



As Presented On  
**BUDGET DAY**



# RESILIENCE BEYOND RECOVERY

A STRONGER, SMARTER, GREENER AND BETTER BVI THAT IS MORE RESILIENT AND SUSTAINABLE

## BUDGET IN BRIEF 2018

*“Our journey on the road to recovery must be guided by the fundamental principles of learning from our past experiences, inclusiveness for all residents in the affairs of the Territory, full transparency, accountability, building a sound and diversified economy and ensuring resiliency in all we do.”*

*- Dr. the Honourable D. Orlando Smith, OBE*

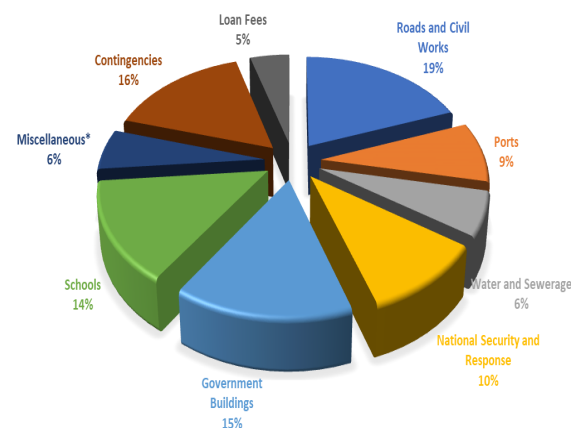
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### RECOVERY AND DEVELOPMENT PRIORITIES

- Infrastructure and Utilities**— prioritising the restoration of basic infrastructure to encourage the return of business activity and attracting new investment, particularly in tourism, financial services and SMEs.
- Human and Social Services**— restoring the education and health infrastructure to a higher and more resilient standard, incorporating green and SMART technologies.
- Business and the Economy**— creation of an enabling environment for individuals and businesses to drive economic recovery and growth.
- Governance**—restoring the systems and facilities of law and order, continuity of government operations from temporary to permanent facilities, and strengthening communication with all stakeholders.
- Natural Resources and Climate Change** – recognises the critical importance of the environment and its vulnerability and focuses on restoration, protection, management and monitoring of the environment.
- Pride and Cultural Identity** – restoration of culturally significant elements of our community such as our museums, recreation and sporting facilities.

CDB Reconstruction and Rehabilitation Loan, \$65.3M, by Sector



\*Miscellaneous includes psychosocial support, project management, auditing services, and other technical assistance.

### 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 are 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 fulfil specific roles with a certain level of autonomy.

### QUICK FACTS 2017:

**Land Area:** 59 sq. mi  
**GDP (Constant):** \$889.2M  
**GDP Per Capita:** \$27,110  
**Population (est):** 32,800

Sources: Macro Fiscal Unit, Central Statistics Office

## HOW HAVE WE PERFORMED?

### SELECTED KEY PERFORMANCE INDICATORS:

Sustainable Development Theme	Development Result Area	Programme/SOE	Indicator	2017 Estimate	2018 Planned
<b>SOCIAL</b>	Quality health, wellbeing and social services	Aged Care Services	No. of persons provided home care services	46	42
		BVI Health Services Authority	Average waiting time for consultation and diagnostics tests	3 weeks	3 weeks
	Quality education	Education Policy Planning and Administration	No. of principals and senior teachers engaged in leadership training	28	11
		Quality Education Assurance and Standards	No. of students sitting key stage assessments	850	893
	Gender equality	H. Lavity Stoutt Community College	Students receiving tuition assistance Female Male	448 256	281 156
<b>ECONOMIC</b>	Stable and growing economy	Trade, Investment Promotion and Consumer Affairs	No. of trainings for small and medium sized enterprises	12	12
		Labour	No. of work permits approved	10,434	10,481
	Strong infrastructure	Public Works	Length of public road maintained	15 miles	25 miles
<b>ENVIRONMENT</b>	Management of natural resources	Conservation and Fisheries	No. of surviving coral fragments/heads	931	750
	Hazard risk reduction and adaptation to climate change	Comprehensive Disaster Management	No. of public sector agencies with contingency plans	65	67
<b>DIRECTION / GOVERNANCE</b>	Safety for all persons	Police	No. of crimes detected using CCTV	16	20
	Effective governance	Finance Policy Planning and Administration	% variance between budgeted and actual recurrent expenditure	+4.1%	±3.00%

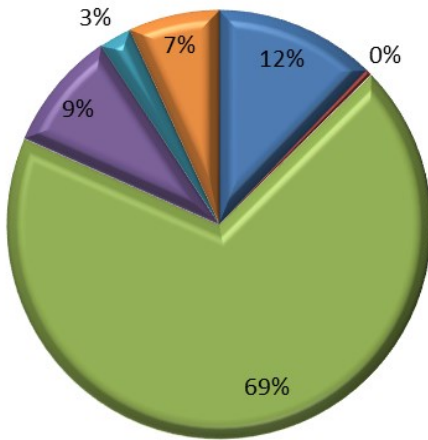
RECOVERY AND DEVELOPMENT OUTCOMES	Medium Term Development Strategy (SEED) Result Areas
Improved health and social outcomes through SMART investments in infrastructure, technology, systems and services	Quality health, wellbeing and social services
Providing healthy, safe and green (SMART) learning institutions to support teaching excellence and student growth	Quality education
Re-establishment of culturally significant contributions and activities that promote national identity and cultural pride	Quality education
Policy and operational framework for sustained levels of green growth and innovation in the economic sectors	Stable and growing economy
Improved natural resource base and environmental management to address compliance issues, promote social inclusion and reduce environmental footprint to achieve long term economic prosperity	Effective management of natural resources and natural environment; Hazard risk reduction and adaptation to climate change
Resilient and environmentally sustainable physical infrastructure	Strategic physical development
A peaceful and safe Territory using green technologies to support good governance	Safety for all persons; Effective governance
Re-establishment of a national system to support prison security programmes tailored for retribution, incapacitation, deterrence and rehabilitation	Safety for all persons
A SMART Footprint: Working towards disaster resilience and safeguarding the sustainable development of the Virgin Islands	Effective governance

### ***DID YOU KNOW?*** ***Development***

Performance indicators of Statutory Bodies are being linked to the Government's development strategy, and included in the Budget.

Indicators from the Sustainable Development Goals are being integrated into budget output and outcome indicators for ease of reporting and international comparisons.

## 2018 Revenue Budget



- Income/Payroll Taxes
- Taxes on Goods and Services
- Other Taxes
- Property Tax
- Taxes on International Trade
- Other Current Revenue

Revenue mn\$	2017 Budget	2017 Prelim. Actual	2018 Budget
Income/Payroll Taxes	51.62	46.12	36.69
Property Tax	2.76	1.91	1.38
Taxes on Goods and Services	194.70	190.68	206.19
Taxes on International Trade	47.71	31.18	27.29
Other Taxes	5.22	7.65	7.38
Other Current Revenue	21.10	15.37	20.60
<b>Total</b>	<b>323.11</b>	<b>292.91</b>	<b>299.53</b>

**EXAMPLES OF REVENUE:**

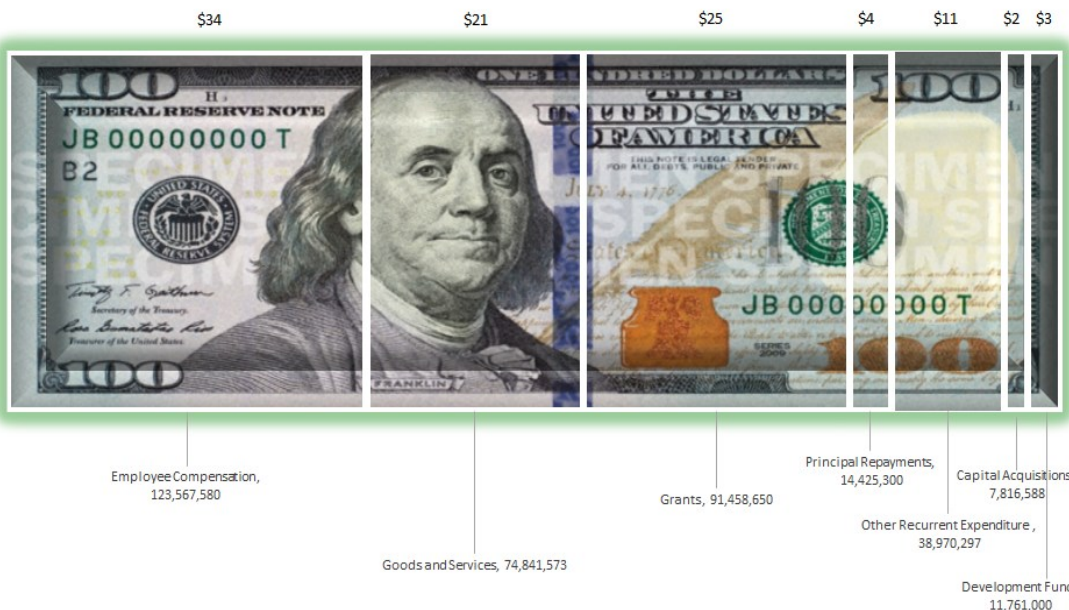
- Taxes on goods and services: Revenue from Financial Services*
- Taxes on international trade: Import duties*
- Other Taxes: Stamp duty*
- Other Current Revenue: Insurance proceeds*

## EXPENDITURE

Expenditure mn\$	2017 Budget	2017 Prelim. Actual	2018 Budget
Employee Compensation	120.11	119.64	123.57
Goods and Services	58.00	73.78	74.84
Interest	5.49	5.14	7.85
Subsidies and Transfers	83.42	80.78	106.25
Property and Other Expense	10.35	13.05	16.33
Capital Expenditure	44.83	13.29	60.49
<b>Total</b>	<b>322.20</b>	<b>305.68</b>	<b>389.33</b>

**EXAMPLES OF EXPENDITURE:**

- Employee compensation: Personnel (staff) salaries*
- Goods and services: Water purchase*
- Subsidies & transfers: Grant to National Bank for Housing Programme*
- Other expenses: Assistance grants*



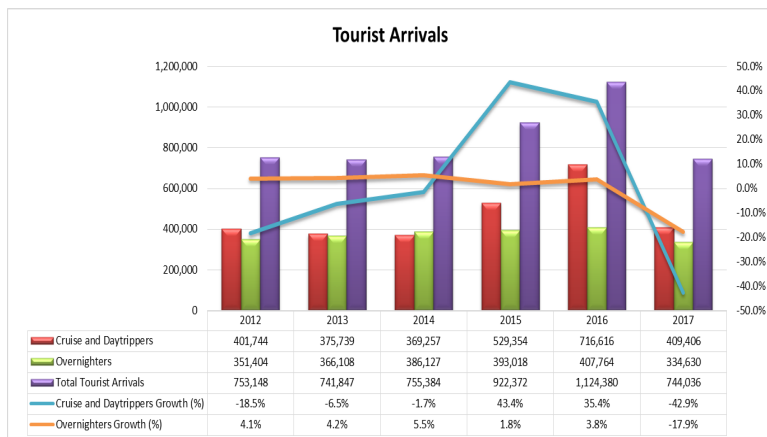
**DID YOU KNOW ?**  
**Fiscal**

Our fiscal strategy for the medium term aims to:

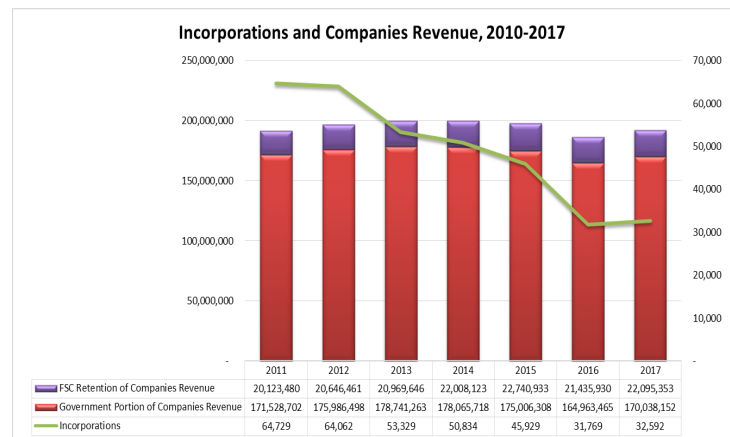
1. Increase the recurrent surplus through revenue generating and expenditure efficiency measures;
2. Preserve the Reserve Fund balance;
3. Manage our pension liability; and
4. Demonstrate progress toward achieving and maintaining the borrowing ratios.

## PERFORMANCE OF TOP SECTORS

### TOURISM

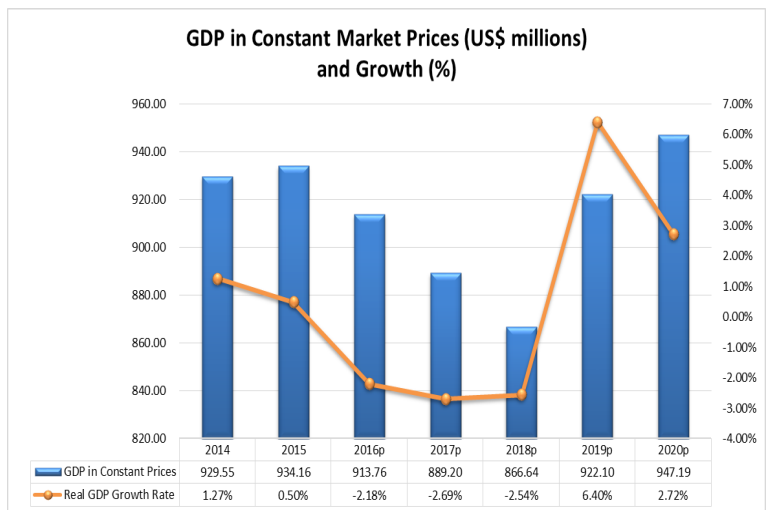


### FINANCIAL SERVICES

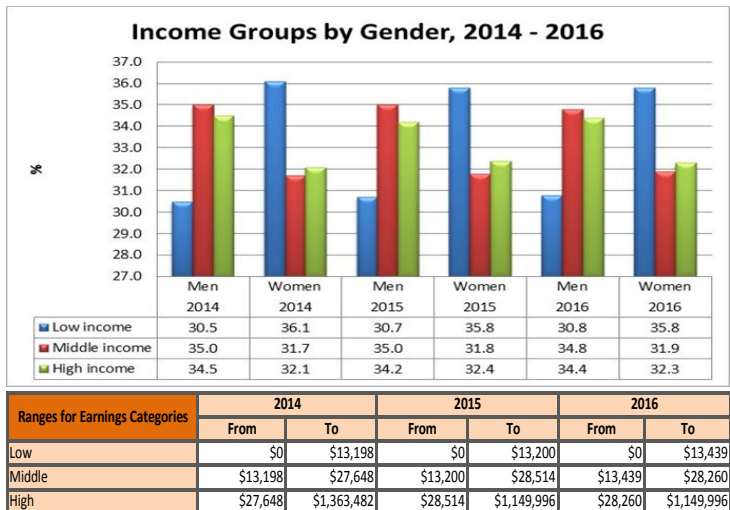


## PERFORMANCE OF ECONOMY

### GROSS DOMESTIC PRODUCT



### EMPLOYMENT



## FUTURE BEYOND RECOVERY

Over the last two years, the Virgin Islands economy has not been immune to economic challenges, with several shocks observed. In 2016, public relations and regulatory pressures affected our financial services industry, while growth in tourism helped to cushion any negative impacts on the overall recovery. In quite the reversal of roles, the natural disasters of 2017 wreaked significant havoc which impacted the tourism industry in particular, with business continuity in the financial services industry assisting in buoying the economy and Government finances as recovery efforts unfold and take hold.

The resilience of our economy has been tested. Global politicoeconomic dynamics and climate change have gone beyond our doorstep and have driven right into the center of our living rooms, obliterating our front doors in the process and destroying much of what made us feel safe and secure. We must rebuild, conscious of our new reality. As we move forward in rebuilding “stronger, smarter, greener and better,” it is clear that the open and vulnerable nature of our economy demands diversification in a global context of uncertainty and ever-shifting dynamics. As we shore up and buttress our two main economic pillars of tourism and financial services, we will also look towards future diversification and innovation in traversing this new global reality.

### DID YOU KNOW? Budget Framework

The Medium-Term Fiscal Plan sets the framework for the 2018-2020 Budget, and provides a narrative for the figures contained in the Medium Term Fiscal Frame. The Frame sets the upper limit and broad parameters for the Budget.

### CONTACT INFORMATION

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Premier and Minister of Finance  
**Dr. the Honourable D. Orlando Smith, OBE**