

2019 BUDGET ADDRESS
“Transitioning towards Sustainable Growth”

Introduction

Mr. Speaker, I move that the Bill shortly entitled the Appropriation Act, 2019 be read a second time and in so doing, I invite this Honourable House to extend its customary indulgence in permitting me to deliver the 2019 Budget Address.

It is with a heart of thanksgiving to Almighty God, and a spirit of gratitude to the people of these beautiful Virgin Islands, who have afforded me the opportunity to stand here today to deliver this budget address.

Mr. Speaker, just about five short weeks ago, I assumed the mantle of leadership of the Territory as Premier. Today, I stand before you, in my capacity as Minister of Finance to deliver the 2019 Budget Address, under the theme: “Transitioning towards Sustainable Growth.”

Mr. Speaker, over the several years of my life, in and out of this Honourable House, I have diligently prepared myself for this journey. I embarked on this journey confident in the fact that with grace and wisdom, which come only from God, along with the support of the people of this Territory-- we shall transition towards sustainable growth.

Mr. Speaker, it is a constitutional and statutory requirement that the Annual Estimates be laid in the House in a timely manner. The Budget document which encapsulates the Annual Estimates is mandated by the Constitution and the Public Finance Management Act to be laid and debated by the House of Assembly on or before 31st December for the following year.

As is quite evident today, this year’s Annual Estimates (Budget 2019) are being introduced in the year to which they relate. There may be several reasons for this particular occurrence, but suffice it to say, however, that the Constitution (2007 No. 1678) provides for this in section 105. Therefore, Mr. Speaker, the affairs of the Government of the Virgin Islands during this interim phase, that is, the close of the previous financial year and the enactment of the 2019 Budget, are provisionally being financed under a continuing resolution - the provisional Appropriation Act 2018.

Mr. Speaker, it takes a great deal of effort to produce this budget document, even though it may be considered a mere routine exercise. This document reflects the past budgetary provisions and calculates the revenue and expenditure for the current year as a base from which to forecast future performance. As has been the case since 2013, the Budget presentation is done on a three-year rolling plan basis where projections for three years are shown, but the Appropriation Act will only represent those estimates for the current year.

Mr. Speaker, we consider this a TRANSITIONAL BUDGET. It is so because it is the bridge between the old order and our determination to deliver on the change and renewal that the people of these Virgin Islands have demanded.

Over the next three years, our job will be to increase the efficiency and the quality of governance; seek greater local and international investments in the economy, particularly in tourism, marine industries, fishing, agriculture and information technology services; improve the education and other public infrastructure; build a secure environment in which to do business; support the development of small businesses; and create additional entrepreneurial opportunities and sustainable jobs.

Our job is simply not just to balance a budget but to help balance the lives of our people.

Because of the time constraints since taking office, and because of the constitutional requirement, aspects of this budget are, therefore, a small down payment on these stated goals.

Mr. Speaker, this is a work in progress. And this, Mr. Speaker, is why it is a transitional budget.

Mr. Speaker, I have come to the sobering conclusion that given the magnitude of effort and time necessary to put the Budget Estimates together, not to mention the length of my tenure at the Ministry of Finance, I cannot now mould the current budget into the economic engine which my Ministers and I would have otherwise done. All is not lost, however. During the coming months, your Government will be massaging the Budget that this honourable House will pass, to ensure that we get maximum benefits for you, the people.

Our Medium Term Economic Goals

Mr. Speaker, this presentation will focus obviously on the revenues and expenditure for this fiscal year.

But from the onset, your government wants to make it clear what is our medium term goal for the next few years.

So Mr. Speaker, I will now share with you the overview of our medium term goals.

Tourism

We wish to increase the room stock, firstly to pre hurricane levels, and secondly to expand. Our goal is to have 5,000 beds within the next five years.

We will do so by introducing new incentives to foster reconstruction and expansion of current facilities and by encouraging the building of new properties by local and international investors.

Mr. Speaker, as stated before, under this new administration, the BVI is open for business-- legitimate business.

We will improve the access to this Territory by way of air and sea and invest more in marketing and promotions.

Mr. Speaker, we will begin the rebranding of our destination, and within the next five years, tourism shall once again be the underpinning and the life blood of this economy.

Sub-sectors such as WELLNESS TOURISM, SPORTS TOURISM, ENTERTAINMENT TOURISM and CONVENTION TOURISM, just to name a few, will be encouraged.

Small Business Development

Mr. Speaker, we are demanding immediately a review of the current status of our policy on small business development, so as to put more emphasis and a greater investment in this area. We believe hundreds of jobs could be created in this sector.

This budget allows us to lead the charge in this area of focus.

Education

Mr. Speaker, it goes without saying that investing in our children is investing in the future.

Mr. Speaker, while it may not be necessary to rehash the past, it is unfortunate, that in many respects, the revitalisation of the sector has not been given the urgency that it deserves, since there has been more hype than real policy investments. However, you can rest assured that your Government will replace style with substance.

Mr. Speaker, within three years, we are determined to see that ALL of our schools are up and running, efficiently and well.

Agriculture and Fishing

Mr. Speaker, we are determined to create programmes and to invest in these sectors to ensure their revitalisation, so as to enhance our food security.

Housing

We are determined to improve and expand our housing stock and to ensure that working people could have affordable and decent housing that they can access.

Promoting Climate Resilience

Our focus shall be to build our public infrastructure and to provide support to farmers, fishermen and other businesses that will ensure that we are better able to withstand the ravages of climate change and our vulnerability to extreme weather conditions.

Youth Employment

Mr. Speaker, we are determined to cut youth unemployment and under-employment by half within the next five years. Between 18 and 35 years are some of the most productive time in anybody's life. We cannot continue to waste our most powerful resource, if we have to build an economy in which people can reach their full potential.

This year, we will start with a small initiative—which I will announce later—and then we will build on that in the next three budget cycles.

Regional Linkages

Mr. Speaker, in one short month since we came into office, your Government has signalled its determination to strengthen our links to the region. We believe that this is important for philosophical reasons and also for developmental purposes.

Our association and the deepening of the bonds through the OECS and CARICOM systems, as well as through the Association of Caribbean States and such related bodies, will open us to assistance in disaster management and mitigation; educational and training services; coordination of public health initiatives; justice reform; small business development and many more.

Our deepening involvement is indeed a developmental tactic.

Mr. Speaker, these are just but a few of the areas I wanted to highlight upfront as part of our medium term view and strategy.

In going forward, we must arrest and control rising inflation, properly manage our debt portfolio, guard against wastage and corruption, and seek to diversify the economy.

Mr. Speaker, I have repeatedly said that we do not have a money problem but rather a management problem.

We must get an urgent lid on government wastage, because each penny saved can be invested in our people.

Mr. Speaker, the people must be at the centre of all that we do, and we shall have no patience for arrangements and institutions that find convenient excuses for frustrating the people's Government in delivering for them.

Our emphasis on building an economy in which ordinary law abiding people are at the centre is what is pushing us to the amnesty/regularisation of persons contributing and residing in the BVI for 15 consecutive years or more.

Our policies, Mr. Speaker, MUST be transformational and not just transactional.

An inner team of public officers and advisors is being put together, as we speak, under the Premier's Office to help guide us and advise us on the need for transformational measures.

State of the Territory: Economic Performance

Mr. Speaker, now let us turn our attention to the state of the Territory.

Mr. Speaker, the recovery story of our economy has been challenging. Yet as a people, we remain hopeful and determined.

Mr. Speaker, the resilience of the Virgin Islands and its people—that resilience of which we readily boast—has demonstrated its true strength.

Mr. Speaker, our financial services sector has indeed survived. We incorporated more new companies in 2018 than in the previous two years. Our tourism sector is on the rebound. Each of the last seven months has seen increasing year-on-year arrivals.

The construction industry has been very robust, given the challenges of building back a community from the ravages of an unprecedented disaster.

The financial services sector, tourism and construction are the main sectors responsible for the 2.3 percent growth in the economy in 2018.

The reported growth, however, may also reflect the struggles we have had with recovery.

Historically, coming from a place of complete devastation, there is more room for growth with the fresh, new investments in the many sectors.

Dominica, which was similarly devastated by a hurricane, grew 6.9 percent last year.

Other countries in our region which did not have to recover from a devastating disaster such as the British Virgin Islands and Dominica, also witnessed higher growth rates.

Grenada is estimated at 5.2%, and Antigua and St Lucia had over three and a half percent each.

The Cayman Islands, an Overseas Territory like us, had a four percent growth in 2018.

And so our growth figures, as happy as we are with them, could have been higher to make the kind of economic impact we all crave for.

The challenge going forward is to ensure that we build on the growth trajectory.

Mr. Speaker, the size of our economy in terms of the value of goods and services we produced in the year under review, stands at 1.1 billion dollars.

Mr. Speaker, we have to give credit to our people for their determination and resilience in seeking to put their lives back in order.

It is a credit to our refusal to be knocked down and knocked out. It is a credit to our sheer will to rebuild our homes and businesses, to maintain hope when all seemed lost, and to steadfastly overcome every obstacle in our path to recovery. This has already begun to pay off. Green shoots are visible in each completed building which houses our families and our businesses; those shoots are visible in the increasing number of tourists choosing our Territory as their vacation destination; and in each business that reopens, or opens its doors for the first time, offering services and jobs to our community.

Mr. Speaker, we must recognise the green shoots of our economic restoration, but significant challenges lie ahead.

There are challenges to one of our main economic pillars: financial services.

Mr. Speaker, at the end of last year, the House of Assembly passed the Economic Substance (Companies and Limited Partnerships) Act. This legislation ensures our financial services sector's compliance with substantial activities requirements adopted by the OECD. However, its implementation could mean a decline in the number of new business company incorporations and re-registrations in the coming months.

The ongoing push in the United Kingdom for implementation of publicly accessible registers which, unlike the requirement for economic substance is not a global standard, also poses risks to our current financial services business model and to revenue collection. It is in this context that we have set out our plans to shore up financial services.

Mr. Speaker, we will continue dialogue to protect our industry. We will also encourage the creation of added value in this sector which better flows through our economy and ensures greater local participation.

In terms of our second economic pillar, tourism, cruise tourism rebounded strongly in the last months of 2018 with over seventy-five percent (75%) of 2018 cruise tourists arriving in the last quarter. Cruise arrivals in December 2018 reached over eighty percent (80%) of cruise arrivals in December 2016. Likewise, overnight arrivals have continued a steady path to full recovery following the storms.

Overnight arrivals for December 2018 reached over seventy percent (70%) of overnight arrivals in December 2016. Mr. Speaker, the green shoots are evident. We are well on our way to full recovery of the tourism sector. We however, need to deepen and expand our tourism product offerings, an issue that I will address later.

Mr. Speaker, inflation for 2018 reached two point one percent (2.1%), the highest annual increase in consumer prices recorded since 2012. This increase in the cost of living can be attributed to a heightened demand for goods and services. However, high levels of inflation can pose a risk to our people's standard of living. Mr. Speaker, it is your Government's intention to implement ways to manage this risk, recognising that our economic recovery must be couched in an improved standard of living for our people.

Fiscal Performance

Mr. Speaker, in the year under review, we collected more money and spent less money than projected, leaving us with a budgetary surplus. This, Mr. Speaker, is good news and bad news. Surpluses are sure better than deficits in a general sense, but coming from a period of complete devastation, balancing people's lives must also be a key component.

We did not spend the money budgeted for on capital projects which may suggest an under investment in the economic recovery.

Mr. Speaker, generally speaking, as goes an economy, so goes Government's revenue and its fiscal position.

The Government collected 61.3 million dollars (\$61.3m) more than it had projected in the year under review. The total collected was 372.3 million dollars (\$372.3m).

The bulk of that collection was from the financial services sector. In fact, that sector accounted for sixty two percent (62%) of all Government revenues.

The Government collected 232 million dollars (\$232m) in 2018 from the financial services sector.

Mr. Speaker, it goes without saying that without this sector, our economy will be in an absolute crisis. That is why defending and promoting this sector is more than just an economic priority, but almost a moral obligation.

The war being waged against this sector is a war being waged against our way of life, our sustainability and our empowerment.

For when institutions and jurisdictions seek to impose unfair rules in small island economies as ours, it is ordinary people that feel it in their pockets and on their kitchen tables.

Other major contributors to the improved revenue intake were payroll tax, property tax, work permits and import duty, among others.

Mr. Speaker, with record revenue intake, recurrent expenditure for 2018 was sixteen million dollars (\$16m) below the original budget at approximately three hundred and twenty three point two million dollars (\$323.2m). On the capital side, expenditure in 2018 was also below budget at approximately twenty point four million dollars (\$20.4m). The over performance of revenue coupled with below-budget recurrent and capital expenditure for 2018 translated into a recurrent surplus of forty-nine point one million dollars (\$49.1m) and an overall surplus of twenty-eight point seven million dollars (\$28.7m) in the year.

Mr. Speaker, it is important to note that in spite of that fact, our children had to endure a continuing shift system at secondary schools; sewerage was running through our streets and there were continuing water woes. The then administration failed to take care of the major capital projects last year.

Some of the budgetary surpluses were spent on debt repayment and many unbudgeted expenses. The list of unattended urgent issues included the Pockwood Pond incinerator, Cox Heath dumpsite, the West End Ferry terminal, the Cultural Centre and the Multipurpose Centre, to name a few. Mr. Speaker, the then administration used part of the surplus to pay down some ten point seven million dollars (\$10.7m) on the line of credit with First Caribbean International Bank.

In 2018, Central Government's principal repayments totalled twenty-four point six million dollars (\$24.6m) and loan disbursements totalled fifty-three point nine million dollars (\$53.9m). Loan disbursements included full drawdown of the fifty million dollar policy based loan from the Caribbean Development Bank.

These movements in public debt translated to an approximately thirty million dollar (\$30m) increase in Central Government's total level of debt in 2018.

At the end of 2018, total Central Government debt was one hundred fifty-one point eight million dollars (\$151.8m) or approximately twelve point five percent (12.5%) of nominal GDP. Debt of our State-Owned Enterprises namely the Ports Authority, Electricity Corporation and the National Bank of the Virgin Islands, totalled an additional eighty point nine million dollars (\$80.9m). Total public sector debt at the end of 2018 was thus equal to two hundred thirty-two point seven million dollars (\$232.7m), or nineteen point two percent (19.2%) of nominal GDP.

Fiscal Strategy and Outlook

Mr. Speaker, our fiscal strategy anticipates increased revenue through improved collection of taxes and fees.

We will not stifle our recovery by introducing a host of new tax measures. Instead, we recognise the risks to our economy and revenue base, especially financial services. We have thus begun to prepare options for responding to economic and fiscal shocks. We strongly believe that we will be able to meet our targets for revenue, expenditure and debt without putting additional, undue burden on the people of this Territory.

Our targets for revenue, expenditure and debt recognise the imperative for us to invest in public infrastructure and in the development of our people.

Recurrent expenditure for 2019 is expected to reach three hundred and thirty-one point seven million dollars (\$331.7m), while capital expenditure has been budgeted at seventy three point four million dollars (\$73.4m).

We would have liked to have seen a greater investment on the capital side, but we accept that the 2019 budget is indeed a transitional budget.

Mr. Speaker, with increased investment in public services and infrastructure and full recovery of our tourism sector expected to be achieved by the 2019/2020 tourist season, we anticipate real GDP growth of two point two percent (2.2%) in 2019. With the new policies and programmes we will institute in the next budgetary cycle, we forecast an improved growth trajectory in the medium term.

THE NEED TO CHANGE GEARS

Mr. Speaker, I have come to this particular leadership role at a critical time in the history of the Virgin Islands. It is at a time when:

- just over five weeks ago the people of the Territory voted for a change in Government;
- approximately 19 months ago, we had the unprecedented natural catastrophic trilogy of the 2017 August floods and two Category five hurricanes in September of the same year; Hurricane Irma (the first of the hurricanes) being the most devastating of the events, with all three combining to exact approximately three billion dollars (\$3 billion) in loss and damage to the Territory;
- It would appear that certain interests in the international community have intensified their attacks on our financial services industry and we are currently faced with the European Union (EU) and the Organisation for Economic Cooperation and Development (OECD) economic substance requirement; and

- there is still some uncertainty about certain financial dealings since enquiries/examinations embarked upon and/or initiated are yet to be concluded. Some questions still remain unanswered.

Mr. Speaker, I will liken the above scenario to that of a ship that has sailed and is now contending with tempestuous seas. In the midst of all this, the people (the shareholders/owners of the ship) decided to change captain and crew. The new captain and crew fully accept that for the sustainable future of the ship, at a minimum, there must be a tactical change of direction. Whether the change calls for a trimming of the sails, a diversion from the current course or a decision for a head-on assault is still under active consideration. As your captain and leader, I am consulting my official advisors and carefully weighing the options that are being advanced.

I can assure you, however, that in the coming weeks and months, I will be taking and seeing to the implementation of a number of decisions that pertain to taking this Territory forward. In so doing, I undertake to consult you the people, as appropriate, on the varied decisions.

Mr. Speaker, I am only too aware that, given our constitutional relationship with the United Kingdom, our futures are intricately entwined. I am committed to continuing the process of cultivating a mutually beneficial partnership with the United Kingdom. Mr. Speaker, in any healthy relationship there are obligations and benefits. The record will show that under successive administrations the BVI has not only taken its obligation seriously, but has stepped up to the plate and honoured those obligations. Under this Administration, there are no proposals for change in this area.

Having said the foregoing, and lest it be lost in translation, I care not to involve this Territory in any partnership from which it is patently obvious that only damage and loss will flow to our economy and by extension our entire Territory. This damage and loss of which I speak will only result in pain and suffering for you the people. Damages such as:

- lack of adequate income/money to provide food, clothing and shelter for yourselves and families;
- inability of this Government to provide the public goods and services that any modern society needs to function (healthcare, education, transportation, etc.); and
- disregard for our way of life (culture, morals, religion).

Mr. Speaker, I am anxious to become engaged in a partnership with the United Kingdom founded on the principles of mutual respect for each other's way of life centred on the basis of:

- partnership for progress, development and prosperity;
- mutual recognition and responsiveness to obligations and a willingness to support the flow of benefits; and

- the rule of law.

Mr. Speaker, I understood the concept of the Recovery and Development Agency (RDA), though we must now understand that its valuable work is not a substitute for a comprehensive national development plan.

The RDA is an instrumentality that was deemed necessary to deliver on the recovery following the natural disasters of 2017.

The Budget (Figures)

Mr. Speaker, the total budget this year is four hundred and twenty-six million, one hundred and twelve thousand, nine hundred and seventy-two dollars (\$426,112,972). This will comprise of three hundred and thirty-one million, seven hundred and forty-two thousand, six hundred and sixty-six dollars (\$331,742,666) on recurrent expenditure; seventy three million, one hundred and twenty-three thousand, eight hundred and forty-six dollars (\$73,123,846) on capital projects; seven million, eight hundred and thirty-seven thousand and sixty dollars (\$7,837,060) in fund contributions; and thirteen million, one hundred and nineteen thousand four hundred dollars (\$13,119,400) towards principal repayments on our debt.

However, Mr. Speaker, may I warn that this budget does not factor in the monies that may have to be paid out to companies and individuals who have sued the previous administration over the last seven years.

These expected monies will also have to be paid from the public purse, and we may need to do a supplementary budget at later date.

At this juncture, Mr. Speaker, permit me to outline the percentage distribution of each Ministry's recurrent budget allocation:

Ministry

- Constitutionally Established Departments, two point seven percent, 2.7%
- Governor's Group, eleven point five percent, 11.5%
- Premier's Office, ten percent, 10%
- Ministry of Finance, thirteen point four percent, 13.4%
- Ministry of Natural Resources, Labour and Immigration, two point seven percent, 2.7%
- Ministry of Education, Culture, Youth Affairs, Fisheries and Agriculture, fifteen point four percent, 15.4%
- Ministry of Health and Social Development, twenty point nine percent, 20.9%
- Ministry of Transportation, Works and Utilities, fourteen point six percent, 14.6%
- Pensions, Public Debt & Funds Contributions, eight point seven percent, 8.7%

As you will notice, Mr. Speaker, the bulk of expenditure will be on education and health, two of the most crucial areas in guaranteeing the empowerment of our people.

Mr. Speaker, in 2019 we estimate development expenditure to be seventy three point four million dollars (\$73.4m). This amount comprises of ten point six million dollars (\$10.6m) in capital acquisitions and sixty two point seven million dollars (\$62.7m) in infrastructure development across the Territory.

In the Ministry of Education, Culture, Youth Affairs, Fisheries and Agriculture, twelve million, nine hundred and sixty-two thousand, five hundred dollars (\$12,962,500), or sixteen point seven percent (16.7%) of the Development vote has been allocated to, but not limited to:

- the restoration of the L-shape building, as well as construction of classrooms and support facilities, including all internal and external work at the Elmore Stoutt High School;
- provide rehabilitation works at various basketball courts throughout the Territory;
- provide full reconstruction to assigned buildings at the Bregado Flax Secondary School; and
- undertake the procurement and construction of temporary classroom facilities at the Elmore Stoutt High School campus.

Mr. Speaker, in the Ministry of Health and Social Development, six million five hundred and fifty-two thousand, one hundred and twenty-five dollars (\$6,552,125), or ten point two per cent (10.2%) of the Development vote has been allocated to various capital initiatives, including on-going work at the Nurse Iris O'Neal Clinic on Virgin Gorda. Efforts will also continue to upgrade the clinics throughout the Territory, to update the existing health information system, and to move the Dr. D. Orlando Smith Hospital towards obtaining accreditation. To capitalise on medical tourism, two million, five hundred thousand dollars (\$2,500,000) has been allocated to this venture. This essential investment, Mr. Speaker, is critical to ensuring that the BVI Health Services Authority is able to collect sufficient revenue to meet all of its obligations, thereby removing the need for the forty-two million dollars (\$42,000,000) annual subvention through the National Health Insurance (NHI) Programme. This year, Mr. Speaker, your Government has also provided an additional five million (\$5,000,000) to the NHI as the balance of the seed funding that was due since the beginning of the scheme, thereby bringing the total allocation to forty-seven million dollars (\$47,000,000) this year.

Mr. Speaker, the Ministry of Natural Resources, Labour and Immigration has been allocated three million, two hundred and thirty thousand, two hundred and seventy-five dollars (\$3,230,275), or four point four percent (4.4%) of the entire Development vote. This will assist with the continued restoration of our national park structures such as the J.R. O'Neal Botanical Gardens, as well as undertake rehabilitation works at the visitors' centres throughout the Territory. Funding has also been allocated for the removal and disposal of derelict vessels in preparation for the upcoming 2019 hurricane season. This, Mr. Speaker, will also aid in enhancing residents' and tourists' experience throughout the Territory.

Mr. Speaker, national security is everyone's business. Given the porous nature of our borders and the inherent risks this poses, your Government pledges the continued support to all border control agencies to ensure that each citizen, resident, and visitor feels safe within the shores of these Virgin Islands.

One million, thirty thousand five hundred dollars (\$1,030,500) has been appropriated to the RVIPF's budget for the supply and installation of CCTV and related equipment. This, Mr. Speaker, is being funded from the two million, five hundred and seventy-one thousand, nine hundred and forty-two dollars (\$2,571,942) remaining balance of the five million dollars (\$5,000,000) Cabinet allocated in 2018 to HM Customs, Immigration Department and the RVIPF to strengthen their response capabilities.

To provide a safe working environment and to enhance the level of service offered by the RVIPF, Mr. Speaker, one million, five hundred and sixty-six thousand dollars (\$1,566,000) has been allocated to continue the rehabilitation work to police facilities throughout the Territory. The majority of this work will be carried out by the RDA, except for the rehabilitation and reconstruction of the Police Headquarters which commenced last year. This project is scheduled to be completed this year.

Financial Services

Mr. Speaker, now I turn to Financial Services.

Globalisation and the interdependence of markets will continue to have a profound impact on our financial services sector. And navigating the general uncertainties in the global economy, the volatility of financial markets and the raft of major socio-economic-political policy initiatives emanating from the OECD, EU, FATF and the UK will continue to be a challenge in the years ahead. But, Mr. Speaker, the BVI has progressively and consistently weathered the challenges. This has been largely as a result of the consultative and collaborative efforts of Government, industry practitioners and the regulator – a partnership that has fashioned a long proud legacy of finding legitimate solutions to global problems.

Mr. Speaker, the challenge now before us is to lay the groundwork today, and to make sure that our financial services model remains strong, vibrant, resilient and competitive tomorrow. The aim of all this, Mr. Speaker, is to ensure that the BVI is generally regarded as a smart, modern, technologically driven International Finance Centre. Doing so requires actions now to make it substance compliant by doing those things that not only refresh and energise the model, but also provides greater value to its users, thus securing its future.

On the regulatory front, the Financial Services Commission (the Commission) continues its efforts to upscale supervision and monitoring of the industry, primarily through risk-based prudential oversight of its licensees. This year, the Commission will be rolling out its market conduct regime. The regime will expand on market conduct and customer protection obligations in respect of regulated businesses. In this regard, with the experiences learned from Hurricanes Irma and Maria,

separate regulatory codes for conduct relevant to banking and insurance businesses are to be provided during the course of the year.

With a view of becoming a more focused, structured and effective regulator, the Commission intends to make more effective use of technology to drive its processes. VIRGIN, the Commission's proprietary online registration and regulatory network which has served the industry well, is to be updated. Additionally, the Commission intends to expand its Money Matters education activities to ensure that customers are better informed about industry products and services.

Mr. Speaker, in an effort to better develop a world class talent pool to service the ever changing needs of the industry, the Government will be strengthening the Financial Services Institute (FSI). The Government agrees that attending a traditional four-year brick and mortar or Ivy League institution is one way to get the advanced knowledge and skills necessary to achieve success and advance in the industry. But we must recognise it is not the only way, and for many, it is not the best way. Skill based professional education offers a focused and often more cost effective means by which students can acquire the tools and skills that they need to succeed.

Financial Reforms

Mr. Speaker, over the years, there has been much talk about the need for financial reform and the strengthening of our public sector financial management. As we forge ahead with the recovery process and look beyond to the sustainable development of the Territory, this will become even more critical.

Mr. Speaker, there are two key areas that your Government intends to focus on in an effort to effect the necessary financial reforms. The first is the enactment of a comprehensive Public Procurement Act. I am pleased to report that a draft Bill is in its advanced stages and should be brought to this Honourable House shortly. The aim of this Bill is to improve transparency and competitiveness in the Government's procurement process by enacting legislation that is in line with international best practices.

Mr. Speaker, the enactment of this Bill will, amongst other things: establish standards for documentation used throughout the procurement process; provide clarity on the necessary requirements for persons wishing to participate in the procurement process; and establish an appeals process; it will be supported by the relevant Regulations and other subsidiary legislation. In enacting this legislation, Mr. Speaker, your Government will ensure a greater level of objectivity in the current procurement process which, it is hoped, will encourage more persons to participate.

At this stage in our recovery and development, Mr. Speaker, this can only aid in ensuring that more persons are not only able and willing to become involved in the rebuilding of the Territory, but are given the opportunity to do so fairly and objectively.

Mr. Speaker, the other key area of focus is the reformation of the Public Finance Management Act. In order to support the enactment of the Public Procurement Act, the Public Finance Management Act will need to be amended. However, the strengthening of our public financial management processes goes well beyond those required amendments. Revision of the Public Finance Management Act will support the general strengthening of our laws related to fiscal rules and responsibility and budget stabilisation by allowing for greater control and management of our public finances.

Mr. Speaker, we have already begun this process by ensuring that Statutory Bodies and State Owned Enterprises are held to a greater level of accountability through, in some cases, voluntary reporting of financial data on a quarterly basis. There will need to be statutory requirements across the gamut of Statutory Boards and State Owned Enterprises mandating reporting of financial data on a quarterly basis. Further reforms across Central Government will ensure greater control and management of our public finances at a time when prudence is critical to the stability of the Territory to ensure that we are able to sustain the projected levels of debt necessary for the recovery and development of these Virgin Islands.

Budgetary Highlights

Mr. Speaker, as I said before and it's worth repeating now, we have to find the mix between balancing budgets and balancing people's lives.

Today we make a small down payment on balancing peoples' lives.

And therefore, Mr. Speaker, we are pleased to announce, that this administration was able to massage the estimates at this late hour to include the following, but are not limited to:

- The payment of two years of increments due to the hard working public officers will be paid this year. The payment of the third year will follow in the next budgetary cycle.
- We are delighted to deliver on the promise to provide funds to assist public officers with hurricane repairs to their homes that were made known by a needs assessment for public officers and were never addressed.
- We are setting up a fund to assist residents who have difficulties with employment since Irma and who have fallen behind on their payments to financial institutions with their properties. The mechanism for the management of that fund will be unveiled in the coming days.
- We are making funding available for each of the nine districts that will go directly to development within their areas. All districts will receive the same level of funding. This allocation is separate from the district allocation administered through the House of Assembly.
- Funds have been allocated for training of young people in the marine sector at various levels.

- Mr. Speaker, as a means of facilitating youth employment, we are proposing to partner with private businesses to employ our youth, for which we will cover ten percent (10%) of the salary for the first year. Of course this initiative will have a training component attached. This initiative is one of many ways that we will significantly assist with your Government's commitment of 1,000 jobs in 1,000 days. Expect a detailed roll out in the next 30 days.
- Mr. Speaker, in an effort to better develop a world class talent pool to service the ever changing needs of the industry, the Government will be strengthening the Financial Services Institute (FSI). The subvention of four hundred thousand dollars (\$400,000) included in the budget is testimony of our commitment and support of the FSI as a vehicle for capacity building.
- We are allocating more money to the Police this year to assist law enforcement agencies to perform their duties more effectively. Additional money, pay hikes, will go to the officers as well.
- This year, the L-shape building at the Elmore Stoutt High School Campus will be rehabilitated so that students can return to full session classes by September 2019.
- A major rebranding of our tourism product has been ordered, starting with the UK and European markets. We must be known for our tourism product and not just financial services.
- We are also pleased to announce that we are approving the usage of jet skis and certain size bikes with policies to allow for proper monitoring to help boost our tourism product and create new business opportunities for our people.
- Minister of NR&L has been tasked to give a listing of all lands currently owned by Government so that the land bank initiative and affordable housing can finally become a reality.
- The Ministry of Natural Resources, Labour and Immigration will establish the necessary policy framework for the rational and sustainable use of our beaches and natural resources.

The Green Paper on Environmental Management, Sustainable Development and Climate Change will be issued for public awareness and input into the framework that will guide the conservation of the environment. Moreover, the Paper will articulate the holistic manner in which the Territory will pursue and attain its sustainable development goals under the leadership of the Premier's Office and other critical partners.

Beaches have been valued to contribute one hundred and ninety million dollars (\$190m) to our economy. A policy on the use of beaches to conserve their integrity while fostering continued economic growth and opportunities will be published.

The Virgin Islands Land and Marine Estate Policy will be published, demonstrating government's commitment to the principles of sustainable land management and climate change adaptation.

Finally, the 200 nautical miles which currently comprise the Exclusive Fisheries Zone of the Virgin Islands represent an untapped resource which must be carefully stewarded. The Ministry will begin the policy dialogue to identify the opportunities which these vast resources represent for conservation and economic growth.

Conclusion

Mr. Speaker, I thank the hard working public officers whose job it will be to implement the ideas outlined here today and I pledge my support to them as they work to transform our Government's vision into realisable goals.

I must thank the Financial Secretary and his hard working and dedicated team at the Ministry of Finance for their hard work and assistance.

I will also like to thank the Acting Permanent Secretary and her staff at the Premier's Office.

Mr. Speaker, I would also like to thank my colleagues for the support they have provided thus far and for the support I know they will continue to provide as we seek to move the Territory forward out of recovery and into sustainable development.

Mr. Speaker, I thank the people of the Virgin Islands for seeing it fit to place their confidence in me and my team at this time, to take the helm and steer this ship forward.

Building a Modern Partnership

Mr. Speaker, if we are to build a modern partnership, then the foundation must be built on the dreams and aspirations of the people we represent.

Development must not be an abstract concept, based on some foreign preconceived packaged notion, devoid of any cultural and historic context.

Our modern partnership must give validity to the people's vote, not dilute it. It must be made clear of whom we serve.

We must build alliances, not for the sake of building them, nor for any self-pride or personal influence; but we must build them so that they become a vehicle to transform people's lives and to empower them.

And this goal must not just be a desire. It must be a value.

That is why in the next budget cycle we will approach things differently.

A budget must emanate from broad cross sectoral consultations – and we will have those for the 2020 budget which will be delivered and passed by December 2019.

Mr. Speaker, the people's voice must be heard and their will must be done.

We know it won't be easy; but we understand that for democracy to maintain its true meaning, a dream of a people cannot be negotiated away.

Let us put the society on notice, that we must aggressively seek policies that lift people out of poverty and dependency; that allow people to see and enhance their own self-worth.

Our national manifesto must be inspired by the biblical ethos: whatever you do; do it unto the least of these.

As a people of faith, we shall enact this and make this a reality through public policy.

To our friends who are inclined to invest in our economy and our people, we are pleased to announce that we are open for business.

The British Virgin Islands is back and it will get stronger and more resilient. It is a desired place to live and work. It is our home.

Mr. Speaker, together we built it before, and together we will build it again.

May the peace of the Lord be over these Virgin Islands, and may God forever bless these beautiful Virgin Islands.