

**2023 BUDGET ADDRESS
DELIVERED BY
PREMIER AND MINISTER OF FINANCE
HONOURABLE NATALIO D. WHEATLEY**

**UNDER THE THEME:
REVENUE, REFORM, RECOVERY & RESILIENCE
THE VIRGIN ISLANDS IN TRANSITION**

Tuesday, 29th November, 2022

1. Thank You Madam Speaker.
2. Deputy Governor, Mr. David Archer, Mrs. Archer, Financial Secretary, Specially Invited Guests, members of the Virgin Islands community viewing online and listening on the radio, members of the Media; a pleasant good day to everyone.

INTRODUCTION

3. I am both honoured and pleased to present the 2023 Budget Address, which I hope will provide some context to your Government's plans for how we will manage the economy, provide for the needs of the people of the Virgin Islands and meet our other obligations in the upcoming year.
4. This being my first Budget Address as Premier and Minister of Finance, I feel a sense of gratitude to all past Ministers of Finance, beginning with my grandfather, Dr. the Honourable Willard Wheatley, the second Chief Minister of the Virgin Islands and

the First Virgin Islander to officially hold the post of Minister of Finance, which he did on 1 June, 1977.

5. Through Dr. Wheatley's leadership and the talent and support of the other Ministers and our exceptional public officers, the Government of the Virgin Islands independently closed a budget deficit in 1978 and ended the year with a budget surplus of \$1.3 million.
6. Upon this milestone, the Virgin Islands graduated out of Grant-In-Aid, and since then, successive Virgin Islands Governments have continued to successfully manage and develop our economy and our infrastructure.
7. This success reveals itself in the overall growth of our economy, the jobs this economy produces, our low level of debt and our record of repaying debt without ever defaulting, our credit worthiness, and other indicators of our fiscal stewardship.
8. Our Virgin Islands people have done a remarkable job at economic development and financial management, so much so that too frequently the response from international agencies and programmes is that our economy is too strong, and as such we do not qualify for development grant funding – such as for climate adaptation and mitigation.
9. This is irrefutable positive proof – and a highly prestigious endorsement, if you wish – that our people have been able to stand on our own feet – and we have been doing so – for the last half of a century at the least. We continue, year after year, to generate the revenues to manage our affairs, to drive our development and recovery from natural disasters, and to create opportunities for Virgin Islanders to manifest their hopes, dreams and aspirations. Virgin Islanders must hold our heads high.

10. But the success we have achieved has not come without sacrifice. It has not come without the existence of adverse conditions. In fact, that success largely has come in the face of ominous obstructions in the path to prosperity. Yet, through faith in God, through our willingness to work together, through our industry, innovation, and intellect along with our doggedly stubborn determination, we continue to overcome those obstacles.
11. Madame Speaker, the last five years have been some of the most difficult in the modern history of the Virgin Islands. In 2017 we saw a trio of disasters that devastated our physical, social, educational, recreational, Government, and business infrastructure. In short, everything was destroyed. No one was spared.
12. And right after these trio of disasters came a devastating once in a lifetime pandemic that paralysed not just our economy but the economy of the whole globe.
13. And just as we were coming out of the pandemic, and we began to see the economic light at the end of the tunnel, the Russia-Ukraine conflict escalated, wreaking havoc on global supplies of oil and food, causing the prices of goods and services - as well as inflation - to skyrocket, causing hardship to people and economies everywhere.
14. We can add to the list of difficult circumstances over the past five years the Commission of Inquiry (COI), the publication of the COI report, and the very demanding requirements of the implementation of the COI recommendations, among other reforms committed to in the framework agreed with the United Kingdom government.
15. Even in reflection of the challenges we have endured, we can take heart in our track record of overcoming adversity. The Virgin Islands people possess an indomitable spirit. We are innovative. We are resourceful. We are resilient. In times of difficulty,

we come together, and we work together, to power through. This is what we are accustomed to doing.

16. The theme for the 2023 Budget, Madam Speaker is ***“Resilience, Revenue, Reform, and Recovery: the Virgin Islands in Transition”***. It represents a simple but largely comprehensive matrix of what we have accomplished this year and what the priorities and parameters of our mission in the upcoming year and beyond should be, given the international geopolitical and economic climate, and the situation closer to home.
17. Resilience means being able to withstand shocks, especially massive shocks. In one context, it means constructing buildings and other infrastructure to be able to withstand the forces of nature. But resilience also applies to having an economy that can withstand impacts from local and foreign threats and even major crises. It means ensuring that our people have the skills, knowledge and ability to thrive when conditions change from the familiar to the unfamiliar. It means reducing not just the vulnerability of the economy but of our people. It means being able to take a lot of blows before you bend, and being able to get back up quickly if and when you do. Given this definition, our economy and people has demonstrated great resilience.
18. We must also generate the revenues needed to provide for our needs and to drive our development and growth. This means defending existing revenue streams while developing new streams of revenue. We must also improve the collection of revenue and ensure the most efficient spending of government revenue to provide value for money.
19. We must also continue to engage in reform. The COI and the events of April 28th have been damaging to our reputation, which effects investor confidence. And therefore, reform will restore that confidence; enhancing accountability,

transparency, value for money, adherence to the rule of law and efficiency. We must also take ownership of reform by going beyond the COI and implementing improvements to our public services, delivering on progress for our people.

20. It is also necessary to focus on completing our recovery from the disasters of 2017 while making the transition to developing a world class infrastructure that will support a thriving economy along with facilitating the needs of the population, not just presently but in the future.
21. Finally, the 2023 Budget outlines the expenditure necessary to support the development needs of our population, including areas like education, health, environmental protection, culture, among others. It not only provides for short-term needs over the upcoming 12 months; it also entails initiatives upon which future development and advancement can continue – and this includes developing our people so that they can confidently face the challenges of tomorrow in a dynamic and competitive globalized world.

THE GLOBAL ECONOMY

22. Madam Speaker, we are a cluster of islands but that does not mean that we exist in isolation. We have been reminded repeatedly over the past few years that ripples emanating from countries and economies thousands of miles away do beat upon our shores. In a globalized world, this is inescapable.
23. In 2021, institutions such as the World Bank and the International Monetary Fund (IMF) forecasted that economies would begin to experience growth and recovery from the recession triggered by the COVID-19 Pandemic in 2022. The situation, however, would be better in the more developed economies than the developing ones, and global output would remain 2% below the pre-pandemic projections. The IMF was highly confident of 4.9% global growth in 2022.

24. But this was before the then-unforeseen Russia-Ukraine conflict escalated in February 2022. Given the broad ranging and deeply impactful implications of the war, it was inevitable that the outlook from the institutions would have to change.
25. The World Economic Forum (WEF), in its Chief Economist's Outlook published in September 2022, describes the present as "*a time of significant economic danger*", with persistent, surging inflation at levels not seen in a generation; sharp tightening of monetary policy in many countries that threaten global growth; freefall of wages and consumer confidence that increase the prospect of social unrest in many countries; and increased human suffering; among other effects.
26. Governments worldwide have been placed in near impossible situations, because every response option comes with high cost and even higher risks. For instance, as the WEF points out, traditional approaches to rein in inflation risk triggering recession and a spike in unemployment. Fiscal support measures for struggling households risk adding to the levels of public borrowing which, for many countries, are already high after the outlays required by previous crises. Debt distress is at highly concerning levels in vulnerable countries, increasing their exposure to additional shocks, such as climate-related natural disasters and placing many in a vicious cycle of debt.
27. The deepening of geopolitical fissures, which continues to play out, is an accelerant to this bonfire, easily perceptible in the changes taking place with global supply chains. The WEF describes the months ahead as "*uncharted waters*".
28. The IMF's World Economic Outlook, published in October 2022, forecasts that global growth will slow from 6.0% in 2021 to 3.2% in 2022, and 2.7% percent in 2023. The IMF notes further, about a third of the world economy faces two consecutive quarters

of negative growth, and global inflation is forecast to rise from 4.7% in 2021 to 8.8% in 2022, but to decline to 6.5% in 2023 and to 4.1% by 2024. That is still very high.

29. Madam Speaker, with an outlook such as this, Governments and people in countries everywhere will not have an easy time, and they will have to distinguish between things they “want” and things they “need”. And, even things that fall in the category of “needs” will have to be prioritized.
30. The IMF has made some suggestions for how to survive these challenges in the long-run. These include intensifying structural reforms to improve productivity and economic capacity, and fast-tracking policies for the green energy transition to boost energy security and mitigate some of the costs associated with climate change.
31. Being prepared and resilient tomorrow requires making the tough decisions and doing the work today. Perhaps the one consolation in crises is that challenges create the atmosphere for innovation. As people are confronted by problems, they find creative ways to overcome them. This is one of the strengths of the indomitable Virgin Islands people throughout our generations.
32. We must take heed of what is happening in the world, use this information to equip ourselves, and we must ensure that we are ahead of the curve, especially in education, training and technology, and in diversifying our economy.

THE MACRO-ECONOMIC POSITION

33. Madam Speaker, the macro-economic position demonstrates the resilience of the Virgin Islands economy. The macro-economic picture helps to explain past performance and informs the assumptions against which forecasts can be made as for how we can anticipate the economy to behave, and how the Government and residents can plan their activities.

Population and Employment

34. The Virgin Islands economy over the years has performed so well that it required a workforce of a size that far surpasses the capacity of our available labour force, and as a result we have imported a large amount of human resources. Therefore, there is a direct correlation between the size of our population and the size of our workforce.
35. With our small geographic size, the Virgin Islands population normally grows at a rate of 2.6%. This trend continued annually up until 2017 when there was a 9.1% decline in the population as persons left our shores due to the disasters from the floods and the two Category 5 hurricanes.
36. However, in 2018 there was a 3.0% increase in population as persons returned to the Virgin Islands. Since 2018, the growth of the population commenced its upward climb as the country began to rebuild, and there was a need for a significant influx of labour.
37. Prior to the 2017 catastrophic events and the pandemic, employment grew by at least 1% each year. However, with the hurricanes, declines in growth were recorded in 2017 and 2018, but in 2019 there was a substantial growth of 10.0% to 21,254 employees, over 19,317 employee in 2018, which speaks to the resilience of the economy in producing jobs.
38. Then, in 2020 the pandemic again resulted in a decline in the growth of employment. By the end of 2021, there were 20,747 persons employed throughout the Virgin Islands. However, we expect to see another increase in the workforce spurred on by our recovery from the pandemic.

39. Employee compensation also tells a story of resilience as we eased out of very restrictive anti-COVID measures. Overall average earnings increased by 5.0% in 2021 to \$26,398, from \$25,144 in 2020. Based on these increases in average earnings, total earnings in 2021 grew by 3.8% or \$547.68 million, from \$527.66 million in 2020.
40. The key industry drivers of employment in the Virgin Islands, excluding public service, health and education, are construction, wholesale and retail, financial services, professional services and administrative services.
41. Despite the decline in employment in both 2020 and 2021, due to temporary and/or permanent closure of some businesses, particularly in the tourism and related industries, 548 and 251 new businesses opened in 2020 and 2021 respectively, which still augers well for confidence in our economy.

Gross Domestic Product

42. Our GDP numbers also speak to resilience. Nominal GDP growth projections for the Virgin Islands in 2021 was about 2.2%, following the contraction in 2020 due to the pandemic. The evidence to support this growth was in the return of activities in the tourism industry, with the increase of economic activities within the wholesale and retail industry and accommodation and food services.
43. Real estate activities also saw signs of growth following the decision to waive stamp duty for Belongers and Virgin Islanders for the purchase of property. Confidence in the financial services sector continued to show in the small but steady growth, while activities within other economic areas realized increases as well.
44. As we end 2022, we estimate tourism-related activities to continue to boost economic activities throughout many sectors including accommodation and food services, wholesale and retail and transportation and storage.

45. Additionally, with the ongoing Green initiatives throughout the Virgin Islands, we expect to see some spinoff activities. Construction, in both the private and public sectors, along with the e-Government transformation initiative, and the administration of the COI recommendations are expected to also add value to the year's annual economic growth. Given these planned activities, the Ministry of Finance and the Government are confident that our output performance for 2022 could close the year at a 3.5% growth in comparison to 2021.
46. Some of the plans for the medium-term are food security initiatives, the continuation of construction projects such as the Elmore Stoutt Technical Wing, the Jost Van Dyke Primary School, the Halls of Justice, the Eslyn Henley Richiez Learning Center, the Palm Grove Center Redevelopment, air access and Airport upgrades; financial services fee increases; the International Tax Authority (ITA) filing fee proposal; along with other initiatives. From these plans, it is projected that nominal growth for the medium term will be 2.9% in 2023, all things being equal.
47. One very important thing we must consider in 2023 as we look forward is that, in order to sustain the growth in our economy, we must make provisions and preparations for increasing our productive capacity. This is important. If we want to achieve our goals we must source the resources. But also, if Virgin Islanders are to truly benefit from economic activity and growth in our homeland – as we rightfully should, then we must identify what skills will be needed, what resources must be needed, and we must ensure that our people are qualified to fill those positions when they emerge. We are committed to strengthening our training and other institutions to accomplish this purpose.

Financial Services

48. Our main economic pillars, Madam Speaker, also demonstrated resilience. In the financial services sector new incorporations had been in decline for a number of years, more than likely linked to a saturation of the BVI brand. Certainly, the global pandemic also contributed to that decline. However, in 2021 the performance of incorporations deviated from that declining trend. New incorporations rose by 61.8% to 36,178 in 2021, compared to 22,362 in 2020, which was the first year of positive growth since the implementation of fee increases in 2018.
49. Revenue from registrations also recorded an increase of 2.6% to \$215.09 million in 2021, compared to \$209.72 million in 2020. The positive impact on revenue from registrations was further seen in the 3.0% growth in Government's share of financial services revenue, which moved from \$190.00 million at the end of 2020 to \$195.79 million in 2021. This uptick in activity within the industry was more than likely from the return of confidence in the market with the re-opening of world economies, along with a spike in transactional activity from clientele across Asia, Europe and the USA following the pandemic.
50. The trend from 2021 continued into the 1st Quarter of 2022, with incorporation figures that were similar to pre-pandemic levels. In the 1st Quarter of 2022, new incorporations grew by 4.4% over the 2021 level, and 11.9% over that of 2019. From the 2nd Quarter of 2022, the trend switched to a declining one, which continued into the 3rd Quarter. This declining trend coincides with the downturn in the global economy and the multiregional contraction of the financial services market. Unfortunately, it is anticipated to continue to the end of the year, but we are hopeful that we will see the reopening of most of the major economies in the Asia-Pacific Region along with increased production for the holiday months to boost growth.

51. Renewals are projected to remain stable with no expectations of significant decline. By the end of 2022, it is anticipated that around 29,000 new incorporations would have been registered for the year. It is expected that revenue from the industry of around \$222 million, 96% of which would be from the Registry of Corporate Affairs (ROCA), would be realized by the end of 2022.
52. New measures being implemented in 2023, such as proposed fee adjustments for regulators and companies, along with potential gains from the introduction of additional legislation under the Investment Business space, have the potential to realise growth of between 5-10% over 2022 level. But, we are proceeding with cautious optimism as we closely monitor how developments such as the fee increases scheduled for January 2023 and other measures will impact business.
53. For 2023, it has been projected that new incorporations would remain constant, while the decline in both incorporations and transactional activity over the past 10 years will continue. It is also anticipated that the financial services sector will continue to maintain a generally steady position in the global industry into the short-medium term.
54. In an effort to continue to be a leader in the financial services industry, the Financial Services Commission (FSC) continues to invest in enhancing the efficiency of their processes, which would centralise information on regulatory functions, Economic Substance among other areas.

Tourism

55. Madam Speaker, in addition to financial services, tourism also demonstrated great resilience. This pillar of the our twin-pillar economy permeates practically all sectors with multiplier effects throughout the entire economy.
56. The onset of the COVID-19 pandemic in 2020 hit our tourism industry very hard. Tourist arrivals fell from 894,991 visitors in 2019 to 305,356 visitors in 2020; and dropped further to 133,715 visitors in 2021. The re-opening of the Road Harbour Jetty in December 2020 saw arrivals progressively increasing, with substantial increases in November and December 2021 that just fell short of 96,000 visitors.
57. Vaccination programmes in most countries, the loosening of travel restrictions, the easing of quarantine periods, the reduction in and subsequent elimination of BVI Gateway fees, and pent-up appetites for travel, saw the tourism sector during 2022 commence its upward climb, albeit slow, to its normal performance levels.
58. By the end of August 2022, total visitors grew by 1,054%, moving from 28,224 visitors in August 2021 to 325,753 visitors. Cruisers and day-trippers moved from 2,641 by the end of August 2021 to 204,330 for the same period in 2022, a 7,637% growth; while, overnights, which stood at 27,604 by August 2021, reached 123,445 for the same period in 2022 - a 347% increase. The Virgin Islands tourism product is resilient and in high demand.
59. The re-emergence of annual events like the Virgin Gorda Easter Festival, the BVI Spring Regatta and Sailing Festival, One BVI Poker Run, Christmas in July, BVI Summer Sizzle and Emancipation Celebrations enhanced the level of visitors up to August 2022. We just concluded the 10th Annual Lobster Fest in Anegada which was incredibly successful and attracted visitors from places outside the BVI, such as St. Maarten, the USVI, and mainland USA among other places. In addition, the

reopening of the Virgin Gorda Airport has facilitated an increase in overnights and day-trippers.

60. The completion of the Bitter End Yacht Club, Nanny Cay Hotel and some guest houses and villas in 2022 continue to supplement the room stock in the Virgin Islands. Based on feedback from the accommodation and charter yacht sectors, the outlook for overnight visitors for the remainder of 2022 is optimistic, with early bookings showing signs of recovery to around 2019 level of tourism activity.
61. With the cruise restrictions being lifted and new cruise-lines, like Ritz Carlton Cruises, set to make calls on our destination, the 2022-2023 cruise season is expected to be heading back to almost normal levels. Based on performance up to August and an optimistic outlook across visitor arrival categories for the balance of the year, the 2022 projection for overnight visitors was revised to 191,019 visitors, while that of cruisers and day-trippers was revised to 350,883 visitors. Therefore, total visitors for 2022 is expected to reach 541,901 visitors; a 305.3% growth above 2021 levels.
62. The planned re-opening of Peter Island in 2023, continued development at Oil Nut Bay Resort, and anticipated gains from a comprehensive review and revision of the fees and structures within the marine industry are expected to provide a boost to high-end tourism.
63. It is anticipated that these efforts and those of the BVI Tourist Board, along with the level of early bookings for the 2022/2023 season will realise total arrivals of around 703,000, of which 59% or 411,000 visitors are expected to be cruise passengers and day-trippers, and the remaining 41%, which is about 292,000, would be overnight visitors.

Inflation

64. Madam Speaker, historically, the Virgin Islands has maintained inflation rates below 3% which was an indication of our economic stability and the standard of living of our people. However, the rate dropped to an unprecedented low of 0.4% in 2020 during the pandemic, possibly due to the forced departure from the normal consumption patterns of the population. This deviation from the norm rendered the “basket of goods and services” monitored by the Consumer Price Index (CPI) useless for monitoring inflation. But, as the effects of the pandemic lessened in 2021, the inflation rate started a steady climb as normal consumption patterns returned, ending the year at 2.8%.
65. Given the strong correlation between the inflation rate of the USA and the Virgin Islands, the 2022 end-of-year projection is estimated at 6.4% when compared to the earlier projection of 8.6% at mid-year, and the actual 2021 inflation rate of 2.8%.
66. The projection for 2022 inflation was driven by price changes in food and non-alcoholic beverages and transportation, which hold a great share of the weights in the basket of goods. However, it is the multiplier effect of the drastic changes in oil prices that continues to have the greatest impact on the prices of all items in the basket of goods, particularly in the transportation category of the basket.
67. For the first nine months of 2022, the highest inflation rate was recorded in April of 5.0%. This rate was driven mainly by movement in the prices of the food and non-alcoholic beverages, housing and utilities, transportation and miscellaneous goods and services categories. The combined weight of these four categories constitute more than 60% of the current CPI basket. Therefore, any movements in any of these categories will have a greater impact on the inflation rate. By September of 2022, the inflation rate in the Virgin Islands was 3.7%.

68. For the medium term, prices are projected to inflate at levels below that of 2022, with 4.2% in 2023, 2.6% in 2024, and 2.1% in 2025.

FINANCIAL PERFORMANCE REVIEW 2022

69. Madam Speaker, 2022 started out with much hope and promise given the strides made locally and internationally in slowing the infection rate for COVID-19 and the implementation of measures that allowed life and business activities to start the journey back to normalcy. Of course, this optimism had to be tempered when the conflict between Russia and Ukraine escalated at the end of February 2022, triggering ripples in every sector in every corner of the world.
70. Developments locally also required the Government to shift priorities and redirect resources – just as we had to do in the two years before dealing with COVID-19. Some of these 2022 measures also impacted the logistics for how Government has to approach the procurement of goods and services to attend to the needs of the public.
71. With the multitude of factors coming together, Government found it necessary to bring forward a Schedule of Additional Provisions (SAP) in June 2022 to make the relevant budgetary adjustments.
72. The revised budget estimates show total Government revenue in 2022 was \$361.35 million; some \$4.7 million higher than what was initially projected. Total Revised Recurrent Expenditure for fiscal year 2022 totalled \$341.47 million; \$4.51 million more than the original figure.
73. The changes in priorities saw the Development Expenditure increase from the initial budget of \$39.40 million to \$58.69 million in 2022; an increase of \$19.29 million,

some of which was funded by the savings realized by the reduction in recurrent expenditure.

74. Taking a closer look at the revenue figures as they relate to tourism for 2022:
- i. Hotel Accommodation Tax revenue is estimated at \$7.49 million – more than 200% above the initial projection of \$2.37 million. This was an increase of \$5.4 million compared to 2021 revenues from Hotel Accommodation Tax.
 - ii. Taxes from Motor Vehicle Rentals are estimated at \$137,228 - more than 20% above the initial projection of \$112,324, and more than double the 2021 revenues of \$62,792.
 - iii. Cruising permits revenue for 2022 is estimated at \$3.93 million – more than 35% above the initial projection of \$2.83 million, and again more than double the 2021 revenues of \$1.84 million.
 - iv. Tourist Arrival Levy revenues are estimated at \$1.54 million – more than 50% above the initial projection of \$1.03 million, and more than triple the \$498,620 collected in 2021.
75. With respect to some of our other revenue streams, for 2022:
- i. Income and Payroll Tax increased by more than \$6 million over 2021's revenue to \$55.32 million.
 - ii. Taxes on Goods and Services increased by more than \$14 million over 2021 receipts to \$225.02 million.
 - iii. 2022 saw a drop in revenues from trade licences to \$849,435 from \$928,913 the previous year.

- iv. Taxes on International Trade decreased by about \$500,000 in 2022 to \$36.51 million compared to 2021 receipts of \$37.02 million. This, of course, can be attributed to the economic impacts of global events such as the Russia-Ukraine conflict, which has affected persons' purchasing power. Persons would recall the Government's efforts to ease the burden on the population by capping import duties at 5% or less. This measure, which was very necessary, would also account for why the Government's revenues from imports declined.
 - v. Revenues from Money Transfer Fees were similarly affected and fell by \$63,182 to \$2.2 million in 2022 compared to 2021 receipts. Government reduced the money transfer levy from 7% to 3.5% to provide some relief to persons who rely on the use of those services, and this relief would have resulted in the Government collecting less money from money transfer transactions.
 - vi. Receipts from the surcharge on fossil fuels increased from \$898,069 in 2021 to \$1.52 million in 2022. This resulted mainly due to the increase in international fuel prices triggered by the Russia-Ukraine conflict and the formula used to calculate the surcharge. Indeed, our residents would have felt this impact at the fuel pumps and in their electricity bills. Honourable Members and the public would recall, that the Government responded positively to reduce the fuel surcharge on petrol by 50% of the normal rate; and as it relates to the fuel oil surcharge on residential electricity bills we have subsidised it by 50% for October and November and 100% for December 2022.
76. The Virgin Islands economy fared well, despite the challenges faced in the last year.
77. The total revised expenditure for 2022 is \$420.5 million. Total Government Debt will stand at \$130.28 million at the close of the year, of which \$99.79 million is foreign debt and \$20.39 million is local debt.

A Strategy for Revenue Growth

78. Madam Speaker, we have seen the evidence of the demand for the Virgin Islands tourism product, and with past and continuing efforts, projected revenue related to tourism for 2023 includes:
- i. \$7.17 million from Hotel Accommodation Tax.
 - ii. \$142,616 from taxes from Motor Vehicle Rentals.
 - iii. \$4.05 million in cruising permits.
 - iv. \$1.69 million from Tourist Arrival Levy. And,
 - v. \$328,078 from Moorings and Berthing Fees.
79. As the economy continues to be stimulated and to become re-energised, revenue projections for 2023 will also include:
- i. \$55.41 million from Income and Payroll Tax.
 - ii. \$3.78 million from Property Tax.
 - iii. \$243.67 million from Taxes on Goods and Services.
 - iv. \$978,872 from Trade Licences.
 - v. \$43.65 million from taxes on International Trade.
 - vi. \$2.61 million from Money Transfer Fees.
 - vii. \$1.59 million from the Surcharge on Fossil Fuels.
 - viii. \$3.62 million from Water Rates.

- ix. \$8.38 million from Work Permits.
 - x. \$5.66 million from Stamp Duty.
80. Revenue highlights from Financial Services for 2023 include the following:
- i. \$210.7 million from Corporate Registrations. And,
 - ii. \$4.54 million from Investment Business.
81. The strategy of the Financial Service Commission to continue to pursue the path of robust regulation, upholding our strong reputation as a responsible jurisdiction, has proven to be correct repeatedly. Consistent with this approach, the FSC will commence the implementation of the 2022 amendments to the BVI Business Companies Act and Regulations which will ensure that the Territory's corporate legislation remains at the cutting edge of the market and that we are able to deliver on our international commitments, including those relating to information exchange with our international partners. The Commission will also take necessary measures to implement legislation relating to the provision of virtual asset services which will add to the financial services offerings within the jurisdiction and provide added revenue and activity within the financial services sector. The Commission is committed to ensuring that these types of activities are appropriately regulated whilst maintaining the sector's ability to innovate and service its ever evolving clientele.
82. The Commission will be implementing new fees structure across supervision and for corporate structures as well. These changes in fees take into account the global economic situation as it relates to inflation and growth. In that context, therefore, account has been taken of the need to ensure that fees charged for regulation and supervision of financial services business are commensurate with associated risks and the resources needed to mitigate those risks. These fees will bring added revenue

whilst maintaining the necessary balance and competitiveness of the jurisdiction as a provider of financial services business.

83. Finally, the Commission will continue to focus its attention and resources into preparing the Commission and the Territory for the IMF/CFATF Mutual Evaluation. The implications of a negative review are unfavourable and, therefore, every effort will be made for a successful review.
84. Madam Speaker, while we are grateful for what we expect to collect from our resilient existing revenue earners, we have concluded that we must embrace a strategy that will generate additional revenues to meet the growing demands for Government expenditure and the development of the Territory. It is time to make a bold step towards the future. Madam Speaker, we recognize that we must offer more services to our clients in the Financial Services industry. In order to do so we must make the BVI a more attractive place to live and work, which is consistent with this Administration's plans.
85. While we work towards a diversified Financial Services sector, another obvious area for investment and diversification is Tourism. There is great potential for the generation of additional revenue through strengthening and diversifying our existing product.
86. Madam Speaker, the key to optimized performance in the Tourism sector is improving our transportation infrastructure. The BVI Airports Authority, under the leadership of the Minister of Transportation, has been engaged in fruitful discussions with airlines to increase airlift to the Virgin Islands in 2023. In the coming days the Minister for Transportation and Deputy Premier will make a major announcement.
87. Madam Speaker, our ports and harbours continue to serve as integral components and drivers of our economic development and stability. To this end, we will continue our

programme to redevelop the West End Ferry Terminal, which was destroyed during the 2017 hurricane season. This is a project that is highly anticipated by the public as well as other stakeholders home and abroad. This was particularly evident during stakeholder engagement sessions and on social media platforms, which allowed Government to finalise the design concept for the facility. This project is fully funded and work will begin in 2023.

88. Madam Speaker, increased airlift and maritime traffic creates opportunities for investors to increase the beds available in the Territory along with Tourism development projects to support the sector. Therefore, Madam Speaker, we can expect that we will see Requests for Proposals to spur the construction of new hotel properties.
89. One such area for development is Prospect Reef. I have discussed the matter with the Chairman of the Prospect Reef Board, and we intend to have a Request for Proposals by early 2023 if not sooner.
90. Another area where we can expect to see tourist developments is the Fat Hog's/East End Harbour project. Presently, a presentation is being prepared to present to land owners for their support in moving forward with a major project there that will transform the economic landscape of the eastern end of the island. A similar process is taking place for a development on Brandywine Bay Beach.
91. In addition to these projects, there is interest from a number of developers for multi-million-dollar projects, and we will work fairly, transparently and in the best interest of the Virgin Islands and our people to see how these can be brought to reality in a sustainable manner.

92. We encourage responsible development within the Virgin Islands, and it is my goal as Leader of this Government to work with potential developers so that we continue to encourage investment, create jobs, opportunities and stimulate growth.
93. I also encourage Virgin Islanders to invest in villas, small to medium sized hotels, and consider renting your existing properties as AirBnB's. Greater visitor numbers will present opportunities to share in the tourist pie.
94. Madam Speaker, we will diversify our Tourism product by focusing on Culture, Conventions, and Sports. Madam Speaker, the RDA has been tasked with designing a National Museum, a National Library, a National Archives, a National Art Gallery, and a National Performing Arts Center. The designs will be completed in 2023.
95. These institutions will play a vital role in educating and enriching our resident population as well as our visitors through the examination of the culture and heritage of our people. It will also create employment opportunities within the cultural sector further diversifying our economy.
96. Madam Speaker, 2023 will also see the return of a VI Music Fest to help bolster the tourism sector through the development of Entertainment Tourism. Again, this is an effort to provide more value to our product and improve the experience of our visitors while attracting new ones.
97. Madam Speaker, the development of Prospect Reef will include conference facilities, which will help support the Financial Services Industry as well as other business and administrative sectors. In 2023 we will also see the development of the Football Association's stadium at Greenland, which will create even greater opportunities for Sports Tourism. We will continue to work with various sporting organizations to create more opportunities in this vibrant area of promise.

98. Madam Speaker, not only are we diversifying the types of tourism here in the Virgin Islands, but the areas where tourists congregate. Long Bay, Beef Island has been allocated \$300,000 to begin a development designed to improve the experience of residents and visitors and manage the activities on the beach in the best interests of all stakeholders. Also, a restroom facility at Brewer's Bay is just about finished to further help diversify the destination for cruise passengers and other guests by providing the proper amenities.
99. Madame Speaker, we must also explore other areas for revenue growth through the diversification of our economy. Food production remains an important goal for this administration. The Food Security and Sustainability Act 2022 was passed this year, and the Agricultural and Fisheries Authority legislated in the Act will be set up in 2023. This will spur the effective regulation of the agricultural industry by licensing commercial farms as well establishing leasing arrangements with those farming on Crown land. This will result in increased revenue to support the Authority as well as greater productivity in the sector.
100. Also, once the Agricultural and Fisheries Complex in Paraquita Bay becomes project-ready, the insurance funds, which sits in the development fund, can be sought to get the project moving. This complex will allow the Authority to purchase fish and agricultural produce from fishers and farmers.
101. This 2023 budget also contains a further \$120,000 towards the completion of the Fisherman's Dock at Red Bay. Monies are also allocated for a grand Agriculture and Fisheries fair in 2023.

Collection of Revenue and Efficient Use of Revenue

102. Madam Speaker, implementing revenue measures which are not being collected is an exercise in futility; therefore, it is important that we become more efficient in collecting revenue. Technology can assist us in that regard.
103. Under the auspices of the Ministry of Finance and DoIT, the Inland Revenue Department has embarked upon a 2 year project in upgrading their Standard Integrated Government Tax Administration System (SIGTAS). The platform will be moved from version 1.0 to the latest version, 3.0. This upgrade contains an integrated suite of modules that will automate the administration of taxes using a single comprehensive information system. To facilitate greater transparency and modernization of the taxation process, SIGTAS 3.0 will allow for e-registration, e-filing, e-payments, and flexible reporting. By upgrading this software, Central Government will be able to optimize decision making and increase the efficiency in tax collection, enforcement, and recovery. This will be rolled out early in 2023.
104. Madam Speaker, another important development that will allow for easier payment of government fees is the establishment of a Payment gateway to allow for e-payments. In order for government to reduce the risk and the responsibility of processing credit cards directly, it was determined that an online payment platform be established. With this approach the Government would gain the benefit of collecting revenue online, while limiting its involvement in banking activities.
105. In conjunction with the Treasury Department, Madam Speaker, we are now at the advance stages of discussions with Banco Popular, and we will be ready to launch this initiative early in 2023. Other benefits of this initiative include a secure payment environment with a high level of fraud protection; the ability to make payments 24

hours a day; the ability to accept all forms of payment that are available locally; and a system that is simple and user friendly.

106. Madam Speaker, many agencies of government will be empowered to digitize their processes in the coming months, which should allow for a more efficient use of government resources.

Reform

107. Madam Speaker, The Government has committed to funding the ongoing COI Reform process as we seek to improve good governance in the Territory. Funding for staffing and accommodation for the COI Implementation Unit will continue as well as payment of stipends for the work done in reviewing statutory boards, discretionary powers of Ministers, disposal of Crown land, contractual arrangements between Members of the House of Assembly and Government, as well as the audits and investigations.
108. Additional funding has been provided to the Offices of the Attorney General, Director of Public Prosecutions, Royal Virgin Islands Police Force and the Office of the Auditor General to fulfil their ongoing obligations in the COI Reform process.
109. I wish to remind persons that this COI Implementation is not merely a box ticking exercise. It is a real effort to deliver real progress for the people of the Virgin Islands. Improvements are being made in the manner in which various services are being provided. The ongoing actions are also in keeping with the wider Public Service Transformation Plan through which the public will be able to experience greater levels of service efficiency through various measures being put in place for ease of doing business with Government. A number of Transformation initiatives are funded in the 2023 budget across the various Ministries as well Statutory Bodies.

Recovery

110. Contrary to the belief of some Madam Speaker, reform is not the only work this administration is engaged in. We continue to progress our recovery from the natural disasters of 2017.
111. Madam Speaker, one of the projects that I am highly proud of is construction of new classrooms at the Elmore Stoutt High School campus. Madam Speaker, when I was appointed as Minister of Education in 2019, administrators, teachers, and students were suffering in a warehouse ill-equipped as an environment for the education of our youth.
112. Madam Speaker, spurred on by dissatisfied teachers and parents and with the support of the then Minister of Finance, we embarked on the project. Madam Speaker, despite the challenges associated with the project, including long shipping delays, this project was still finished in record time, with the keys being handed over to the Ministry of Education in a matter of days. I am please the current Minister of Education can see this project over the finish line.
113. Development of our future generations is a paramount focus of this Government. Not only does your Government believe in the education system of the Virgin Islands, we believe that each child in the Virgin Islands must have equal access to a primary and secondary education. We also believe that our educators must be provided with appropriate facilities, equipment and supplies to allow them to impart their knowledge and experiences to our children.
114. Madam Speaker, that is why I am also very proud to have signed a contract for the development of the Jost Van Dyke Primary School and Multi-purpose Educational Facility in August. Funding of \$4.1 million has been allocated in 2023 towards the construction and completion of this facility. This project will provide a fit and proper

facility from which our children on Jost Van Dyke will have access to a comfortable and all-inclusive learning environment, comparable to those on Tortola, Virgin Gorda and Anegada.

115. Funding of approximately \$1.6 million is allocated for the rebuilding of the Eslyn Henly Richiez Learning Center as well as \$500,000 for the maintenance of schools throughout the Virgin Islands.
116. Our community centres have served the public, especially the elderly over the years, as a place for meeting, special events, comradeship, and nation building. Prior to the passage of Hurricanes Irma and Maria, most of our community centres also served as designated emergency shelters during storm events. In 2023, we will focus on the restoration of three community centres, namely Cane Garden Bay Community Centre, Brewers Bay Community Centre, and the East End/Long Look Community Centre. \$962,500 has been allocated in the 2023 budget towards this initiative.
117. Madam Speaker, the Government of National Unity has adopted the rich legacy of a comprehensive, robust, resilient, and responsive disaster risk reduction programme. Substantial progress was made in 2022 on the construction of the new National Emergency Operations Centre. The foundation is complete, and this included micropiling, a technique that is new to the Virgin Islands. In colloquial terms, the building is now “out of the ground”, and in this vein, I am pleased to announce continued funding in 2023 of \$5.9 million towards the completion of the National Emergency Operations Centre, which is revered as a model in the region of a sustainable and resilient facility that allows for the continuity of Government during a catastrophic disaster, such as experienced in 2017.
118. Madam Speaker, we made significant the progress on the rehabilitation of the Ralph T. O’Neal Administration Complex. Works continued during the year on the

following components: construction of new basement and parking on the West wing, including drainage works; construction of an elevator shaft on the West wing; installation of impact resistant windows, doors and frames; and repairs to the exterior envelope of the building. This project remains a priority as it will ensure that our public officers and Government have a proper home base to work and it will save money currently being paid in office rental. Work on the Ralph T. O'Neal Administration Complex will continue with \$500,000 allocated to the project in 2023.

119. Madam Speaker, \$2.16 million has been allocated towards the first phase of the development of the Halls of Justice, which is a multi-court facility that will house the Office of Public Prosecution, the Magistrates Court, the Attorney General's Chambers, and the High Court. There is an urgent need to restore full functionality and capacity of our courts, and through this project, which will be delivered by the RDA, we expect to provide a facility with the capacity to address the needs of the courts while saving revenue currently being paid in rent. Madam Speaker, to your delight I will also report that the renovated House of Assembly building will also be completed in 2023.
120. Madam Speaker, this work will follow from the very good projects the RDA delivered in 2022, such as the Attorney General's Residence, the Police Head Quarters in Road Town, the Police Station in Virgin Gorda, and the Police Investigative Unit.
121. Madam Speaker, I will repeat that. Madam Speaker, in 2022, the RDA delivered projects such as the Attorney General's Residence, the Police Head Quarters in Road Town, the Police Station in Virgin Gorda, and the Police Investigative Unit. And they will continue their good works in 2023.
122. A total of \$1.3 million has been allocated to the continued restoration and development our land and sea security and surveillance infrastructure. In 2023 we

intend expand the ICT infrastructure of the Royal Virgin Islands Police Force including reconstruction of the Marine Base, which was damaged during Hurricanes Irma and Maria.

Infrastructural Development

123. Madam Speaker, besides Recovery projects, this administration has and will continue to engage in infrastructural projects to serve the needs of residents, businesses, our security institutions, and other entities. Admittedly, a shrinking recurrent surplus, due to an ever increasing recurrent expenditure, often leaves little room for capital development. In recent years, we have funded our infrastructural development through loan financing.
124. We are still well below our threshold for net debt, and we still have some room within our debt servicing ratio to accommodate additional lending to support our development programme. We will secure a loan during 2023 to embark on a number of infrastructural projects.
125. As for this 2023 budget, like the 2022 budget, we have been able to advance our infrastructural development.
126. For instance, Madam Speaker, the Market Square Project is approximately 80% complete. Upon completion, the new facility will centralize the sale of agricultural goods and products. The project includes construction of primarily kiosks, a roadway, bathroom facilities, a drainage network, and a bandstand. The Market Square Project is expected to be completed during the first quarter of 2023.
127. The Water and Sewerage Department (WSD) continued work on the sewerage systems in East End, Long Look, Fat Hog's Bay, Cane Garden Bay and Road Town areas. The Budget contains approximately \$3 million for various works in each

location. Government signed a contract with BiWater to carryout rehabilitative work to the sewerage treatment plant at Burt Point. In collaboration with the Ministry of Communications and Works and the RDA, the WSD has also installed new reservoirs in Carrot Bay, Zion Hill and Long Bush.

128. The Public Works Department (PWD), with the assistance of the Ministry of Communications and Works, was able to commission its own asphalt plant, which will help the Department to be more responsive to our road repair needs and lower the cost of road projects. PWD and the Ministry were also able to conduct significant road works across the Virgin Islands. This includes the repairs to bridges that have deteriorated over the years.
129. We also saw, through the RDA, the extensive work on the Fish Bay Road Rehabilitation Project, which is almost 100% complete. This short stretch of road cost approximately \$2 million for the execution of the project. Though expensive, this is a model that will be followed for the stretch of road between Paraquita Bay and Fat Hog's Bay, which should be tendered shortly, among other areas of the Territory based on a phased approach to properly engineered and constructed road development projects.
130. The Virgin Islands is in need of a dedicated facility to accommodate the processing of illegal immigrants. This initiative is critical to the security and safety of our people, as well as complying with international standards for the treatment of illegal immigrants. The temporary accommodation arrangements as they obtain today are not effective and are vulnerable to subversion, as has been experienced in recent times. This will also save government money as renting accommodation to house detainees is very expensive.

131. \$700,000 has been allocated in 2023 towards the development of a Detention Centre that will house and process illegal immigrants in a humane manner, and in accordance with international conventions, until they are safely repatriated to their homeland.
132. The Government of National Unity intends to implement several key infrastructure projects in 2023 for the benefit of our people, and the development of our economy.

Social and Health Infrastructure

133. Madam Speaker, the social safety net as well as our capacity to address our health needs is of equal, if not more, significance to any society, including ours. It is our duty as your Government to provide quality medical services to residents as well as to protect the vulnerable in society – cushioning them from harsh shocks – through social protection, and giving them some support as they try to get to a better situation.
134. The Government will also continue to invest in the development of healthcare on the Sister Islands. Funds have been allocated to complete the 2nd floor of the Nurse Iris O’Neal Medical Centre. The expansion will ensure that comprehensive mental health and physio-therapy services will be delivered on Virgin Gorda, and expanded laboratory, imaging, and pharmacy services are fully implemented.
135. Funding is also allocated to complete and commission the new Road Town Clinic and Outpatient facilities at the Dr. D. Orlando Smith Hospital compound in 2023.
136. Madam Speaker we must help our people to become resilient. This involves creating opportunities for them to strengthen their economic situation, such as through education and training, so that they can get good jobs or run successful businesses.
137. Social Assistance benefits are intended to serve as a safety net for households that are unable to earn sufficient income to meet their basic needs – and specifically targets

households with poor and vulnerable children, older persons, and persons with disabilities or other special needs that prevent them from fully participating in the labour market. It also provides short-term protection to persons experiencing temporary setbacks in circumstances such as medical emergencies, death of a family member, natural disasters, or economic shocks that lead to unemployment or under-employment.

138. With the consolidation of grant programmes that were previously administered by the House of Assembly and other Government entities, earlier this year, persons requiring support are being attended to through the Public Assistance programme under the Social Development Department. The Social Development Department has been provided with additional resources in light of this transition.
139. The Ministry of Health and Social Development's comprehensive review of the Virgin Islands' Social Protection system is nearing completion, and funds are allocated in the 2023 Budget to expand support to persons of limited means, and help to further alleviate poverty and vulnerability.
140. In streamlining the Public Assistance process, a Social Protection Information Management System is currently being developed to support wider reforms and improve the Programme's overall efficiency.
141. During 2023 work will continue towards modernizing the policy and legislative frameworks that underpin the delivery of social assistance programmes based on international best practice and respect for human rights.
142. The Government will also engage stakeholders on plans to introduce unemployment benefits, as well as explore measures to extend Social Security coverage to more workers in the informal economy.

143. In addition to these and other Social Protection measures, the Government will also continue to expand its range of Active Labour Market interventions such as vocational training, apprenticeships, employment support, and assistance for small businesses, with the aim of improving people's livelihoods, productivity and earnings – all of which are critical to the resilience of our people and by extension of the economy.
144. Recently, we announced the launch of the Registration, Apprenticeship, Training, Employment and Development (RATED) Programme, which is intended to provide short-term employment opportunities that would assist persons with obtaining an income on a temporary basis while also offering them opportunities to enhance their marketability in the labour market through on-the-job skills development, training in programmes that will be conducted by partners such as the H. Lavity Stoutt Community College, and development programmes. The apprenticeship component of the programme will see Government partnering with private businesses and sharing the cost of the stipends to apprentices. Through the RATED Programme we are helping businesses that would like to hire an apprentice but are unable to do so; helping job seekers obtain work and experience; and ensure that value is generated through the monies expended in social support.
145. The programme is being operationalized. Registration has begun. In some types of work, persons have been able to obtain assignments. Work is continuing to get all the components in place so that the programme can function in the way it has been conceived.
146. Madam Speaker, the RDA has also contributed to capacity building by conducting workshops for public officers and contractors in tendering procedures, submitting competitive tenders, project management, and health and safety requirements. These workshops served as valuable resources in building capacity to effectively advise

central government on several infrastructure related matters, and persons who went through this training actually won jobs that were competitively tendered.

147. Madam Speaker, as I mentioned earlier, resilience does not only take the form of sturdy infrastructure. This is just one aspect of resilience, and it goes without saying that the Government is going the required distance to ensure that as we rebuild our infrastructure and as we execute new projects, we are ensuring quality and durability.
148. As we develop and strengthen the economy, we are also doing so with resilience in mind. This involves not only strengthening our existing drivers and industries, but creating the environment where persons are encouraged to explore opportunities in other areas within the economy, leading to diversification, which is not an overnight process.

Environmental Protection and Waste Management

149. Madam Speaker, we must also embrace building resilience in ensuring the sustainability of our environment and natural resources. Waste management has been a major concern. The Ministry of Health and Social Development and the Department of Waste Management have developed a National Waste Management Strategy to help reduce the amount of waste we generate, divert certain materials, such as plastics, away from the waste stream, strengthen the legislative framework, and ultimately contribute to job creation and economic growth. Phased implementation of the strategy will begin in 2023.
150. Simultaneously, the Department of Waste Management will focus on expanding its recycling programme in collaboration with Green VI and local recyclers, carrying out repairs to the incinerator at Pockwood Pond, and continuing its collection and disposal of derelict vehicles.

151. In accordance with our Green outlook, our desire for energy security, and the reduction of Green House emissions, Government, through the RDA has installed solar panels at Enis Adams and Francis Lettsume. Madam Speaker, let us not forget about the solar project that will be taking place on Anegada in 2023.
152. Madam Speaker, the Ministry of Health and Social Development and the BVI Health Services Authority (BVIHSA) intend to commission a number of reviews to chart the course for improving the delivery of health services in the Virgin Islands. Apart from the reviews of the services, systems and infrastructure, focus will be placed on identifying and resolving operational gaps at the BVIHSA to improve cost-effectiveness. These reviews dovetail into ongoing assessments of the National Health Insurance Scheme (NHI) to improve the efficacy of healthcare financing.
153. As we reform the systems and processes within Government activities, we will continue to press forward with our digital transformation agenda. Some Government services such as those of the Social Security Board and NHI are already accessible online. More Government departments and services will be coming on board shortly. A review of legacy technology is underway; assessments of the broadband capacity, availability and access throughout the Virgin Islands will be completed in 2023; and the digitization of systems and records will also commence in the new year. These initiatives will help us to advance our plans, so that persons can stay in the convenience of their homes and transact business with Government offices, so that we can increase the efficiency of service delivery, and find savings.

Community Support

154. In 2023 we will also see new initiatives designed to support residents of the various constituencies. Firstly, money has been allocated to establish district councils. More information will be forthcoming on this. Also, money has been allocated to establish

constituency offices in every district, so the members of the House of Assembly will have a dedicated place to meet their constituents and provide them with services.

Data based decision making and Business support

155. Madam Speaker, strengthening of the National Statistics Act and the Central Statistics Office will continue so that we can have more robust data collection. This will help the Government, private sector and our regional partners, to do better planning and forecasting, and improve decision-making, ultimately leading to greater value for money and more targeted expenditure in 2023.
156. Madam Speaker, in 2023 the Trade Commission will be positioned to be the vehicle to drive further economic development and expansion in partnership with the business community. Priorities for the Commission will include increasing the ease of doing business in the Virgin Islands, attracting more investment, and providing linkages between BVI entrepreneurs and suitable investors, to name a few.

BUDGET 2023 BY NUMBERS

157. Madam Speaker, looking at the budget numbers, the technical experts at the Ministry of Finance project revenues to Government of \$373.03 million. They anticipate \$352.64 million to come from receipt of taxes and \$20.39 million from other revenue sources.
158. Recurrent expenditure is estimated at \$335.08 million. Some \$128.92 million is allocated for employee compensation; \$85.65 million for goods and services; and \$81.23 million for grants to parastatals, statutory bodies and other organizations and international bodies based on existing commitments. We have also made provisions

of \$8.55 million for property and other expenses; \$1.5 million for subsidies; \$6.67 million for interest payments; and \$22.55 million for social benefits.

159. Through prudent financial management, the Ministry of Finance projects a recurrent surplus of approximately \$36.7 million that would be realized.
160. \$21.18 million from the recurrent surplus will be transferred to the Development Fund.
161. Additional budgetary support of \$5.9 million will be required to cover some initiatives. Some \$4 million required for social housing will be funded through the Consolidated Fund with monies remaining from the \$40 million Social Security Board Grant received in 2020; \$1.45 million in grant funding to the BVI Tourist Board will be met from the Environmental Protection and Tourism Development Fund; and \$450 million to provide short-term employment, job skill development and training for our people under the RATED Programme will be sourced from the Miscellaneous Purposes Fund.
162. The above, Madam Speaker, will result in a balanced budget.
163. Capital expenditure of \$41.59 million is budgeted to facilitate development projects. This will be funded via \$21.18 million from the recurrent surplus; \$10.77 million in loan funds from the Caribbean Development Bank Rehabilitation and Reconstruction Loan; \$2.41 million from the Consolidated Fund; \$2.22 million from the Transportation Network Fund; and \$5 million from insurance proceeds in the Development Fund.
164. Madam Speaker, it is very important for the population to understand how their money is being spent to meet national needs. A total of \$128.92 million or 38.48% of

the budget is for employee compensation, and \$85.65 million or 25.56% will go towards goods and services required for running the operations of Government.

165. \$81.23 million or 24.24% of the budget is allocated for grants to various departments, units and agencies under the Government and certain commitments to international organizations.
166. \$22.55 million or 7% is allocated towards providing social benefits to citizens where these are needed and justified according to policies for transparency and accountability.
167. Like almost everyone else, the Government has loans that it needs to service. And as a good and responsible debtor, the Government intends to remain in good standing with our creditors, maintain our good credit rating, and ensure that we do not extend ourselves beyond what is reasonable based on domestic and global economic conditions and what is sustainable for our people.
168. \$22.19 million has been allocated for debt servicing. Principal repayments make up \$15.52 million or 4.43% of the budget, and interest payments will amount to \$6.67 million or 1.9%.
169. The Ministry of Health and Social Development will receive \$73.07 million or 18.3% of the total budget allocations. Of this, \$71.43 million is for recurrent expenditure and represents just below 20% of the recurrent budget. Some \$1.64 million will go to development initiatives.
170. The allocation to the Ministry of Communications and Works is \$62.51 million or 15.65% of the total budget. \$48.66 million would be for recurrent expenditure and \$13.85 million for development projects.

171. Madam Speaker, education, youth development and sports are very important if we are to properly prepare the next generation of Virgin Islanders to carry forward and honour the dreams and aspirations of our ancestors. And hence, \$55.7 million or 13.95% of the budget has been allocated to the Ministry of Education, Culture, Youth Affairs and Sports. Of this, \$7.83 million will go towards development and \$47.87 million for recurrent expenditure.
172. The Governor's Group will receive 13.09% of the total budget allocations in 2023 in the sum of \$52.3 million. \$47.56 million is allocated for recurrent expenditure and \$4.73 million for development.
173. Madam Speaker, the Premier's Office will receive \$43.3 million or 10.84% of the budget; \$39.95 million for recurrent expenditure and \$3.36 million under development. The allocations to the Ministry of Finance total \$37.18 million or 9.31% of the total budget. Of this, \$8.46 million is allocated for development.
174. Allocations to the Ministry of Natural Resources and Labour total \$7.77 million, accounting for 1.95% of the budget.
175. \$54.23 million or 13.95% of the budget is allocated for pensions, public debt and contributions to various funds. Further, \$8.67 million is allocated to constitutionally established departments, and \$4.61 million is allocated to miscellaneous recurrent expenses.
176. To recap, Madam Speaker, the total budgeted expenditure for 2023 is \$399.33 million, with \$335.08 million allocated for recurrent expenditure and \$41.59 million allocated for capital expenditure. Some \$15.52 million is allocated for the repayment of the principal on debts, and \$7.15 million for contributions to various statutory funds.

177. The \$41.59 million allocated for capital expenditure includes Central Government capital acquisitions of \$4.52 million; \$24.9 million in development projects that will be managed by Central Government; and \$12.17 million in development projects that will be managed by the Recovery and Development Agency.
178. The 2023 total budgeted expenditure of \$399.33 million is a decrease by \$21.17 million over the total revised expenditure for 2022 of \$420.5 million.
179. With 2023 recurrent revenues projected at \$373.03 million, this is an increase of \$11.68 million over 2022's actual revenues of \$361.35 million. It should be noted that 2022 revised revenue estimates are just above 1.3% or \$4.7 million more than what was initially projected when the 2022 Budget was passed last year. The 2023 projection is conservative but the numbers show that the Virgin Islands economy is performing above expectations.

CONCLUSION

180. Madam Speaker, in conclusion, what we have achieved and all that we will achieve in the future is due to the collective efforts of all our people.
181. Madam Speaker, I wish to recognize all the Members of this Honourable House, all our Ministers and Junior Ministers, our backbenchers and Opposition Members our Permanent Secretaries, our public officers across all Ministries and Departments, and the Members of our Statutory Boards and Parastatals and their management and staff, for their hard work and dedication through the challenges over the past several years – and especially through the challenges from 2020 onward. They ensured that the people's work got done no matter what, and that the public received service.
182. I must especially recognize the hard work of the Financial Secretary, Mr. Jeremiah Frett, and the team at the Ministry of Finance who helped us to navigate the

economic crisis triggered by the Russia-Ukraine conflict which began in February 2022 and which is continuing, and to prepare the 2023 Budget. They have demonstrated great skill, and are an invaluable resource for us, as economists continue to forecast turbulence in the global economy in the year ahead. I harbour the same admiration and respect for all our public officers throughout the length and breadth of the Public Service as I have seen them work with equal dedication.

183. Madam Speaker, on the heels of the Commemoration of the 1949 Great March and Restoration of the Legislative Council, I also recognize the contributions and achievements of all our great Virgin Islands leaders throughout the decades, such as Theodolph Faulkner, I. Glanville Fonseca, Carlton L. DeCastro, along with all those who have served the people of the Virgin Islands.
184. I recognize the blood, sweat and tears of our fore parents through the era of slavery, holding on for survival – subsisting on agriculture and fishing - and struggling to ensure that their future generations would have a better future. I call to memory the great sacrifices of our ancestors to purchase the Encumbered Estates from Britain so that our people can have a piece of real estate to call home. And I recall the courageous stand by Noel Lloyd, the Positive Action Movement and many others, to protect our rights and our inheritance.
185. I recall the wisdom and the courage of our fore bearers to enact legislation in the 1970's that would allow the development of our tourism industry while protecting our environment and safeguarding Virgin Islanders' patrimony, and in the 1980's to develop our financial services industry which is the envy of many around the world both in terms of our market share and our highly competitive and secure regulatory systems.

186. These things are important and relevant because they frame the duty of every Virgin Islands leader and every Virgin Islander and Belonger throughout our history. Each and all of us are custodians of the dreams and aspirations of those who have endured tremendous lengths to keep hope alive. At the heart of that dream is manifesting the potential to determine our individual and collective destiny and the means to realize our ambitions. We must carry this legacy so that the future generations can have a brighter future.
187. Much of the time, energy and financial and human resources of the Government in recent years has been engaged with protecting and advancing the great Virgin Islands dream.
188. Madam Speaker, we remain committed to this noble cause. We remain undeterred, whether by battles with global economic crises and threats to our financial services industry; battles to protect lives and prevent catastrophic damage to our economy during the COVID-19 Pandemic; the battle to push forward our recovery from Hurricanes Irma and Maria while exercising prudence; or the battle to meet the onerous demands of a COI while accelerating an ambitious reform programme in the midst of unprecedented challenges and more. That mission has been to secure the collective interests of our people in these Virgin Islands in the present and the future, and ensuring that the dreams and sacrifices of our ancestors are not for naught.
189. Madam Speaker, I thank you.