

Antigua to acquire Jolly Beach Hotel

Prime Minister Gaston Browne yesterday made an impassioned plea for Caribbean countries to acquire a greater interest in the ownership of businesses, as he defended his administration's decision to allow the National Social Security Scheme (NSSS) to invest in the Jolly Beach Hotel.

“We speak about empowerment (and) if we are going to sell all our assets and allow those assets to be foreign owned then we will have an extracted economic body and it is that model that has actually deterred or slowed down the progress of developing in the Caribbean,” Prime Minister Browne said as he tabled the proposal outlining the government's plan to consolidate bond obligations owed to NSSS, explore strategies to leverage the Jolly Beach property as an investment vehicle, and advance a broader vision for the long-term sustainability of the pension fund.

“If you want to continue to grow this country's economy, then the retention of profits become very important. Those profits must be retained in our economy and continue to fund future socio-economic developments.”

Cabinet had last week approved an immediate allocation of EC\$20 million (One EC dollar=US\$0.37 cents) to renovate 33 rooms at Jolly Beach Resort, construct a 500-person capacity conference facility, and upgrade the hotel's sewage system, as well as its internet and communications infrastructure.

It said that upon completion of the renovations, the hotel's total room count will increase to 351, with works expected to be finished in time for the next tourism season.

The government stated that the resort, situated on 27 acres of prime beachfront land, is valued at EC\$67 million and will be utilized to settle part of an EC\$330 million delinquent government bond owed to the Social Security Board.

The bond, issued in 2010 under a previous administration, has remained non-performing for over a decade, compromising the Scheme's financial health and its ability to meet pension obligations.

Prime Minister Browne told legislators that his administration is confident it can make the hotel a profitable venture as it has done with some business acquisitions over the past few years.

He said the government had acquired 78 per cent in Caribbean Union Bank (CUB) , “We not only saved the bank from liquidation, bankruptcy and also protected depositors funds, but we have not turned it into a profitable institution that has made us as such as five million dollars in profit in a single year.

“I will say here, based on our track record, there is no evidence of us investing in any failed entity. In fact every entity we have invested in would have been successful,” Browne said, adding that the only entity the government has invested and is “struggling” is the dredging company, Blue Ocean.

But he said while the government has agreed to take a majority stake in the company, it is doing so mainly because ‘we want to bring greater expertise to the table in terms of the management of that firm.

“I would say that part of the problem is that they have to work for a fraction of the costs in the sense that they are partially government owned,” he said, noting that the company has had to

significantly lower its costs when undertaking projects on behalf of the government.

“There is a net economic gain so far by virtue of that investment and we are pretty sure that in terms of beach replenishment and the cost of savings we would have had in using Blue Ocean for the dredging, there will be a fundamental gain.

“What is important with that asset is that as it continues to operate it will bring profits to our Cabinet ..and now we are in the majority any job it does in the region...the profits generated will be credited, the majority of it to the treasury”.

Prime Minister Browne said he could understand the consternation of the opposition with regards to Jolly Beach which “has struggled, has not turned a profit under the private entities who operated it.

“But that was a similar position with the Caribbean Union Bank and I have said to you today it continues to operate profitably, it has not made a single loss...and we think that with Jolly Beach we could achieve the same success.”

Browne said that if the government felt it could not turn around the fortunes of the Jolly Beach, “we would not have acquired it.

“We would have ensured the sale, we would have taken the proceeds to retire outstanding government’s debts. But we are confident...that we can make it profitable,” he said noting that the hotel had made \$3 million in profit last year, increasing to \$4 million this year. (CMC)