



# **SOCIAL SECURITY BOARD**

**SOCIAL SECURITY BOARD RESPONSE TO THE  
REPORT OF THE PUBLIC ACCOUNTS COMMITTEE  
of DEC 3, 2019**

## **SOCIAL SECURITY BOARD RESPONSE TO THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE**

The Social Security Board (SSB) has noted the publication of the Report of the Public Accounts Committee (PAC) entitled “The medium to long term financial sustainability of social security arrangements”. The SSB has serious concerns about several areas of the Report which either ignored the verbal and written evidence submitted to it, or have improperly drawn conclusions as to:

- a) the actuarial model of the Social Security System,
- b) its role in the country’s socio-economic development; and
- c) the financial sustainability of the Social Security System.

Accordingly, the SSB presents the following response to the PAC Report. It is expected that the Minister will present this report to Parliament when the Public Accounts Committee Report is presented to Parliament.

The SSB wishes to restate the verbal and written submissions to the PAC of the Director of Social Security Mr. Timothy Hodge (Appendix I) and the Actuary Mr. Hernando Perez Montas (Appendix II) that the System continues to outperform its actuarial model, and to reiterate that it does indeed have a “well-developed financial strategy to secure the long-term financial future of social security arrangements”. It will address the PAC’s findings Section by Section.

### **Chapter 2: Financial Strategy**

Both the Director and the Actuary provided evidence as to the Actuarial Model for the Social Security System, based on the International Labour Office model used internationally, including in all Commonwealth Caribbean countries. The Model is for a partially-funded Social Security Fund, which in its early years collects more contributions than are required for current benefits, therefore surpluses are built up, which are invested. Depending on the success of collection and investment efforts, the point at which the Model calls for increases in contribution rates and/or ceilings is pushed further out into the future. At a Point of Equilibrium, i.e. when income equals outgo, if there are no such increases or adjustments, the System will begin to draw down on its reserves. The evidence provided is that the Social Security System has outperformed its Model, i.e. that it has not yet reached its Equilibrium Point after almost forty years of operations – demonstrating superior performance to most of its Caribbean neighbours. In fact, the Equilibrium Point is still several years away. The Model does call for triennial actuarial reviews, the next review due at the end of the 2019 Financial Year (which is now underway). Upon receipt of the report of the Actuarial Review, it is expected that there will be recommendations to increase the contributions ceilings from \$7000 per month, but not to have any increases in the contribution rate (i.e. to maintain it at 5% employee, 5% employer for a total of 10%).

We understand ‘strategy’ to be defined as a plan of action or policy designed to achieve a major or overall plan. The SSB’s actuarial model is designed to achieve its overall plan of paying relevant and sustainable benefits to contributors and their families. It pays its beneficiaries the benefits promised, it has continued to generate surpluses, its Reserves are approaching \$400 Million, and

its equilibrium Point is still several years into the future. We therefore fail to understand the PAC's continued assertion that the SSB's actuarial model which, while it "appears to be sound", somehow still "does not constitute a long-term financial strategy". The PAC expresses concern that "it appears to take account only of the next few years". This ignores the evidence repeatedly presented that the System utilizes a long-term model with almost 40 years of experience thus far, that there are triennial reviews which recommend adjustments, and further that the performance to date has exceeded that required by the model.

The PAC Report calls this short-sighted in that firstly there is an over-reliance on investment income from Anguillian sources "the returns for which there is no reason to feel confident". The SSB does not share the PAC's pessimism over Anguillian sources of investment income. Further it has no control over the Government of Anguilla's Promissory Note, which, as noted elsewhere in the report, constitutes significant geographic concentration of assets in Anguilla. However, it has every confidence that the Government will meet its obligations, and, as noted in the evidence, the interest rate of 3% turns out to be more attractive than many alternatives including bank deposits. In terms of diversifying overseas, the SSB does invest in regional, US and International Markets. The latter (US and International) in the past week have suffered the biggest losses since the Global Financial Crisis, thus showing that there is risk everywhere – in Anguilla, and outside Anguilla. The PAC Report calls this short-sighted secondly because of the possibility "of another hurricane or financial crisis which would further decimate contributions". The Report fails to recognize that the Fund has weathered the financial crisis and the disastrous Hurricane Irma and in fact was able nonetheless to introduce an Assistance Programme, and an unfunded Temporary Unemployment and Under-employment Benefit, improve Maternity Benefit, and introduce a Paternity Benefit, and still produce surpluses. The SSB therefore wonders on what basis does the PAC doubt management's ability to lead through changing economic and social circumstances, which are, after all, a given in today's environment and do not constitute nor reflect failures. A strong sustainable system depends on a model which can withstand economic and other shocks, and the SSB's performance to date has demonstrated that it is such a system.

The PAC report calls for the development and publishing of "an evidence-based long-term financial strategy within the next six months". The Triennial Review now underway will consider the Board's operations over the past 3 years, which include the effects of Hurricane Irma and the subsequent economic activity, and recommend necessary adjustments to contribution and benefit levels. It is expected that this analysis, as every previous review has done, will report on the ability of the fund to meet its future liabilities well into the future.

### **Chapter 3: Potential Changes to Pension Contributions**

The conclusion and recommendations of this Chapter state that "Recent set-backs such as the banking crisis and Hurricane Irma have resulted in reduced income and contributions to the Fund. As a result, net income and reserves have both decreased". There is no basis for the assertion that the reserves have decreased. **The reserves have not decreased. There is no basis for the assertion that reduced income and contributions has resulted from the banking crisis.**

The PAC Report states that “as part of its long-term financial strategy, the Board should reconsider (1) the performance of its model and (2) its income generating activities (investments) without prejudice to existing contribution rates.” In response to 1), the SSB has confidence in its Model, which is proposed and supported by the ILO internationally, and which has served the Anguilla System well over almost 40 years to date. In response to 2), the SSB’s investment strategy is independent from contribution rates. The PAC Report further states that the SSB should “examine the implications of the risks outlined by the Independent Auditors in its own accounts and determine how these can be mitigated against in order to attain its long-term objectives.” Risk management is a standard element of administering the Social Security Fund. It is indeed vital that the SSB constantly addresses the risks it faces, and accordingly the SSB’s Strategic Transformation Plan has as one of its initiatives the implementation of an Enterprise-wide Risk Management System. A workshop towards this end is scheduled for March 2020. The SSB’s plan to address the reduced surplus (net income) includes various elements of the overall Strategic Transformation Plan which involves:

- a focus on compliance, training and additional resources for the Compliance Section, and engagement of employers;
- advocating for new legislation to increase the contribution ceiling and to address non-and under-reporting;
- increasing Social Security Impact through the creation of opportunities for economic diversification/expansion and high-quality jobs by supporting National Development Projects;
- a prudent investment policy is required, in order to maximize income; and
- cost-containment measures to minimize operational expenses.

#### **Chapter 4: Loans to the Government**

The PAC Report, as mentioned earlier in this Response, speaks to Government Debt to the SSB, in particular the Promissory Note related to the banking resolution. However, it overstates the debt due, ignoring repayments made on the 2010 loan of \$50 million, which matures in 2020. The PAC Report puts the debt at \$273 Million, while the Government’s Quarterly Debt Bulletin published on its website puts debt to the SSB at December 31<sup>st</sup> 2019 at \$220.94 million.

The SSB acknowledges that the Promissory Note represents a concentration not only in Anguilla but also in Government debt, and continues to advocate for a sale or debt-swap which would give it greater flexibility and diversity of investments.

The PAC Report states that “Anguillans make contributions to social security to help guard against the vagaries of the economy.” This is a mischaracterization of what social security contributions are paid for. The Actuary Mr. Montas stated in his written and verbal evidence that the SSB operates a "defined benefit" pension scheme wherein pensions are assessed by the period of contributions and the pensionable salary of the insured person at retirement. The financial sustainability of the System is thus ensured by periodical adaptations to the bipartite rates of

contributions by employers and employees, which have remained static since the inception of the scheme.

Therefore "vagaries of the economy" are neutralized by periodic adjustments to the financing basis, under the partial capitalization actuarial model recommended by the ILO at the inception of the scheme, the same model in force in other CARICOM social security schemes. The next statutory actuarial review will assess the actuarial trends during the next decade and beyond, and the adjustments required to ensure a steady increase in reserves in order to meet its long-term commitments. These include contingent adjustments to the ceiling on contributions, improving the cash flow of the scheme, with a positive incidence on the actuarial sustainability of the scheme.

The effect of the mischaracterization is borne out in the conclusion of the PAC that "the current situation leaves those people's future security heavily exposed to the economic well-being of the country." All persons do have to exist within the economy of the country, but their benefits are **not** tied to the ups and downs of the economy but to their payment history.

The PAC report then states that "There is a potential conflict of interest with such a close relationship between the economic well-being of the Fund and that of the Government. It is a risk which we urge to Board to address and proactively manage." The economic well-being of the Fund **is** tied to the economic well-being of the country, because it is the state of the economy which determines the ability of employers to employ persons and to pay their contributions, and the quality of local investments. It is therefore very much in the SSB's interest that there be a strong economy, and the SSB therefore is interested in stimulating the economy – which inevitably will involve Government. Government's economic strength **is** also tied to that of the economy. The SSB acknowledges that it must proactively manage its relationship with Government (as a borrower – the subject of this Chapter).

## **Chapter 5: ASSIDCO and Cinnamon Reef**

The SSB wishes to assure the PAC, and indeed the Government of Anguilla, that it is intent on collecting amounts due to it for the lease of Cinnamon Reef, and continues to pursue either payment or settlement by land-swap, loan or bond, or some other acceptable means. The SSB accepts the PAC's request to seek external legal advice on how best to recoup this debt including the option of a debt for land swap. Meanwhile, the SSB continues to pursue outright sale of the Cinnamon Reef property.

## **Chapter 6: The Decision-making Processes for the Development Fund**

The SSB does not agree with the assertion that its approach to funding is unsystematic based solely on "significant differences in funding between sectors". That the SSB has decided on priority areas does not signify that, if there are 5 areas, each area must get exactly 20% of allocated funds in any particular year. The SSB has taken action to improve its reporting and transparency, including publishing of reports on the website, and will work further to ensure that this is an open process with clear guidelines and transparent processing.

The management of the Social Security Development Fund (SSDF) is a focus area of the SSB's Strategic Transformation Plan, and one of its strategic initiatives is to "revamp the existing SSDF to meet and support community needs through strategic partnerships". These partnerships include government Departments and Agencies. The SSB continues to practice its stated policy of not providing funding which typically should be the responsibility of government departments, such as salaries etc. It does not agree that, for example, sporting fields, or the critical health care equipment mentioned in the report, should be exempt from SSDF funding due to this stipulation (for Departments of Sports and Health respectively). The SSB has a vested interest in the health of its members, and in other aspects of their wellbeing. Satisfied Citizens and Vibrant Communities are a key pillar (one of four) of the Board's Strategic Transformation Plan to contribute to the transformation of life in Anguilla. While recognizing its commitment to not doing what Government departments are established to do, the SSB does not accept that this means limiting funding for projects "closely allied to the work of a government department".

**Report approved by the Social Security Board at its meeting held on March 30, 2020.**



Sean Richard, Chairman

# APPENDIX I

## WRITTEN EVIDENCE OF THE DIRECTOR OF SOCIAL SECURITY, ANGUILLA TO THE PUBLIC ACCOUNTS COMMITTEE, HOUSE OF ASSEMBLY, ANGUILLA.

**Timothy A. Hodge**

**October 30, 2019**

### **1. The financial strategy of the Anguilla Social Security Board, and the cost and demand pressures on that strategy**

#### **RESPONSE:**

The basis of the Anguilla Social Security System is the Social Security Act 1980, (now known as R.S.A. c. S45) and Regulations passed under that Act. The Act established a Social Security Fund, a statutory corporation to manage the Fund, through a chief administrative officer (The Director of Social Security) and staff. The Social Security System became operational on January 1, 1982. It is therefore nearing the completion of its 38<sup>th</sup> year of operations.

The financial strategy of the Social Security Board, in a nut-shell, is to maintain a strong, sustainable Social Security Fund which collects all revenues due, pays meaningful benefits to qualified recipients, and prudently invests surplus funds, through efficient administrative systems.

The cost and demand factors of that strategy are not unique, they are those which face any social security system anywhere in the world – relating to demographic and economic factors. In the Anguillian context, these relate mainly to the following:

ageing of the population (where an increasing number of persons are living longer);

health issues (where an increasing number of persons leave the workforce prematurely and thereby have a “double whammy” effect on the Fund – shorter period of contributing to, and longer period of benefitting from, the System);  
and

the economy – both as it relates to available employment (the basis of contribution income) and to investment opportunities and returns.

The economy of Anguilla has grown substantially since the formative years of the Social Security System, however the Global Financial Crisis which began in 2008 had very severe impacts and contribution levels dropped for the first time in the System's history. They remained relatively flat until 2017, when contribution levels were returning to pre-2008 levels. However, in September 2017, Hurricane Irma struck with devastating impact.

Other impacts of the financial crisis include its impact on the banking sector in Anguilla, which today is totally different to what it looked like in 2008, substantially lower interest rates, and limited investment opportunities locally and regionally.

The economic crisis and Hurricane Irma have also significantly impacted the viability of a number of businesses, and consequently their ability to employ persons and pay in contributions on their behalf. A demand pressure is for the Board to improve compliance levels in a difficult economic environment.

In summary, the Social Security Board has had good success in carrying out its financial strategy, with the Fund continuing to perform in accordance with the Actuarial Model. Notably, the Fund has not yet reached its equilibrium, i.e. where Income equals Outgo, and is not projected to do so for a number of years into the future. Cost pressures include increasing benefits and administration costs. Notwithstanding these, annual surpluses continue to be generated, and the Fund continues to grow and approach the EC\$400 million mark.

## **2. The financial impact of recent pension age changes on the Medium-Term Financial Plan;**

### **RESPONSE:**

There have been **NO** pension age changes since the establishment of the Social Security System almost 40 years ago, i.e. a pensionable age of 65, at which Old Age Pensions become payable. No changes are envisaged.

**3. The implications of the Government's debt of \$214 million on the financial standing of the Anguilla Social Security Board;**

**RESPONSE:**

The Promissory Note from the Government of Anguilla to the Social Security Board for EC\$214 million constitutes the largest single element of the Fund's investment portfolio. Implications of this are:

A. Limited flexibility of the Fund to invest in other types of investment, as it ties up substantial funds in a long-term obligation.

The positive associated with this implication is that here is a better match of the Fund's assets (so held in the long-term note) with the liabilities they are being held for (future long-term benefits of contributing employed persons).

B. Consistent returns which are at present higher than Bank CDs and other fixed income securities available in other EC\$ instruments (ECCU Treasury Bills and Bonds, ECHMB Bonds).

**4. The current financial position of ASSIDCO and plans to remedy the impasse with the Government;**

**RESPONSE:**

The current financial position of the Anguilla Social Security Investment and Development Corporation (ASSIDCO) is centered around the treatment of its property commonly known as Cinnamon Reef, and the lease for this property entered into with the Government of Anguilla. Thus, the company owns a valuable asset, and has amounts due to it in excess of its value, but the lease payments from the Government remain outstanding leading to impairment loss provision of EC\$16 million. These would be eliminated by a sale or receipt of the outstanding amounts. The Board has considered an offer for US\$9 million, and further the property has been considered as one of the best 5 marina sites on the island in a recent study, with tremendous potential. In the meantime, the Board has asked government to negotiate a settlement involving loans and/or land swaps.

**5. The decision-making process for funding projects under the Development Fund and the post-project evaluation of those projects.**

**RESPONSE:**

The Social Security Development Fund (SSDF) was created by legislation in 1986. It is funded with a small surplus of contribution income (3.75% out of the 18.75% previously allocated to Short-term Benefits) to be placed with any investment income earned by the SSDF. The SSDF's purpose is to fund "Socially desirable projects of the Social Security Board, with the prior approval of the Minister". The Board has established Guidelines for administering the Fund, together with a "Call for Projects" system which invites projects to be submitted twice a year, which allows prioritization and more efficient allocation of funds. Applications must be submitted on the approved form, together with budgets and other supporting documents. The applications for projects, which should have a national impact, are considered first by a Committee of the Board, and recommendations are then sent to the entire Board for its decision. No project may be funded without the required approval of the Minister. Disbursements, expenditures and progress are monitored by the Board's Accounting Staff, Project Officer or other officers of the Board as may be necessary.

**The SSDF Guidelines and Application Forms are available from the Board's website [www.ssbai.com](http://www.ssbai.com), under the Resources tab.**



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**Timothy A. Hodge**

**October 30, 2019**

# APPENDIX II

28 October 2019

## Anguilla

### Actuarial Brief on the Social Security Inquiry by the Public Account Committee

#### Hernando Perez Montas, SSB Actuary

#### **1. The financial strategy of the Anguilla Social Security Board, and the cost and demand pressures on that strategy:**

The financial strategy of the SSB medium term should be focused on attaining a real rate of return on assets in accordance with actuarial recommendations. The impact of Hurricane Irma on the economy of Anguilla and the demise of the local banks had a material negative impact on the SSB actuarial situation, restricting the progression of contributions and investment income. The impact of Hurricane Irma on Anguilla was more severe than in other CARICOM states, and only recently a steady recovery has been detected in the labour force and contribution income, restoring a proper balance with benefit entitlements, which are less affected by economic trends.

It is also noted that for the long-term branch, the "scaled-premium" system of finance is being applied. Under this system, the contribution rate is fixed at such a level that the income from contributions and investment is expected to exceed the expenditure on benefits and administration for a period of years referred to as the "period of equilibrium". Throughout the period of equilibrium, the annual excess of income over expenditure is accumulated in a reserve that should increase steadily, declining thereafter in the absence of adjustments to the contribution rate. A total contribution rate of 8.125% of salaries has been allocated to the long-term branch since the inception of the system. A primary objective of the actuarial reviews is to ascertain the adequacy of the statutory contribution rate in accordance with the system of finance and to quantify the projected level of reserves derived from the financial development of the branch. The next comprehensive actuarial valuation is due at 31 December 2019, to be completed by mid-2020.

## **2. The financial implications of potential changes to pension contributions**

The statutory actuarial valuation as at 31 December 2019 should provide updated financial development medium and long-term, to allow the Board and the Government an assessment on the financial requirements of the Fund, which have been frozen since the inception of the scheme. **At present, we do not anticipate a need for an adjustment to the contribution rates medium term.** As stated above, in due course adjustments to the contribution rates would be required on a gradual basis to avoid negative implications on labour costs and employment creation. Stakeholders should realize that targeted pensions of 60% of insurable earning require adjustments to the statutory contribution rates, which have remained static since the inception of the scheme.

## **3. The implications of the Government's debt of \$214 million on the financial standing of the Anguilla Social Security Board;**

Many social security schemes have a share of the reserves invested in the Government's obligations. For example, in the United States, 100% of the reserves are invested in Treasures Notes. The decision on investments in Government's obligations depends on several factors, such as the "risk-adjusted" return as compared to alternative investments, and the availability of suitable competitive investment options, which in Anguilla are rather limited.

As to the experience, over the last decade investments in Government loans have performed adequately, yielding a "risk-adjusted" return higher than other financial instruments. In view of the experience of the private banking sector, investment in Government loans and bonds seem attractive. Investment experts also consider that the "safety" of the investments in central government obligations is higher than in other investment categories.

Unaudited data is on 31 December 2017 showed 65% of the assets invested in Government obligations, a significant increase as compared to 2015, due to the issue by the Government of Promissory Notes to guarantee deposits at the two local banks.

Therefore, having in mind that the financial sustainability of the Fund is implicitly guaranteed by the GoA, as stated in Sections 16 and 18 of the Act, **the level of the SSB assets in**

**GoA obligations are not anticipated to have a negative incidence on the financial standing of the SSB, taking into consideration the performance of such investments in the past.**

**4. The current financial position of ASSIDCO and plans to remedy the impasse with the Government**

As stated in a 31 December 2017 Actuarial Performance Review, the Board established ASSIDCO as a wholly-owned subsidiary for the purpose of financing specific projects that could yield a profit to the Board. The only investment made by ASSIDCO consisted of the purchase of a property (Cinnamon Reef), anticipated to be leased to the Government and become a profitable venture.

The Board is advised to determine the medium-term role of the investment subsidiary (ASSIDCO), in view of the constraints imposed by the potential diversification of the investments, with a high concentration of Government's obligations and captive deposits at the NCBA. **It is noted that the Act allows the diversification of the investments independently of ASSIDCO.** Past losses have been substantial, due to the investment in the Cinnamon Reef property and the subsequent inability of the Government to abide by the leasing terms. In view of the above, a key item in the SSB agenda would be whether to dispose of its investment in the Cinnamon Reef property on reasonable financial terms or negotiate with the Government a suitable arrangement. Co-ownership on a development project is not advisable, due to the uncertain profitability of these projects, and an outright sale of the property should be the preferred option.

**5. The decision-making process for funding projects under the Development Fund and the post-project evaluation of those projects.**

The actuary is not involved in the decision-making process for funding projects under the Social Development Fund. Several social security schemes include in the regulations specific provisions to set aside a small share of contribution income earmarked for "Social Development Projects". The rationality for these provisions is as follows: **Development projects contribute to employment creation, economic development and of the labour force, which in turn contribute to generate additional contribution income to the SSB and enhance its financial**

**situation.** Therefore, commitments in that area should be focused on **social development projects**, with a labor-intensive component.

Hernando Pérez Montas has carried out actuarial assignments in several CARICOM and Latin America social security schemes, as a private consultant and as an advisor to the ILO, the World Bank, and the OAS. He has received a Citation as a member of the Committee of Actuaries of the UN; has been appointed as Honorary Consul of The Bahamas in Santo Domingo, and is also as Honorary Professor of the University UNPHU in Santo Domingo. He studied at Universities in Santo Domingo, Madrid, and London.

## APPENDIX III

### PAC inquiry into the medium to long term financial sustainability of current social security arrangements

Responses from Timothy A. Hodge, Director of Social Security, 13 Nov 2019

#### Follow up questions

On the ASSB financial Strategy, Mr Hodge said the strategy was based on an actuarial analysis. He said it was expected that the system would be in equilibrium within 25 years. The system was now 37 years old.

#### Questions:

##### 1. For what reasons has the equilibrium not yet been attained?

As stated in the written statement, Financial **Equilibrium** is the point at which the Social Security System's **income equals its outgo**, i.e.

Contribution Income + Investment Income = Benefit Exp + Admin Expenditure.

Before that point, i.e.

Contribution Income + Investment Income > Benefit Exp + Admin Expenditure, surpluses are generated and the System's reserves continue to increase.

After that point, i.e.

Contribution Income + Investment Income < Benefit Exp + Admin Expenditure, if adjustments are not made (most likely to contribution levels), then deficits will occur and the Reserves will begin to decline.

Because the Social Security System has performed beyond the expectations of its actuarial model (which was that equilibrium would be expected after 25 years), the point of equilibrium has **not yet** been reached after 37 years of operations. Thus, Contribution and Investment Income have continued to exceed Benefit and Administrative Expenditure, and consequently, the Reserves of the Fund continue to increase.

This is a **positive** outcome. Had equilibrium been reached already, contribution rates would have had to be increased and/or benefit levels cut, or else the reserves, instead of approaching \$400 million, would have been exhausted.

##### 2. Please clarify what assumptions the financial strategy has made about (a) demand pressures, (b) cost pressures and (c) the projected amount of revenue and capital resources

The basic equation for the Anguilla Social Security System at the eventual equilibrium point, as for any social security system, is:

Contribution Income + Investment Income = Benefit Exp + Admin Expenditure

Anything which decreases the left side of the equation (a decrease in Contribution Income and/or a decrease in Investment Income) would create demand pressures. Addressing some of these pressures might be beyond the SSB's control, such as a weakening economy, but the SSB's strategic plan calls for engaging government and other stakeholders to promote a strong economy, strengthened compliance, and through targeted socio-economic investments.

Anything which increases the right side of the equation (an increase in Benefit Expenditure and/or an increase in Administrative Expenditure) would create cost pressures. Benefit expenditures are the *raison d'être* of the social security system, so reducing benefit expenditure to rebalance the equation is an unlikely response. For this reason, benefit levels are determined on actuarial bases, and new benefits or increases in existing benefits are not made without actuarial advice. Administrative expenditures are also difficult to reduce without a decline in customer service, efficiency and effectiveness and would likely be counter-productive. Strong budgetary control of expenditure is vital.

**a) Demand Pressures**

These would generally be addressed by enhancing contribution levels including increasing the contribution ceilings, and by seeking increased investment income through an updated asset allocation strategy.

**b) Cost Pressures**

The cost of benefits entitlements will be addressed with budget allocations derived from financial trends. Cost-containment strategies will be required due to the actuarial maturity of the scheme, both for administrative expenses and social development projects.

**c) Projected Revenues and Capital Resources**

Projected revenues will be carefully assessed once the triennial actuarial valuation at 31 December 2019 is submitted to the Board, to determine the "period of equilibrium" between income and expenditure. Capital resources might include income from assets including the disposition of the Cinnamon Reef Property. Contingent adjustments to the ceiling on contributions, which have remained frozen for almost a decade, would provide additional revenues. The financing bases (statutory contribution rates), might be updated in accordance with the actuarial structure of the SSB, before the

period of equilibrium is reached. Actual performance continues to align with the model.

On the Cinnamon Reef project, Mr. Hodge said the most recent offer of US\$9 million was made in 2017. He considered that offer to be too low.

**Questions:**

**3. What criteria – or what valuation process – was used to determine that the offer of US\$9 million was too low?**

In my written statement, I said “The Board has considered an offer for US\$9 million”, and in my verbal statement I recall saying that the price was being negotiated. Not accepting an initial offer does not rule out the possibility of accepting that, or any other offer. The criteria set was that the company wanted to achieve a price as close to US\$12 million as possible, which is still the asking price, determined on the basis of the price it paid for the property, and interest and associated costs, and profit. Setting an asking price does not rule out the possibility of accepting any other offered or negotiated price.

**4. Since the offer in 2017, what discussions has the ASSB had with (a) the Government and (b) the company making the offer?**

(a) The SSB has continued to seek Government’s settlement of the outstanding amounts due on the lease, either by loans or land for debt swaps. The SSB continues to pursue other development options in discussion with Government, including outright sale of the property for marina development.

(b) The company which made the offer has indicated that they are no longer interested in investing in the proposed tourism development on that site.

**5. What external advice has ASSB sought on this offer?**

The SSB has not sought external advice on this offer.

**6. What advice has the ASSB investment committee provided on this offer?**

The Investment Committee has not provided direct advice on this offer.

**7. Given that there is “no active market” for this kind of property, when does the ASSB plan to make a decision about Cinnamon Reef?**

While there has not been a sale of the Cinnamon Reef project, the SSB and ASSIDCO do not accept that there is “no active market” for this kind of property. The acceptance of that offer would have indicated an “active market” of a willing seller and a willing buyer. Further, tourism properties continue to be sold in Anguilla. ASSIDCO continues to receive indications of interest in the property, one as recently as this week, and the reaching of a sale agreement would indicate an “active market”. The SSB’s decision is to encourage and assist ASSIDCO to conclude a sale which at least recovers the invested funds.

On the Social Development Fund

**Questions:**

- 8. Please clarify, how much funding the Fund has allocated to the Carnival in each of the last five years.**

| <b>EXPENDITURE</b>         | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Carnival Activities</b> | 0.00        | 17,742.12   | 32,258.40   | 57,258.40   | 52,001.26   |

- 9. Please provide an example of a post-project evaluation carried out in the last two years.**

Please see below Evaluation report and Department of Youth and Culture report on SSDF Project for Anguilla's participation in CARIFESTA XIV.

- 10. Please clarify if there is any limit set on the amount which can be allocated to a single proposal, and where this information may be found.**

The limit shown on the SSDF Guidelines is EC\$50,000, however the guidelines provide for larger amounts as follows: "Amounts over \$50,000.00 can exceptionally be considered, and may be funded through a loan agreement."

Information as to the limit on any application for Social Security Development Fund (SSDF) funding is shown in the Guidelines for the SSDF on the Board's website <http://www.ssbai>

at the following link <http://www.ssbai.com/resources.php?type=ssdfp>

## **Question 9**



### **EVALUATION REPORT**

#### **GRANT FUNDING PROVIDED TO THE DYC FOR THE ATTENDANCE AND PARTICIPATION OF AN ANGUILLIAN CONTINGENT AT CARIFESTA XVI IN TRINIDAD AND TOBAGO, 16 – 25 AUGUST 2019**

In response to the Social Security Board's (SSB) first Call for Projects for the first half of 2019, an application for funding was received in March from Senoj Creations/Stages Anguilla (a youth performing and visual arts group), requesting funding for to assist a 15 youths and 5 adults strong team to attend the CARIFESTA XIV (Caribbean Festival of the Arts) in Trinidad & Tobago, to be held 16<sup>th</sup> – 26<sup>th</sup> August 2019. The expenditure budget submitted amounted to US\$25,800.00.

Additionally, the SSB was also approached in April with a request for sponsorship to assist the Rastafari drumming group of 7 persons, Roots Binghi, to attend and participate at CARIFESTA XIV. The expenditure budget submitted amounted to US\$2,2026.00 or EC\$5,446.29.

Both requests for funding were reviewed by the Sponsorship Committee and given the socio-economic importance of the development of the Arts in any society, the decision was made to support the attendance and participation of an Anguillian contingent at CARIFESTA XIV in Trinidad & Tobago, rather than provide funding to individual groups. The Committee felt that the best approach was to provide funding to the Department of Youth and Culture (DYC), who has the responsibility to coordinate **Anguilla's participation at CARIFESTA, to assist all the participating teams** of the Anguillian CARIFESTA contingent. This decision was communicated to both applicant groups.

Subsequently, the DYC reached out to the SSB with a request for funding **towards assisting an Anguillian contingent to CARIFESTA XIV. The DYC's request along with the Sponsorship Committee's recommendation to** providing funding was submitted to the Board for its decision to grant the request and approve the funds. The Board took into consideration the

large budget requirements for an Anguillian contingent to CARIFESTA XIV and approved sponsorship in amount of EC\$20,000.00. These funds were paid to the DYC for equitable distribution among the participating groups that made up the local contingent.

Following the return of the Anguillian Contingent from CARIFESTA XIV, the DYC fulfilled its requirement and submitted its CARIFESTA XIV Report to the SSB. The report gave an overview of CARIFESTA, outlined elements of the implementation process the DYC undertook in the planning, organizing and execution stages, as well as stated the outcomes and results of activities. It also included lessons learnt, recommendations **for the future and financial information. (See DYC's report attached).**

**After reviewing the DYC's report, follow-up** checks were carried out by the SSB, with the individual teams that made up the Anguillian contingent, which verified and validated the financial information submitted by the DYC, showing that the funds were equitably distributed among the teams.

Rosanna Browne

Public Relations Officer,

October 11, 2019



## **CARIFESTA XIV – Trinidad and Tobago**

Period under review: 1<sup>st</sup> January – 26<sup>th</sup> August 2019

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Date of submission: 7<sup>th</sup> September 2019

### **1. Introduction/Overview**

### **2. Implementation**

#### **2.1.1. Main activities/projects**

#### **2.1.2. Main challenges**

#### **2.1.3. Strategies applied in addressing challenges**

#### **2.1.4. Outcomes/ Results of activities and/or projects**

### **3. Recommendations for the coming year**

### **4. Financial Information**

#### **1. Introduction/ Overview**

The Caribbean Festival of Arts, CARIFESTA, has assumed a pre-eminent place among the elements that define and give expression to the uniqueness of our Caribbean reality. Like other significant institutions such as cricket, CXC, and CARICOM that symbolise a Caribbean commonality; the Festival reinforces our unity in the midst of our splendid diversity.

CARIFESTA, which has been hailed as “the inspirational exchange of creative flows”, has its underpinnings in the staging of the first Caribbean Festival of Arts in San Juan, Puerto Rico, in 1952. This event spurred some enthusiasm in the Region for celebrating the excellence of Caribbean artistry.

The creation of the West Indies Federation was marked by the staging of a Festival in Trinidad, through the auspices of the Extra Mural Department of the then University College of the West Indies. This celebratory spirit must have infused the artistic community of the Region, for it was at a regional gathering of artists in Guyana in 1970, that the idea of a grand Caribbean festival was conceived.

The enthusiasm of the artists attending a Caribbean Writers and Artists Convention in Georgetown in 1966 and again in 1970 during Guyana’s Independence and Republic celebrations, found favour with Prime Minister Forbes Burnham who spearheaded the conversion of the idea into a resplendent exposition of artistic forms and cultural artifacts that became the first Caribbean Festival of Arts in Guyana in 1972.

This year’s theme “Connect. Share. Invest.” focused on both the tangible and intangible aspects of cultural heritage and development and sought to embody and facilitate the objective of CARIFESTA XIV, that is:

Finding the ways and means for Caribbean people, artists, and cultural practitioners to *Connect* with each other, *Share* ideas and information, and *Invest* in the development of our cultural explorations, products and exchanges thus building stronger national, regional and creative industries.

The Festival has evolved and transformed over its forty-six-year history and it was expected that CARIFESTA XIV would ‘generate greater value for key stakeholders like artists, cultural entrepreneurs, host and sending governments, and the CARICOM Secretariat.

## 2. Implementation

### I. Main Activities/Projects

- a. On 24<sup>th</sup> January 2019, the Department of Youth and Culture issued a press release (through various media) with a call for interested persons to join the 2019 Anguillian delegation for CARIFESTA XIV. The deadline for showing interest was 28<sup>th</sup> February 2019 and a total of five groups and seven individuals responded.
- b. The interested persons were then asked to become accredited with the department if they were not already, in order to receive funding from the department to contribute to expenses that would be incurred for CARIFESTA XIV. We accredited a total of five groups/individual artists.
- c. A fixed budget of XCD50,000.00 was allotted to CARIFESTA by the Government of Anguilla to make contributions to the 2019 delegation. The department created a sponsorship guide based on the size of group, exposure to the festival previously and their ability to fundraise as an organisation. *Appendix I* shows the breakdown for such. Letters of invitations were then sent to the various groups and individuals and once they accepted, cheques were issued to them to start the organisation process.
- d. Each participant also had to register and become accredited with CARIFESTA to enable them to attend and participate in the various events. The department was then required to submit a master form listing the 60 accredited delegates/participants, and a travel and accommodation form thus properly and officially documenting the entire Anguilla delegation.
- e. Once the delegation was established, the department hosted a total of 5 meetings with the leaders of the groups and the individuals traveling to CARIFESTA to share information from the CARIFESTA Secretariat and to be updated on the progress of planning for the trip.
- f. The department also reached out two organisations to formally ask for financial assistance to the CARIFESTA delegation, Anguilla Social Security Board which contributed a total of XCD20,000.00 and the Anguilla Tourist Board which contributed XCD15,000.00. These amounts were divided between the delegation proportionate to the size of their teams and the amount of costs they had outstanding.
- g. The department organised transfers (AXA-SXM-AXA), departure tax and passenger levy exemption and ground transportation for the delegation. This allowed smooth departures and arrivals for the delegation and ensured timely coordination. Flights

and accommodation however were the responsibility of the individual artists and groups.

- h. The official dates for the festival were 15<sup>th</sup> – 26<sup>th</sup> August 2019, held in Trinidad and Tobago. Anguilla was represented in the following categories: Culinary Arts, Literary Arts, Performing Arts (Music, Dance and Theatre) and Visual Arts. The individual teams participated in various events in their craft (at least three appearances each) and a joint production “*Sweet Salt: An Anguillian Fable*” was delivered on Country Night.

## **II. Main Challenges**

- a. The rising cost of airfare posed a challenge to the delegation in general, as within a month (from March when we started looking at making airline reservations) airfare increased by at least 60% from USD448 to USD720.
- b. The size of the delegation (59 persons) meant the Government’s contribution would be nominal to the persons interested and that most of the costs would come out of pocket or through fundraising efforts.
- c. The information from the CARIFESTA Secretariat regarding inoculations was unclear and there was speculation regarding the need for the delegates to receive a yellow fever vaccine.
- d. Two of the groups travelling at last minute had accommodation cancellations and there was difficulty finding CARIFESTA approved properties to accommodate them on short notice.
- e. Once in Trinidad, the team stayed at 5 different accommodations making transportation challenging and the coordination of attending events to support each other was sometimes difficult.

## **III. Strategies applied to address main challenges**

- a. The cost of rising airfare was unavoidable as the delegation did not have the necessary funds in the first quarter of the year. This challenge can only be over-come if the necessary funds from government allocation, sponsors and fund-raising efforts could be made available earlier.
- b. The department decided to reach out to other organisations that are passionate about cultural and artistic development for financial assistance to take some financial burden away from the individuals and groups participating in CARIFESTA.

- c. Regarding inoculations, the department reached out to the Ministry of Health in Anguilla and the CARIFESTA Secretariat in Trinidad and confirmed that there was no need for the vaccine.
- d. We received assistance from the CARIFESTA organising team regarding naming accommodations in Trinidad that were not fully occupied that the two teams could have lodged.
- e. The transportation challenge was resolved once the CARIFESTA organisers were able to assign a designated a bus and driver to Anguilla.

#### **IV. Outcomes of Activities and/or Projects**

- a. The delegation put on a stellar performance at the Country Night on the 19<sup>th</sup> August 2019 at Queens Park Savannah (QPS) with a production entitled “*Sweet Salt: An Anguillian Fable*” directed by Collette Jones Chin and choreographed by Nichola MacDonald. The performers included From Within Dance Elite Company, STAGES Anguilla, Roots Binghi, Fiona Wilkinson, Rebecca “Queen B” Webster and Roxanne “Roxxy” Webster. The Anguilla National Culinary Team was also included in this production by providing the audience with scrumptious Anguillian treats.
- b. Apart from the Country Night performance, Anguilla was represented on many different stages at CARIFESTA:
  - a. Roxxy gave riveting performances wearing her crowns well at QPS, Big Black Box (BBBox) and the Southern Academy of Performing Arts (SAPA) with both Calypso and Soca performances.
  - b. Queen B commanded and captivated the attention of her audiences at the QPS and SAPA performing her calypso renditions.
  - c. Roots Binghi was a favourite at every performance, with their original Binghi uye pieces at QPS, SAPA, BBBox and the Community Festival in Mayaro.
  - d. Vanessa Croft Thompson delivered mesmerising and expressive spoken word performances at BBBox, SAPA and the Lit Fest at the *Streets of the Caribbean* at the Grand Market.
  - e. Louise Brooks had her art work entitled “A glimpse of Anguilla” consisting of vibrant colours to portray our country displayed in the CARICOM Art Gallery.
  - f. The Anguilla National Culinary Team provided delicious food and drinks to CARIFESTA enthusiasts, with food being sold out in less than two hours every day that they cooked!

- g. From Within Dance Elite Company showed up and showed out. The dancers were exemplary in their craft and represented well at “We DancINg TrInbago” at SAPA, “We Can Dance Wednesday” at the Youth Village, “Collage” at SAPA and at the Grand Market at QPS.
- h. And finally, STAGES Anguilla put on an appealing and heart-touching production of “*Virtue*” on the 18th August at the Central Bank Auditorium. The production ended in Charisma Jones Chin soulfully singing Naughty Boy’s “Running” whilst members of STAGES Anguilla danced.

### **3. Lessons Learnt/Recommendations for the future**

- a. CARIFESTA XV will be held in Antigua in 2021 and there have been recommendations to charter a flight to Antigua to ensure that the delegation travels together as well as to combat rising flight costs. Anguilla is also anticipating a larger delegation in 2021.
- b. The organisation of CARIFESTA should start sooner, to ensure that numbers of delegates willing to attend is known in efforts to book accommodation. A recommendation was also made for the whole delegation to stay in the same location and closest as possible to the CARIFESTA main venue as it is better for those organizing logistics.
- c. We recommend that before travelling to CARIFESTA, all of our delegates are aware of the events they should be performing or taking part in and what is needed of them prior, to such to ensure smooth delivery.
- d. A more uniformed approach to the official delegation (printed shirts for traveling, national wear for parade of nations, Anguilla merchandise to support the delegation including flags, rags etc.) should be invested in to show patriotism and team spirit.
- e. A showcase of the Country Night to the Anguillian public prior to CARIFESTA as a method of fundraising to be used for miscellaneous expenses. This would also allow the Anguillian public a first-hand view, not only of local talent, but how Anguilla would be represented at the festival and would allow persons at home to share in the national pride that normally accompanies CARIFESTA.

*Appendix 1*

| <b>Name of Organisation</b>     | <b>Contact Person</b>                | <b>Number of persons in Contingent</b> | <b>Suggested Sponsorship</b>                           | <b>Total Amounts suggested for Sponsorship in XCD</b> |
|---------------------------------|--------------------------------------|--|--|---|
| STAGES Anguilla                 | Collette Jones-Chin                  | 15                                     | <i>Contribution towards airfare for the delegation</i> | \$12,884.33   |
| From Within Dance               | Amber Woodley                        | 10                                     | <i>Contribution towards airfare for the delegation</i> | \$12,884.33   |
| ALAK Art Gallery                | Louise Brooks                        | 1                                      | <i>Contribution towards airfare for the delegation</i> | \$1,204.93  |
| Roots Binghi                    | Trevor ‘Ras Bucket’ Davis            | 7                                      | <i>Contribution towards airfare for the delegation</i> | \$6,442.16  |
| Vanessa Croft-Thompson          | Vanessa Croft-Thompson               | 1                                      | <i>Contribution towards airfare for the delegation</i> | \$1,204.93  |
| Anguilla National Culinary Team | Kelston Connor<br>Gilda Gumbs-Samuel | 7                                      | <i>Contribution towards airfare for the delegation</i> | \$9,663.25  |
| Rebecca “Queen B” Webster       | Rebecca “Queen B” Webster            | 1                                      | <i>Contribution towards airfare for the delegation</i> | \$1,204.93  |
| Roxanne Webster                 | Roxanne Webster                      | 1                                      | <i>Contribution towards airfare for the delegation</i> | \$1,204.93  |
| Department of Youth and Culture | Kalyn Mairyshaw<br>(Support Staff)   | 1                                      | <i>Contribution towards airfare for the delegation</i> | \$5,209.73  |
| <b>Totals</b>                   |                                      | 44                                     |  | <b>\$51,903.52 XCD</b>                                |