start in the first half of 2019, involving the construction of a new cruise pier, development of new commercial properties, as well as renovations of Heritage Quay.

As part of the project, approximately \$60 million in existing debt to the Antigua Pier Group will be eliminated, and Global Ports will allocate \$13.5 million to the development of local entrepreneurship in the tourism sector.

Promoting Investment and Economic Diversification

Mr. Speaker, in 2019, we will add further spokes to our economic wheel, to create more jobs, generate more revenue and continue to build a resilient economy.

Particularly, we are introducing economic activity that will not be vulnerable to hurricanes and that take advantage of modern technology.

Blockchain Technology

One such activity relates to the use of Blockchain Technology.

Research confirms that the global blockchain market will reach over US\$28 billion by 2025.

The ECCB has launched a pilot project to utilize blockchain technology in support of digital payments and transfers.

As an international financial centre, Antigua and Barbuda needs to be an early mover in the space, so as not to miss an opportunity and get left behind.

Our vision is to be the regional centre for blockchain and cryptocurrency. We will collaborate with global oversight bodies in implementing international best practices, that will make our jurisdiction attractive to international business.

Our plans for the development of this exciting fintech space, will unfold in the coming months, as we seek to create the necessary legislative and regulatory structures that will govern the industry.

Crucially, we want to ensure that our young people are trained and ready to meet these new opportunities, including becoming entrepreneurs themselves.

Mr. Speaker, this is not a whimsical notion; the international potential is real.

We, in Antigua and Barbuda, start on more solid ground because, in Blockchain and Cryptocurrency, we already have an important private sector partner in Ambassador Calvin Ayre, who is already a major player in the blockchain and cryptocurrency industry.

He has been a long-time investor in Antigua and Barbuda and is about to complete construction of the US\$25 million project: Canada Place at Woods. This business should begin operations in the first half of 2019, providing employment for over 500 people.

Citizenship by Investment Programme

Mr. Speaker, our Government encouraged and promoted the Citizenship by Investment Programme (CIP) to help diversify our economy and to earn much needed non-tax revenue.

There can be no doubt that, in the years of its operation, the CIP delivered for our people.

In the last quarter of 2018, the number of applications increased, boosting revenues.

We are encouraged by the resilience the industry has shown, even in face of denigration by powerful forces.

Therefore, we will continue to compete vigorously in the world market by promoting it and operating it, in accordance with best international practices, including continued strong vetting of applicants.

Our expectation is that, in 2019, there will be a significant increase above the 672 applications received in 2018, contributing more than \$100 million in revenue to the Consolidated Fund.

Mr. Speaker, we continue to be innovative with respect to the number of investment options available to applicants, and the introduction of the fourth option in 2018, the University of the West Indies Fund, exemplifies this. We intend, through this uniquely crafted option, to partially fund the fourth landed campus of the University of the West Indies.

Medical Cannabis

Mr. Speaker, our jurisdiction has adopted legislation to create a medical Cannabis industry that would allow this nation to access a part of this burgeoning market.

We have received proposals from a number of reputable, international firms that are experienced with medical Cannabis.

One of these firms is willing to partner with the Rastafarian community and our government has agreed that the medicinal

Cannabis licensing fee would be waived for businesses owned by members of the Rastafarian community.

Real Estate Investment Trust

Mr. Speaker, our government is continually examining ways in which development projects can be financed jointly by the public sector and private sector, thereby relieving taxpayers of carrying the burden alone.

We are also constantly seeking ways in which local people can participate in investments, getting a meaningful return on their money within a regulated framework that would reduce risk.

One such mechanism is a Real Estate Investment Trust (REIT), which is used globally to encourage investment in income generating real estate.

Our government will introduce legislation to facilitate REIT as an additional opportunity for locals and foreigners alike.

At the outset, we will promote the renewal and revitalization of St. John's, by encouraging businesses and property owners to make use of REITs, to redevelop and expand their properties and diversify their holdings.

Encouraging Entrepreneurship

Mr. Speaker, our Government wants to help create many more Antiguan and Barbudan entrepreneurs.

And, we recognize that, often times, it is not that persons lack the basic acumen, but they lack access to capital and knowledge of sound financial and management techniques.

We want to correct that.

That is why in the last Budget, we announced the Prime Minister's Entrepreneurial Development Programme (EDP), to provide access to funds and training for any citizen who presents a viable business proposition.

In the first quarter of this year, the EDP will be launched with an initial \$10 million provided by government.

The ultimate aim is a Revolving Fund endowed with \$24 million to provide low interest loans for working capital, machinery and equipment, leasehold improvements, among other things.

As indicated before, Global Ports is committed to providing \$13.5 million to fund entrepreneurship in the tourism sector as part of their involvement in our country's economic activity.

Mr. Speaker, the EDP will be complemented by the Eastern Caribbean Partial Credit Guarantee Corporation, which will also work with banks and other financial institutions to increase the flow of credit to micro, small and medium sized businesses in the ECCU member territories.

Our Government is determined to give the people of our nation the opportunity to do the same, without regard to race or religion, gender, nationality, or background.

We are building One strong nation, One prosperous people, One resilient future.

Renewing and upgrading critical infrastructure

Mr. Speaker, I need hardly say that physical infrastructure is essential for economic development.

Our country will not remain competitive in the tourism industry, nor will we carve a place for ourselves in global transportation and communications without modern ports and telecommunications infrastructure.

Building a modern road network

An upgraded and expanded road system is crucial for the tourism industry, for commercial activity and for connecting all parts of our country.

This vital infrastructure cannot be built overnight, but it can be constructed steadily and progressively.

And, that is what our government is doing.

While I am aware of complaints about the slow pace of road works, and have raised my own voice in concern, I assure everyone that, in 2019, work on the Sir George Walter Highway and Friars Hill Road will be completed.

This will be achieved with a grant of about US\$18 million from UK-CIF, along with more than \$11 million in government counterpart funding.

The second phase of this road rehabilitation project, at a cost of US\$65 million will accelerate in 2019, resulting in the reconstruction of the Sir Sydney Walling Highway, Anchorage Road, Old Parham Road and Valley Road North.

Funding for this phase is provided through loan financing from the Caribbean Development Bank and from government resources.

A third road development project, to be undertaken with assistance from the CDB, will focus on reconstructing the Darkwood Bridge and upgrading and reconstructing the Potters/Herberts Main Road, the Burma Road, and the Royal Gardens Road.

We have also intensified the community roads project, which has benefitted residents in communities across the country, provided jobs for local contractors, and contributed to the growth in economic output in 2018.

This work will continue in 2019.

Our government made a commitment to ensure that there are passable roads wherever citizens and residents live.

St. John's Port Development

Mr. Speaker, the project to transform the Deep Water Harbour Port into a modern, regional transshipment port is well underway.

With US\$90 million in funding from China Exim Bank, the new Port will have expanded infrastructure and updated systems for operation that will facilitate trade, improve overall security, and enhance profitability.

The new Port will produce new job and career opportunities in maritime, engineering and shipping.

Enhancing Telecommunications Infrastructure

Mr. Speaker, in 2019, we will invest \$80 million in our telecommunications infrastructure, to include acquiring an underwater fibre optic cable. This investment will position APUA to supply the people of Antigua and Barbuda with modern, reliable, high-speed broadband internet services.

It is expected that this initiative will better position the country to explore and ultimately benefit from opportunities in new technologies and will open doors for our people to venture into new internet-based industries.

Additionally, by making this investment, the Government will ensure broadband internet is available to homes across Antigua and Barbuda, just as we have provided access to water and electricity.

We are positioning APUA to set the pace in the race to better technology, lower rates, and faster Internet.

It is a race which we challenge the other telecommunications providers to join.

In keeping with this overall policy, our government has already passed legislation to ensure number portability.

And, we have introduced measures to ensure the equitable redistribution of the 850 spectrum, among the telecom companies.

The Internet and high-speed broadband are the digital gateway to the world for new services from Antigua and Barbuda and for the enhancement of all existing businesses.

It is a door our government will throw wide open, so that the people of our country, particularly our young people, can also benefit from a world market, connected seamlessly and instantly.

Other Public Sector Projects

Honourable Members

In addition to the major projects I have just described, our government will complete existing projects and start new ones.

These include:

- Completion of the YASCO track;

- Renovation of the Antigua Recreation Grounds in preparation for hosting CARIFESTA in 2021; and
- Two polyclinics and community centres that are being constructed in Villa and Willikies will be completed, again financed by China Aid

WIOC Expanding Operations

Mr. Speaker, WIOC will continue to renew and expand its operations with a further investment of \$50 million in 2019.

This will upgrade the marine infrastructure and the construction of a new LPG storage facility, tripling the existing storage capacity.

Additionally, in conjunction with other public corporations, such as NAMCO, WIOC will start construction of a new business park on Friars Hill Road at a cost of \$40 million.

These activities will boost the economy, create new jobs and, simultaneously, increase the wealth of the nation.

It should always be remembered that WIOC is majority-owned by the people and government of Antigua and Barbuda.

It is our collective business from which we earn collective benefits.

Providing Better Access to Adequate Housing

Mr. Speaker, housing development will also move at a faster pace in 2019.

The People's Republic of China has committed \$90 million in grant aid to construct 250 residences at various locations, including the renewal of Booby Alley in Point.

This is a welcome development that will transform a long-depressed area of our country, opening it to greater opportunities in the St. John's harbour area that it closely adjoins.

Three hundred new homes will become available from National Housing.

Through the company's "Build on Your Own Initiative", construction of 53 homes on parcels owned by individuals should be completed in 2019.

National Housing spent over \$40 million in 2018 on home construction.

It has engaged over 100 contractors, employs 300 individuals directly, and provides jobs indirectly for over 850 persons.

Mr. Speaker, CHAPA will also construct approximately 100 low-income homes at a cost of \$135,000.00 each.

These are land-mark events in the history of our nation.

At no previous time has housing been constructed in this magnitude and of this quality.

In fact, in 2018, there was a nearly 30 per cent increase in new home construction, as reported by the Development Control Authority. There was an increase from 501 new homes being constructed in 2017 to 667 in 2018.

Critics and political opponents can cast as many barbs as they like; they can sneer and scoff as they wish.

But, they cannot wish-away the obvious and evident reality that our government – the government of all the people of Antigua and Barbuda – is delivering homes in a way, and at a rate, unprecedented in our country's history.

And, again, we do so because we care.

Government as a catalyst for building resilience

Mr. Speaker, one of the most impressive innovations of this Administration, is the creation of NAMCO, a wholly owned government entity that holds the government's stake in joint ventures and manages the investment proceeds that accrue.

By its participation in the productive sectors of our economy, NAMCO is acting both as a catalyst for economic development and as a meaningful contributor.

In 2018, NAMCO invested \$25 million to help finance the development of a fifth cruise ship pier. With the planned partnership with Global Ports, the pier will be ready for the 2020 tourism season, attracting the oasis class ships.

In 2019, NAMCO will join a private sector partner, to develop Fort James into a multi-million-dollar integrated leisure and entertainment facility.

Further, within the next few weeks, NAMCO will conclude negotiations with the principals of Blue Ocean Marine, a dredging company that acquired the assets of DEVCON TCI.

NAMCO will purchase a 40 percent stake in this dredging company, that is poised to undertake dredging and maintenance work across the Caribbean.

In other words, NAMCO is showing the way for locally-based companies to expand their operations, widen their markets and increase their sources of income and profitability.

PUBLIC UTILITIES

Delivering water

Mr. Speaker, the people of our country expect water when they turn on their taps.

The expectation is as old as Antigua and Barbuda and satisfying it has been a pressing objective of our government from its inception.

Let me lay out the plans for 2019.

We will complete retrofitting all existing Reverse Osmosis (RO) plants with new membranes to further boost production capacity.

A new reverse osmosis plant will be acquired to serve the Deep Water Harbour and the cruise terminals.

The agricultural sector will also benefit from a new plant, supplied by the Japanese Agency, JICA, for installation at Bethesda.

We will continue to re-pipe the water distribution system for Point, Michael's Village, Ovals and Fitches Creek.

Energy costs and supply

Mr. Speaker, our government wants to reduce both the cost of energy and Antigua and Barbuda's carbon footprint.

The Street Light Retrofitting Project, which involves replacing over 14,000 street lights with LED lights, will be completed in the first quarter of 2019, saving the government some \$5.5 million annually.

For the consumer, our government is working to reduce the cost of electricity by adding wind turbines to the generation of electricity by APUA.

Wind turbines, funded by a loan from the Abu Dhabi Fund for Development, have already been procured and are now in Antigua for installation.

Once completed, this project along with PV Energy Solar plant, and the solar energy plant in Barbuda, will bring the aggregate investment to \$127 million. These plants will generate 18 megawatts of green energy in Antigua and Barbuda, contributing to less costly electricity in the medium to long term.

REBUILDING AND TRANSFORMING BARBUDA

Mr. Speaker, building resilience in Barbuda is integral to building resilience in our country.

The experience of caring for displaced residents of Barbuda and the cost of reconstruction on the island, makes it clear that implementing resilience measures is vital.

We have made significant progress in recovering from the monumental devastation of Hurricane Irma, but there is still a lot of work to be done.

The sheer scale of destruction, by itself, made rebuilding a mountain too steep for anything but a tough and tortuous climb.

The European Union has provided grant funding of five million Euros to reconstruct or repair 150 homes. This project will begin in the first quarter of 2019.

Additionally, there will be construction of new homes funded by the Prince's Trust and Peoples Republic of China.

Mr. Speaker, the prospects for Barbuda are very bright.

Already, the plants of new investment are sprouting, including the PLH Discovery Bay project, and the Paradise Found Resort, which will start before the end of the first quarter of 2019.

Later in 2019, the expanded Dulcina project is expected to start.

All of these will bring permanent and sustainable employment and spin-off business opportunities for Barbudans.

Our government will, itself, invest \$14 million in solar voltaic power in 2019, to make Barbuda the first island to be powered exclusively by green energy.

Government will also complete the new Barbuda runway in 2019, opening the island and its residents to greater opportunities.

We wish to express our profound gratitude to all individuals, organizations and governments for the assistance provided to help rebuild Barbuda. In 2019, with grants from the Governments and people of Canada, the Dominican Republic, the United Kingdom, and loan financing from CDB, we will pursue a number of projects on Barbuda including:

- repair and expansion of Sir McChesney George Secondary School
- Construction of Multipurpose Centre/Shelter
- Installation of a Reverse Osmosis Plant and Storage Tank
- Louis Hill Infrastructure development
- Construction of the new Holy Trinity Primary School at Louis Hill

Mr. Speaker, our government will continue to work relentlessly to place Barbuda on the path to economic sustainability and climate resilience.

Before moving on Mr. Speaker, let me say a few words about agriculture and manufacturing. While we do not possess the economies of scale required to make these sectors significant contributors to our GDP, they still have important roles to play in our thrust toward economic diversification and resilience.

The government will continue to pursue strategies to strengthen our food security and nutrition, to help alleviate poverty among vulnerable groups in Antigua and Barbuda.

Also, we recognize that agriculture and manufacturing will enhance opportunities for export to niche markets. Therefore, the Government will provide the requisite support to these industries, through the ministries responsible for their development.

Enhancing Security and Promoting Justice

Mr. Speaker

Antigua and Barbuda remains the country in the western hemisphere with the lowest rate of serious crimes. This is not a statistic that this government takes lightly, as even one incidence of criminal activity is too much.

We have therefore committed to further reduce crime in our nation by further equipping the Royal Police Force of Antigua and Barbuda, ONDCP, Defence Force and other law enforcement agencies, with the human resources, equipment, tools and working environment needed to identify, detect and fight all forms of criminal activity.

With respect to justice, Mr. Speaker, the government has started the process of establishing a Family Court and a Sexual Offences Court in Antigua and Barbuda. These will be model courts in the OECS that will facilitate more timely and efficient delivery of justice in family and sexual offences cases.

The institutions and facilities used to house prisoners are just as important as the institutions and administrative processes used to mete out justice. We have therefore conducted studies, identified a site and have developed plans for the construction of a new prison

facility that meets international standards and ensure that the human rights of all prisoners are respected – regardless of the offence.

Since the new prison project will take significant resources and will not be achieved in the near term, the government has decided to establish an interim prison facility at the site of the Prison Farm. It will house individuals on remand, youth offenders, and those serving sentences for non-violent offences. This interim prison will be completed this year.

NEW SPECIFIC TAXES

Tax on sugary beverages

Mr. Speaker, I now announce for this Budget two very specific tax measures.

Antigua and Barbuda is plagued by life-threatening, non-communicable diseases, such as diabetes and hypertension.

Too many of our people die too early from these diseases, that start at an early age, even though they might only manifest themselves in later life.

Certain foods and drinks, particularly sugary beverages, contribute greatly to these diseases.

For that reason, and after consultation with national, regional and international stakeholders, including the Pan-American Health Organization, we will implement a tax on sugar sweetened beverages.

The expectation is that, the tax will help to reduce the consumption of sugary beverages and encourage our people to make healthier choices.

Importantly, Mr. Speaker, this will be a revenue neutral tax.

Tax to fund the Antigua campus of UWI

Mr. Speaker, in order to grow the country's economy robustly and to position our people to assume top positions in companies and in the professions, our government has agreed to fund the fourth landed campus of UWI at Five Islands.

This truly transformative endeavor requires a stable and consistent flow of funding in order to be sustainable and successful.

Our government will implement a combination of financing options, in addition to the tuition and fees that normally make up the funding base for tertiary education institutions.

One of these options is a 10% tax on net profits of telecommunications companies, financial institutions – specifically banks and insurance companies and the country's sole petrol distribution company, WIOC.

Based on an analysis of the data, this tax could yield up to \$15 million annually and it will be implemented with effect from this fiscal year for a period of 24 months.

Mr. Speaker, it is our Government's hope that the companies required to contribute to this tax will regard it, not only as an opportunity to contribute to the growth and development of Antigua and Barbuda, but as an investment in creating a body of knowledgeable people, from whom their own enterprises can draw for their advancement.

PUBLIC SERVANTS

Mr. Speaker, public servants are essential to the workings of a country in every aspect of its life.

Our government is pleased that we were able to settle past obligations to them and to make an interim pay increase, pending negotiations with their representatives.

In the interest of both public servants and tax payers, our government is determined not to allow the extended accumulation of retroactive pay.

Therefore, it is our hope that negotiations will be completed this year, so that any amounts that may become due can be settled as soon as possible.

Mr. Speaker, my government has become aware of an issue, affecting public servants, that we are committed to addressing urgently.

The issue is the mis-alignment of government's retirement age and Social Security's pensionable age.

This differential in ages means, that some government retirees would have to wait a number of years to receive full pension benefits.

In short, retirement plans of some public servants could be upset through no fault of their own.

Mr. Speaker, our government could not let this unfortunate circumstance stand.

Cabinet has agreed that a policy of parity between the retirement and pensionable ages should be implemented.

Consequently, my Government will bring the enabling legislation before Parliament, to amend the relevant laws and thereby give legal effect to its policy of parity.

Mr. Speaker, efficient service delivery by public servants to every sector of society is crucial to a more productive economy.

Our Government has fulfilled its undertakings to public servants and anticipates that the thousands of workers, employed in all the ministries, will resolve to play the productive and vibrant role our nation requires.

BUDGET PROJECTIONS 2019

Mr. Speaker, I turn now to the Budget projections for 2019.

Detailed figures of all revenues and expenditure, including their sources are provided in the Appendix.

Recurrent expenditure excluding principal payments for Fiscal Year 2019 is estimated at \$914.9 million, while recurrent revenue is estimated at \$932.2 million.

Therefore, a current account surplus of \$17.3 million is projected.

This compares with a similar current account surplus in Budget 2018.

Revenue Projections

Recurrent Revenue for Fiscal Year 2019 is budgeted at \$932.2 million.

This is about 14 per cent above the \$819.9 million collected in 2018.

Revenue in 2019 is expected to be higher because of increased economic activity along with improved tax administration.

As part of the latter, our Government will implement its policy to significantly reduce the amount of revenue forgone through tax exemptions.

Tax revenue is projected to be \$751.2 million or about 81 per cent of recurrent revenue.

Non-tax revenue makes up the remaining 19 per cent of recurrent revenue and is estimated at \$181 million in Budget 2019.

Direct taxes are expected to yield \$116.1 million in 2019.

The main contributors to direct tax revenue are the Corporate Income Tax, the Property Tax and the Unincorporated Business Tax.

The Corporate Income Tax is projected to yield \$77.5 million in 2019, while the Property Tax is expected to yield \$28 million.

The Unincorporated Business Tax is estimated to yield \$9.4 million, which is \$2.4 million above the amount collected in 2018.

Indirect taxes are expected to yield \$635.1 million, which is about 85% of tax revenue.

A total of \$285.3 million or 45% of the revenue from indirect taxes will be generated from the ABST.

This represents a 10% increase over the ABST yield for 2018.

Revenue from the import duty is budgeted at \$102.4 million, while the Revenue Recovery Charge is projected to yield \$90.2 million in 2019.

With our projection of 6 per cent economic growth in 2019 and the government's focus on controlling exemptions, the yield from these border taxes will be higher this year compared to 2018.

It should be noted that concessions for new development projects that will have a significant impact on economic growth and employment will continue.

Also, this Administration will continue to provide support to individuals seeking to purchase a vehicle for personal use. While our government will encourage our people to purchase reliable vehicles, there shall be no ban on the importation of used vehicles.

The Government's policy over the past four and a half years has made vehicle ownership more affordable. This resulted in the importation of approximately 20,000 vehicles during the period. Vehicle imports in 2012 amounted to 1,100. By 2018, this increased more than five times to 5,754 vehicles.

Revenue from stamp duties is expected to be \$52.5 million in 2019, which is a 25 per cent increase over the amount collected in 2018.

Included in the category of indirect taxes are the tax on offshore banks, the insurance levy and the Gambling Tax. These taxes are forecast to yield \$2 million, \$5.7 million and \$4.2 million respectively in 2019.

Finally, the revenue from Travel Tax is projected to be \$12 million, which is a 73 per cent increase over the amount collected in 2018. This increase is expected because the government will revamp the mechanism for collecting the tax, which has been abused in the past. The rate of the tax will not change, it will remain at 10 percent.

Non-tax Revenues

Of the \$181 million budgeted for non-tax revenue, \$100 million represent NDF receipts from the Citizenship by Investment Programme.

The amount budgeted for capital receipts is \$7 million, while grant funding for Fiscal Year 2019 is budgeted at \$26.9 million.

The sources of the grant funds include the CDB, CARICOM Development Fund, the European Union, China, Canada, Compete Caribbean, and the United Kingdom.

Expenditure Projections

Mr. Speaker, I turn now to the budgetary allocations for 2019.

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

In typical fashion, Parliamentary Representatives with responsibility for Ministries, will explain the programmes and priorities with which they are tasked, when they contribute to the debate on this Budget.

However, I will now highlight the allocations made in Budget 2019 for each ministry.

In keeping with our government's deep and abiding commitment to the education of our people, and the development of persons capable of competing globally, the Ministry of Education, Science and Technology has the single highest allocation at \$119.4 million.

The second largest allocation goes to the Ministry of Health, Wellness and the Environment, with an allocation of \$109.9 million.

On the health side, these resources will be dedicated to improving the delivery of all aspects of healthcare and to continue installation of equipment and modern technology.

With regard to environmental sustainability, the Ministry will continue to implement and enforce policies designed to protect our

environment, and ensure Antigua and Barbuda upholds its commitment to vigorously fight climate change.

Mr. Speaker, in an effort to raise awareness of the dangers of plastic pollution, an international concert will be held in Antigua at the end of April this year. The concert will be sponsored by the United Nations, the Government of Norway and other partners, and will bring a number of international performing artists, international media, and many visitors to our shores.

The Office of the Attorney General, Ministry of Justice and Legal Affairs, Public Safety and Labour has the third highest allocation at \$99.3 million, to be used to enhance the security of residents and visitors alike.

The Ministry of Works is allocated \$80.2 million in Budget 2019, to continue to manage and maintain public infrastructure, including government buildings from which the public is served.

The Ministry of Tourism and Economic Development is allocated \$27.3 million in Budget 2019, to continue the job that they did so impressively in 2018.

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

Allocations for other Ministries

Budgetary Allocations for the other Ministries are as follows:

Ministry of Information, Broadcasting, Telecommunications and Information Technology - \$16.6 Million

Ministry of Housing, Lands and Urban Renewal - \$6.1 million

Ministry of Foreign Affairs, International Trade, and Immigration - \$39.2 million

Ministry of Social Transformation, Human Resource Development, Youth and Gender Affairs - \$24.8 million

Ministry of Agriculture, Fisheries and Barbuda Affairs - \$16 million

Ministry of Civil Aviation, Energy and Transportation - \$8.4 million

Ministry of Sports, Culture, National Festivals and the Arts - \$24 million

The 2019 budget also includes allocations for:

- Office of the Governor General - \$2.3 million
- The Legislature - \$2.2 million
- The Cabinet - \$4.1 million
- The Judiciary - \$2.3 million
- The Service Commissions - \$908,000
- Audit - \$1.3 million

- Pensions and Gratuities - \$84 million
- Electoral Commission - \$4.5 million
- Ombudsman - \$630,000
- Charges on Public Debt - \$458.8 million

Mr. Speaker, the Office of the Prime Minister is allocated \$31.7 million and the Ministry of Finance, Corporate Governance and Public Private Partnerships will receive \$110.9 million.

Again, the details of the programmes for which these funds are earmarked can be found in the Appendix.

However, I take this opportunity to say that, among the many activities which will be undertaken this year are:

- i. strengthening the capacity of the Customs Enforcement arm and its K9 Unit;
- ii. increasing revenues from registered flagship vessels;
- iii. training senior public sector officials in good governance; and
- iv. considerably improving the system at Customs for importers, shippers, brokers and others.

CAPITAL BUDGET

Mr. Speaker, the sum of \$130 million has been allocated for capital expenditure in the Budget.

This is about \$35 million more than the amount spent in 2018, and it includes \$500,000.00 to repair and retrofit the General Post Office building, for the benefit of the persons who work in it, and for the public that they serve.

Mr. Speaker, \$74.9 million of the capital budget will be spent on the road development programme, while over \$15 million has been allocated for major repairs and maintenance of critical government buildings.

In addition, \$9.3 million is allocated for expansion and rehabilitation of schools in 2019.

FINANCING THE BUDGET

Mr. Speaker, for 2019, the budget estimates revenue and grants will be \$966.2 million, while total expenditure, excluding principal payments, will be \$1.04 billion.

This means we are facing an overall deficit of \$78.8 million.

Additionally, total principal payments amount to \$360.1 million

This along with the \$78.8 million overall deficit and the \$10 million allocated to reduce arrears to local contractors and suppliers, bring the financing requirement for 2019 to \$448.9 million.

To satisfy this requirement, our Government will raise \$274.8 million from Securities issued on the Regional Government Securities Market; and access loans and advances of \$174.1 million.

BUILDING A PROSPEROUS ECONOMY AND A VIBRANT SOCIETY

In conclusion, Mr. Speaker, our nation has come a long way on the road to progress, but there is still much to be done, if we are to build the resilience that will ensure the future of this generation and the others yet unborn.

This Administration is determined to make Antigua and Barbuda an economic powerhouse and will do so by ensuring the economy is strong and resilient.

We will build resilience by:

- i. promoting broader domestic ownership;
- ii. diversifying the economy so we do not rely on tourism alone;
- iii. ensuring we meet our commitment to climate resilience;
- iv. promoting the health and wellbeing of our people;
- v. building human capital by providing access to high quality education;
- vi. pursuing fiscally responsible policies that ensure a sustainable level of debt; and
- vii. ensuring a greater proportion of profits generated in Antigua and Barbuda are retained and reinvested in the country for the benefit of our people.

Mr. Speaker, Honourable Members, regardless of their political stripe, our people have long laboured to improve our conditions and achieve a higher standard of living.

Today, we have an option to build a society where progress is the common cause of us all. Or, we could continue with a society where

old prejudices and outdated practices continuously set back our advancement.

I firmly believe, Mr. Speaker, that our people will choose the former, they will seize the opportunity to move not only forward to a prosperous economy, but upward to a strong, robust and resilient society.

Mindful of the biblical teachings in Hebrews Chapter 12, verse 1: I call on all in our nation to throw off everything that hinders and any sin that so easily entangles, and let us run with perseverance the race marked out for us.

I thank the Minister of State and staff members in the Ministry of Finance and my Cabinet colleagues for their continued commitment to the goal of Building a more resilient Antigua and Barbuda.

I commend it to this Honourable House.