



CHARTING OUR COURSE: POSITIONING THE VIRGIN ISLANDS FOR THE FUTURE BUDGET IN BRIEF 2017

INTRODUCTION FROM THE HONOURABLE PREMIER AND MINISTER OF FINANCE

In promoting greater transparency and accountability, we are pleased to present this Budget in Brief. The Budget in Brief puts forward “bite-sized” portions of the budget documentation to help you to traverse the policy decisions made through the budget and its impact on your life.

As we navigate the uncertainty present in the global and regional economic environment, we remain confident in our steadfast efforts to build a better Virgin Islands for all, and thus truly position our Territory for the future.

We look forward to your feedback on our efforts.

CONTENTS

Report on Government Performance	2
The 2017 Budget	3
Looking to the Future	4
Contact Us	4

VISION:

A prosperous Virgin Islands, ideal to live, work, visit, and do business

SOME STRATEGIC PRIORITIES:

- Build a thriving and sustainable financial services sector
- Grow the tourism sector to maximise economic output
- Promote a prosperous small and medium-sized businesses sector
- Improve quality and accessibility of healthcare
- Increase secondary graduation rates
- Promote transparency and good governance
- Enhance capability to respond to hazard impacts
- Construct and upgrade roadways



QUICK FACTS 2017:

Land area: 59 sq. mi
GDP (Nominal): \$1,027.90 million (projection)
GDP Per capita: \$34,246
Population (est): 30,015
Sources:
Macro Fiscal Unit, Central Statistics Office

GOVERNMENT ORGANISATION AND SERVICES

The Government of the Virgin Islands provides services through 7 Constitutionally Established Bodies and 7 Ministries. These Ministries are then broken down into over 60 Programmes, which can then be further broken down into Sub-Programmes. Also attached to the Government’s structure are State Owned Enterprises or Statutory Bodies, which fall under the portfolios of respective Ministers, to fulfill specific roles with a certain level of autonomy.

HOW HAVE WE PROGRESSED ?

Selected Key Performance Indicators:



SEED Theme	Development Result Area	Indicator	2016 estimate	2017 plan
Social	Quality Health Care and Social Services	No. of annual medical and nursing licenses issued	302	322
		Life Expectancy (years)	76.46*	
	Quality Education	No. of students taking CXC CSEC examinations	270	270
		% of students achieving at least a pass in CSEC English A and Mathematics	80%	85%
	Gender Equality	Average earnings- Men	\$28,359*	
	Average earnings- Women	\$25,489*		
Economic	Stable and Growing Economy	No. of trade licenses issued	476	750
	Strong Infrastructure	Length of roads patched/resurfaced/paved (miles)		17
Environment	Management of Natural Resources	% of land cover declared as protected area	2.8%	6%
	Hazard risk reduction and adaptation to climate change	% of population educated and prepared to handle hazard events	60%	63%
Direction	Safety for all Persons	No. of reported crimes	1478	1478
		No. of crimes detected using CCTV cameras	16	30
	Effective Governance	Variance between projected & actual expenditure	-8.59%	±3%

*Figures refer to 2015. The indicators reported on this page are based on data provided by respective Departments. What measures would you like to see reported?

THE 2017 BUDGET: DEVELOPMENT RESULT AREAS

Social

1. Quality healthcare and social services
2. Quality education
3. Gender equality

Economic

4. Stable and growing economy
5. Strong infrastructure
6. Minimise income inequality

Environment

7. Effective management of natural resources and natural environment
8. Strategic physical development
9. Hazard risk reduction and adaptation to climate change

Direction/Governance

10. Safety for all persons
11. Effective governance
12. International Relations

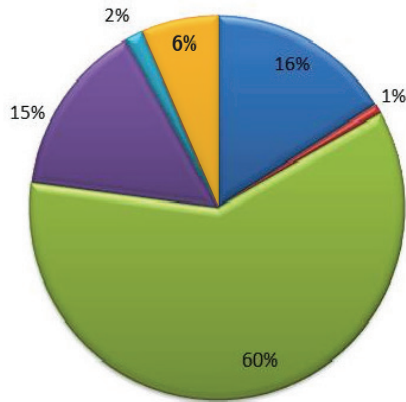
DID YOU KNOW?

All government expenditure is being linked to short, medium and long term goals.

Our development strategy now includes 12 development result areas that are aligned with global sustainable development goals.

REVENUE

2017 Revenue Budget



- Payroll Tax
- Taxes on Gds & Services
- Other Tax Revenue
- Property Tax
- Taxes on International Trade
- Other Current Revenue

Revenue mn\$	2016 Budget	2016 Projected	2017 Budget
Payroll Tax	49.64	50.11	51.62
Property Tax	2.69	2.82	2.76
Taxes on Goods and Services	203.42	190.89	194.70
Taxes on International Trade	48.85	41.26	47.71
Other Tax Revenue	5.32	6.52	5.22
Other Current Revenue	16.93	18.83	21.10
Grants	4.00	0.04	0.00
Total	330.85	310.47	323.11

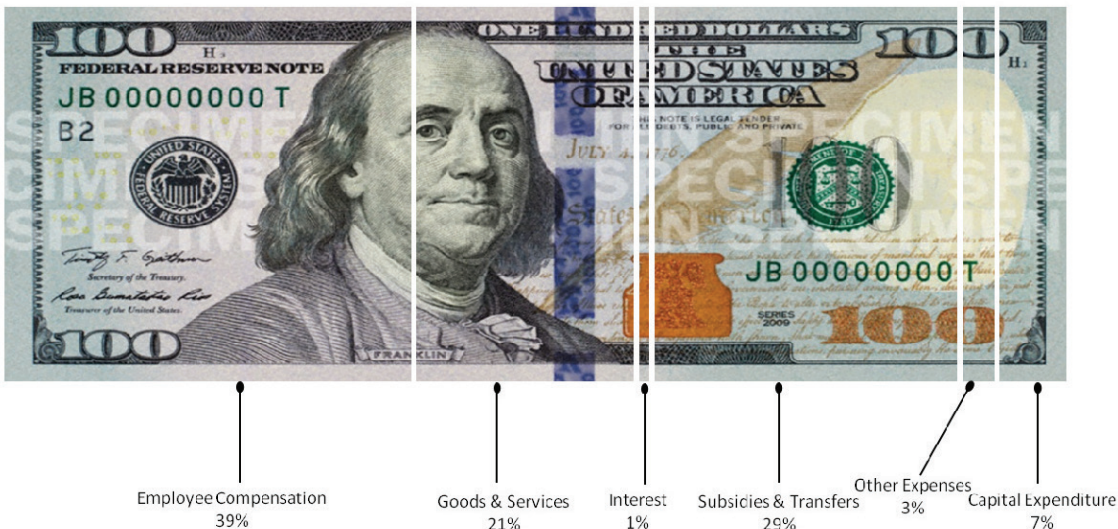
EXAMPLES OF REVENUE:
Taxes on goods and services: Revenue from Financial Services
Taxes on international trade: Import duties
Other Taxes: Stamp duty
Other Current Revenue: Sale of land

EXPENDITURE

Expenditure mn\$	2016 Budget	2016 Projected	2017 Budget
Employee Compensation	119.46	119.57	120.11
Goods and Services	64.90	64.72	58.00
Interest	4.64	4.29	5.49
Subsidies and Transfers	87.20	89.33	83.42
Other Expenses	10.44	10.77	10.35
Capital Expenditure	41.52	21.00	44.83
Total	328.16	309.68	322.20

EXAMPLES OF EXPENDITURE:
Employee compensation:
 Personnel (staff) salaries
Goods and services: Water purchase
Subsidies & transfers: Grants to National Health Insurance
Other expenses: Assistance grants

Breakdown of 2016 Projected Expenditure



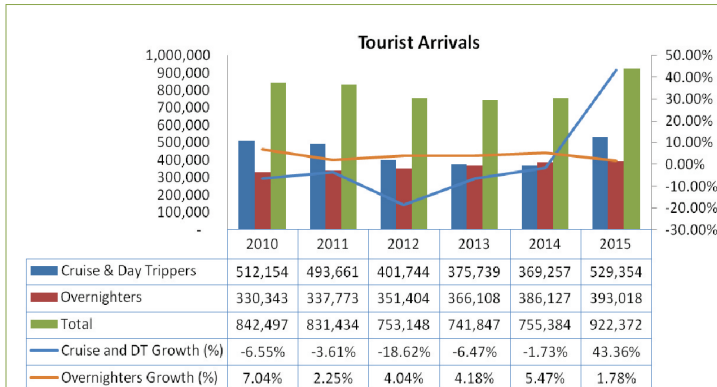
DID YOU KNOW?

Our fiscal strategy in the medium-term involves:

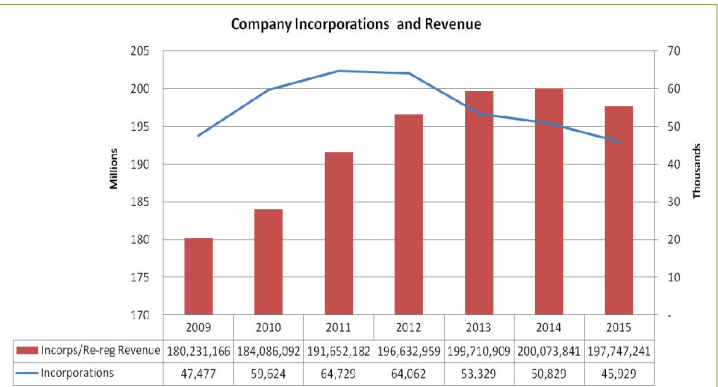
1. Maintaining and increasing our recurrent balance
2. Contributing to our Reserve Fund
3. Maintaining sustainable levels of debt

PERFORMANCE OF TOP SECTORS:

Tourism

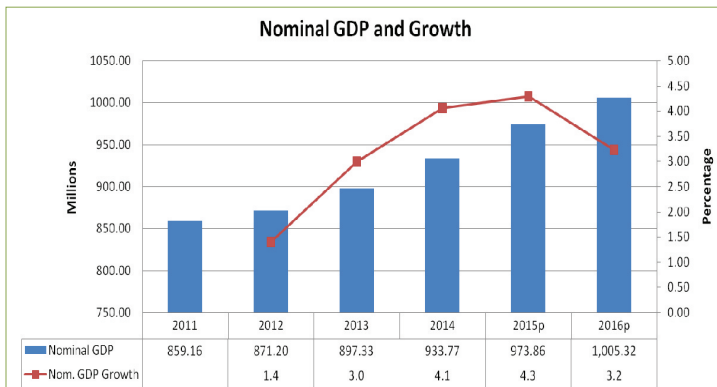


Financial Services

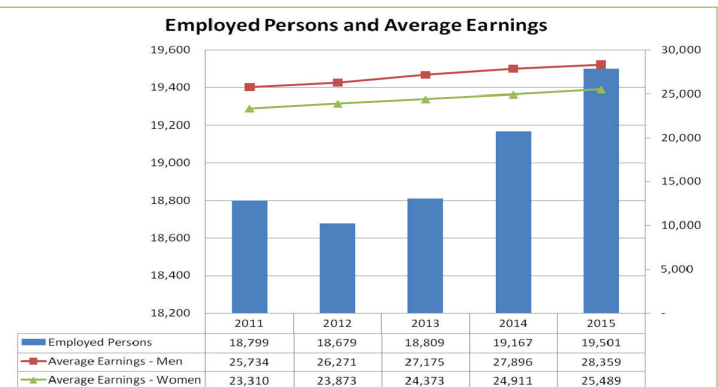


PERFORMANCE OF ECONOMY:

Gross Domestic Product



Employment



LOOKING TO THE FUTURE

As an open Small Island Developing State, our economy is highly dependent on external factors, and our economic performance remains sensitive to developments on the international stage. Our cruise tourism numbers have increased significantly in the last two years, bringing our totals to levels previously experienced prior to the global economic crisis. This positive impact is a result of the cruise pier expansion and development of the Pier Park. As cruise tourism continues to rebound, we have now turned focus to creating a parallel upturn in our overnight visitors. Our partnership with BVI Airways will help us to meet overnight tourism targets through direct commercial flights to our T.B. Lettsome International Airport from the continental U.S. We also look forward to an expanded airport runway which will establish a direct gateway between us and the world.

In relation to the financial services industry, company incorporations as well as revenues have decreased, partially due to unwarranted negative attention following the “Panama Papers” leak early in 2016. We are currently taking concerted measures via our industry and stakeholder recommendations facilitated by McKinsey to maintain quality and add value to the financial services sector.

As the performance of the “Twin Pillar” sectors will have an impact on the economy as well as Government revenues, our strategy moving forward requires us to focus on fiscal and economic targets. For the medium term our fiscal strategy involves: reviewing revenue generating initiatives, encouraging expenditure efficiency, addressing contingent liabilities, building our reserves and maintaining the borrowing ratios.

DID YOU KNOW?

The VI has a liquid asset requirement to have 1/4 of annual recurrent expenditure in the Reserve Fund. The Reserve Fund is designed to provide for unanticipated disruptions in our revenue stream or the economy. We expect to be in compliance with this requirement by the end of 2017.



GOVERNMENT OF THE VIRGIN ISLANDS
Ministry of Finance

CONTACT INFORMATION

Published by: Ministry of Finance
Government of the Virgin Islands
Telephone: (284) 494-3701 (ext. 2144)
Fax: (284) 468-3299
Email: finance@gov.vg
Website: www.bvi.vg/ministry/ministry-of-finance

2011-2019 Premier and Minister of Finance
Dr. the Honourable D. Orlando Smith, OBE