

2024 BUDGET ADDRESS
DELIVERED BY
PREMIER AND MINISTER OF FINANCE
HONOURABLE DR. NATALIO D. WHEATLEY

UNDER THE THEME:
Planning, Priorities & Progress:
BUILDING A SUSTAINABLE NATION

Tuesday, 21st November, 2023

Thank You Madam Speaker.

Deputy Governor, Mr. David Archer and Mrs. Archer, Financial Secretary Mr. Jeremiah Frett, Ministerial Colleagues, Honourable Members of this Distinguished House of Assembly, 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

Honourable colleagues, ladies and gentlemen, I am honoured to present the 2024 Budget Address, which aims to communicate to the national public the plans of the elected Government for the upcoming fiscal year and beyond, and how we propose to manage the financial affairs of the Territory and its development.

It is my first budget address since my colleagues and I were elected and sworn in as Ministers and Junior Ministers to lead the people of the Virgin Islands through adversity into a new era of prosperity.

Madam Speaker, my task is simple but incredibly difficult. It is to build this Virgin Islands, this burgeoning nation into an even bigger success. This was a process started by our ancestors, and it is our responsibility to continue our advancement.

Madam Speaker, the period between the August 2017 floods and present day has been one of the most difficult in the history of these islands. And, as I illustrated in last year's Budget address, titled, ***Revenue, Reform, Recovery & Resilience – The Virgin Islands in Transition***, the overwhelming evidence is that our economy and our people have developed and have demonstrated an awe-inspiring level of resilience in the face of a myriad of challenges and shocks.

Yes, we have been hit by a barrage of heavy punches, Madam Speaker. But, every time we were knocked down, we got back up. We faced environmental disaster in 2017 with devastating floods and two category 5 Hurricanes. But, Madam Speaker, we got back up. We were clobbered by a global pandemic not long after, exacerbating our economic and social pressures. Yet again, Madam Speaker, we got back up. We were hammered by intense political turmoil with the threat of the suspension of

our constitution. Madam Speaker, we rose to the occasion and got back up again. We are still standing today. And as though all those punches were not enough, two major international wars have started, contributing to inflationary pressures driving the already high cost of living up. Madam Speaker, with every knockdown, we have gotten up, and we are punching back.

Madam Speaker, we have completed restoration of all the Government administration buildings on Tortola, Anegada, Virgin Gorda and Jost Van Dyke, with the exception of the Ralph T. O'Neal Central Administration Complex, where works are ongoing. These include the Vanterpool Building, the Flax Building, and the John E. George Building on Virgin Gorda; the Albert H. Chinnery Administration Building on Jost Van Dyke; and the Theodore H. Faulkner Building in Anegada.

We have also restored or repaired all our educational infrastructure, with a few exceptions. We rehabilitated the L. Adorothy Turnbull building and built the new Elmore Stoutt High School. We restored the Bregado Flax Educational Centre. Several schools

Madam Speaker, there were many more school rehabilitation and maintenance initiatives at schools throughout the Territory between 2018 and 2022. The Jost Van Dyke primary school is nearing completion, and work on construction of the new Esllyn Henley Richez Learning Centre has commenced.

Almost all our recreational facilities have also been restored. These include the AO Shirley Recreation Grounds, the Anegada Recreation Facility, the Multi-Purpose Sports Complex, the A. Jeffrey Caines Sports Arena, and recreation grounds, basketball courts and softball fields across the Territory.

We repaired the health facilities, built social homes, repaired private homes that were damaged by the hurricanes, paid and much more. And while our recovery has taken longer than anyone of us would like, I see light at the end of the tunnel.

Our economy, Madam Speaker, was able to rebound swiftly from the hurricanes and the COVID-19 pandemic. Businesses were able to reopen and to continue creating jobs. The projection is that at the close of 2023, the number of persons employed in the Territory will exceed the 2022 total of 21,134 persons by 1-2%.

Despite challenges to the industry from external forces, our financial services industry maintained a strong presence. The forecast is that 2023 should close with revenues in the vicinity of \$251 million.

Madam Speaker, our tourism sector has also shown great resilience despite serious challenges over the last several years. We saw a quick and healthy rebound from the 2017 hurricanes. The recovery was interrupted by the COVID-19 pandemic in 2020, but from the moment we reopened our international borders in December 2020, the visitor arrivals have been consistently climbing. Tourist arrivals in 2022 were back up to 58.6% of total 2019 visitors.

That momentum continued into 2023. Visitor arrivals in the BVI are projected to surpass 2019 figures by the end of the year, with an estimated 978,052 visitors to the Territory. According to the trends,

cruise and day trip visitors are expected to reach 736,413 persons. Meanwhile, United Nations World Tourism Organization (UNWTO) experts are still debating whether international tourism will reach 2019 levels in 2024 or 2025.

Madam Speaker, I am advised that the projection is that the Virgin Islands economy will end 2023 with of 5.5% growth in nominal Gross Domestic Product (GDP).

All of these facts, Madam Speaker demonstrate that we do have an economy that is resilient and very active.

FINANCIAL PERFORMANCE REVIEW 2023

Madam Speaker, further evidence of how well our economy performed, and how well the Government managed the affairs of the people, can be found by a quick review of the numbers for 2023.

The revised estimates show the total revenue for 2023 was \$377.02 million; just above the initial projections.

Taking a closer look at the revenue figures as they relate to tourism for 2023, Madam Speaker:

- i. Hotel Accommodation Tax revenue is estimated at \$7.18 million, in line with the initial estimates, and close to \$500,000 above 2022 receipts.
- ii. Taxes from Motor Vehicle Rentals are estimated at \$147,764, or 3.5% above the initial projections, and 11.53% more than 2022.
- iii. Cruising permits revenue for 2023 is estimated at \$4.10 million, compared to \$4.19 million in the previous year, and we still have November and December left to go in this year.
- iv. Tourist Arrival Levy revenues have been much higher than expected. For 2023, Tourist Arrival Levy is estimated at \$2.24 million. This is more than \$545,000 above the initial estimates, and a 24.07% increase over 2022 figures.

With respect to some of our other revenue streams, Madam Speaker, for 2023:

- i. Income and Payroll Tax increased by more than \$417,000 over 2022's revenue to \$57.68 million.
- ii. Taxes on Goods and Services increased by more than \$23.22 million over 2022 receipts to \$244.42 million.
- iii. Revenues from trade licences were \$958,778 – an increase of \$21,073 over 2022.
- iv. Non-alcoholic import duties increased by \$6.86 million over 2022 revenues to an estimated \$39.51 million in 2023.
- v. Alcoholic import duties increased from \$1.47 million in 2022 to an estimated \$1.80 million in 2023.
- vi. Taxes on International Trade were \$44.88 million; an increase of \$7.96 million compared to 2022.
- vii. Revenues from Money Transfer Fees were \$2.03 million, \$24,000 more than receipts in 2022.

These figures illustrate that the economy is performing, generating employment, and facilitating trade and business.

The total revised Expenditure for 2023 is \$415.13 million. Recurrent Expenditure was \$387.21 million. Central Government Capital Acquisitions totalled \$8.87 million and Central Government Development Projects were \$30.19 million. Development Projects under the Recovery and Development Agency totalled \$9.48 million.

Total Government Debt at the end of 2023 will stand at \$118.98 million at the close of the year, of which \$88.49 million is foreign debt and \$30.49 million is local debt.

We have demonstrated great resilience in the management of public resources, and we continue to have a healthy economy.

In addition to the resilience in the economy, we have also responded to political shocks with a reform process that will ultimately prepare us to continue along the path of self-determination.

THE GLOBAL ECONOMY

Madam Speaker, the Virgin Islands economy fared well and our people have endured, and we will continue to rely on the resilient spirit we have demonstrated in the response to the storms we have weathered. We must strengthen ourselves for the journey because there are tests ahead.

This is reflected in the analyses of the global economy, which impacts us because we are intricately connected to what is happening in the rest of the world. And, if there is one lesson to be learnt from our experiences over the past recent years is that the global situation is very volatile and can take a complete about-turn in an instant.

Global economic institutions have delivered sobering reports on the global outlook. According to the World Economic Forum (WEF) the recession concerns which were forecasted the year before appear to have eased, but the outlook remains anaemic, as many leading economists expect the global economy to weaken in the coming year.

According to the IMF's October 2023 World Economic Outlook report:

“The baseline forecast is for global growth to slow from 3.5 % in 2022 to 3.0% in 2023 and 2.9% in 2024, well below the historical (2000–19) average of 3.8%.

Advanced economies are expected to slow from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024 as policy tightening starts to bite.

Emerging market and developing economies are projected to have a modest decline in growth from 4.1% in 2022 to 4.0% in both 2023 and 2024.

Global inflation is forecast to decline steadily, from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, due to tighter monetary policy aided by lower international commodity prices. Core inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases.”

Madam Speaker, one can sense the same kind of cautious optimism in the forecasts as we have come to expect of lately, but – and this is based on the patterns of recent years – it seems to be more urging caution than optimism. It has been noted that the overall forecast for the global economy masks a growing divergence in growth prospects around the world, as global growth is currently heavily reliant on expansions being recorded in the majority of emerging and developing economies, whereas there is a continuing slowdown across 93% of advanced economies.

Furthermore, some forecasters, such as Bloomberg Economy, posit that a wider war in the Middle East can tip the world into a recession that would take about \$1 trillion off world output, and see oil prices soaring to \$150 per barrel and global growth falling to as low as 1.7%. The region is a crucial supplier of energy and a key shipping passageway. Experts say this is a “*real risk*”.

There is a lot to be said, Madam Speaker, but I believe the above data is sufficient to convey the point that 2023 has been very challenging for countries around the world, and there is wide uncertainty as to if the clouds will lift anytime soon.

Madam Speaker, despite what is happening in the rest of the world, we can be heartened by the resilience we have shown. We are tough people, and we thrive when the chips are against us. And it is important for us to acknowledge, we are not powerless to impact our wellbeing. Ultimately, the steps we take here in the Virgin Islands will determine our destination. The measures we take and the strategies we make are essential in our battle for success.

Under my leadership, this Administration is prepared to make those steps. We are determined to have the dialogue; to make the preparation; to implement the structures; and to make the tough decisions.

PROJECTING FORWARD – 2024 ESTIMATED REVENUES

Madam Speaker, an economy in motion is one that is generating and supporting economic activity, and creating economic opportunities for businesses and individuals. The effects of this are evident in the revenues received by the Government, which in turn represent a small fraction of the money that moves through the businesses and households.

Overall revenues from regular Government services and taxes are projected to increase by \$5.65 million over 2023 revenues to \$382.67 million in 2024.

A healthy, vibrant economy creates job opportunities. Revenue from work permits are expected to increase from \$9.37 million in 2023 to \$9.51 million in 2024. Employment activity is reflected in the payroll tax received, which will increase by \$2.16 million in 2024 to \$59.83 million, compared to \$57.67 million in the previous year.

Revenues from Hotel Accommodation Tax, Motor Vehicle Rental Tax, Liquor and Still Licences, and Cruising Permits are expected to increase by 1.02%, 12.41%, 43.59% and 4.69% respectively. These are all streams related to tourism activity, and it reflects the efforts that the Government and our agencies such as the BVI Airports Authority, The BVI Ports Authority, the BVI Tourist Board, the Cyril B. Romney Tortola Pier Park, the Virgin Islands Shipping Registry, our Overseas Offices and others, have been making to market our tourism product and to develop the transportation linkages necessary to get visitors to our shores. Tourist Arrival Levy is projected to increase by 10% to \$2.46 million.

Revenue from trade licences are expected to increase from \$958,778 in 2023 to \$980,282 in 2024. Madam Speaker, those persons who have the entrepreneurial eye are seeing business opportunities in the economy.

Revenue from banks and fiduciaries are expected to increase from \$3.55 million to \$3.64 million in 2024, and income from Money Transfer Fees should increase by 5.62%, from \$2.03 million to \$2.15 million.

Revenue from the Registry for Corporate Affairs, which pertains to our financial services industry, is forecast to drop by 1.24% compared to 2023; from \$208.63 million to \$206.05 million. Revenue from investment business is expected to grow by 1.25% to \$4.16 million in 2024.

PLANNING, PRIORITIES AND PROGRESS – BUILDING A SUSTAINABLE NATION

Madam Speaker, my Government, like those persons who have served before, recognize that we have a sacred duty, which is to ensure the responsible management of the affairs of our people, and to develop these islands and our economy in a manner that enhances the prospects of future generations of Virgin Islanders, but also in a sustainable manner. Our people have been on a mission of nation building. Each of us are carrying the baton during our tenure of service, and passing it on to our successors so that they can run their leg if this relay.

As I have explained, our economy has done remarkably well in the face of many challenges. We have endured harsh circumstances, but by God's grace, we have been able to withstand the pressure, and we will continue with the guidance and protection of our Creator.

But, despite our resilience and our blessings, we still need to proceed with caution and diligence and not allow complacency to creep in. The global environment has not stabilized and the advice is to prepare for the worse, while praying for the best.

The good news we have wonderful potential to grow our economy based on our national assets. However, to navigate an uncertain global environment while seeking to address many outstanding challenges, we have to be deliberate in our strategy, and we have to plan and prioritise if we want to achieve progress and sustainable development.

WAGES, THE COST OF LIVING AND GOVERNMENT EXPENDITURE

Madam Speaker, a major priority of my administration is improving wages. We have to confront the reality that under the current remuneration scheme, we have Government employees who cannot afford to take care of their own basic needs with the salaries they are being paid – let alone take care of a family.

The Price Waterhouse Coopers Compensation Review and Job Classification Report highlights, and I quote:

“Analysis of current salaries to the living wage for a single person household also revealed that the median salary for grades 1 – 3 is currently below the living wage. This accounts for 17.3% of total employees in the GoVI.

Additionally, grades 4 - 6 are between 2% and 20% higher than the living wage which leaves limited opportunities for upward social mobility, savings, settling debt, emergencies, investments etc. Approximately 42.6% of total GoVI employees are situated in these levels.”

A minimum wage was estimated to be \$23,719.80 per annum, representing the cost for a single person household to live a basic but decent life in the BVI, inclusive of food, housing, education, healthcare, transportation, clothing and other essential needs for a family including unexpected events. And these costs reflect local items and prices for 2021-2022 as reported by the BVI Central Statistics Office.

Madam Speaker, it is unacceptable for approximately 60% of our public officers to be working poor, with no hope of being able to meet their basic needs, their bills – or to save not just for a rainy day but to advance their social conditions. They must be released from this frustration and hopelessness.

The inadequacies of our current compensation system have been highlighted in several reviews over the past two decades. The solutions to these problems have been known, but unfortunately there is a tendency for reports and recommendations such as those to end up on a shelf somewhere only to collect dust while our people suffer.

Madam Speaker, my Ministerial colleagues and I are committed to ensuring that such will not be the fate of the current Compensation Review and Job Classification exercise. We have budgeted the money to in the estimates for 2024 to implement the revised compensation and classification scheme.

We have decided to move forward with the implementation because we know public officers should be paid what they deserve. We know that the cost of living is high, and many of the meagre salaries could not handle it. One thing that we must all be committed to achieve, is that no public officer will be earning less than the living wage. We have allocated close to \$10 million in the budget to achieve this goal.

Madam Speaker, we have also committed ourselves to payment of all outstanding arrears for increments. When I entered office in 2019, the payment of increments was significantly behind, but we are very close to becoming current because we have committed to meeting our obligations. And, may I add that we have to ensure going forward that we raise the revenues to keep pace with our obligations.

Madam Speaker, one thing that the Compensation Review and Job Classification report highlights is that even when the current minimum wage of \$6 per hour is adhered to, the gross salary of many workers in the private sector also falls short of a living wage. This has also not escaped the Government, and the Honourable Minister of Financial Services and Trade is creating a forum for all stakeholders to come together and discuss what can be done about the current minimum wage.

As the Honourable Minister has indicated, the Government alone cannot decide on what should be a minimum wage, but we are optimistic that by bringing the stakeholders such as private sector employers into a national discussion, solutions can be found.

I wish to take this opportunity, Madam Speaker, to once again remind persons who may be seeking short term employment or interested in learning skills, that they can enroll in the Registration Apprenticeship Training Employment and Development (RATED) Programme. So far, over 700 persons have been able to access opportunities through the RATED programme and individuals have even moved on to full time employment. This programme will continue to be developed in 2024.

Madam Speaker, in this budget we will see a work management system that will assist us manage our labour force and ensure that opportunities are there for nationals to have the dignity of a job.

We will also see the return of the Business Bureau to assist our small businesses to employ themselves and others and deliver goods and services successfully.

HIGH RECURRENT EXPENDITURE

Madam Speaker, we have the difficult task of balancing important obligations like paying salaries and operating government with the need to control recurrent expenditure at sustainable levels while delivering on a holistic development agenda.

In recent years, the high cost of Government operations versus revenues collected leave very little room to finance capital projects. Therefore, by necessity we must rely heavily on loan funding for infrastructural projects.

To illustrate, Madam Speaker, the average recurrent revenue for the last six years has been \$364.05 million, but the average recurrent expenditure has been \$351.26 million, leaving a surplus of just \$12.98 million. This sounds like a lot of money, but this can only stretch so far when you consider that the average allocation for capital expenditure for the last six years has been \$39.05 million – and that only covers a few major projects that are prioritised as urgent.

Madam Speaker, it is clear that on one hand we have to increase revenues. We have to exercise our innovativeness to draw out more business from our existing revenue streams and we have to develop new ones.

We also have to look at how we can lower the cost of Government operations without compromising the quality and efficiency of service, and ensuring that our public officers are justly and fairly compensated for their work.

Simultaneously, Madam Speaker, measures are being put in place to improve the efficiency and effectiveness of collecting revenues that are owed to the Government. These include the electronic tax system known as Sigtas as well as pending policy decisions on good standing.

FINANCIAL SERVICES

Madam Speaker, a consistent priority for government is defending existing revenue earners. Madam Speaker the Financial Services Industry is the Government's primary revenue-generator and this is not expected to change in medium term. Therefore, we must take proactive measures to protect and preserve the integrity of this industry in the Virgin Islands. In order 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, centralising information, and upholding high regulatory standards. In this regard, the FSC plans to undertake the following strategic initiatives in 2024:

- Implement the Register of Persons with Significant Control;
- Develop and advance the implementation to modernise and upgrade VIRRGIN;
- Fully implement the supervision framework for Virtual Asset Service Providers (VASP);
- Commence the co-monitoring function with the Virgin Islands Deposit Insurance Corporation; and
- Implement the Basel 2+ regulatory framework.

Madam Speaker, BVI Finance is working tirelessly on the local and global front to protect the reputation of the Territory as a world leader in financial services. In addition, in 2024, BVI Finance plans to promote the products and services offered by the Virgin Islands by, among others,

- Attending conferences, such as the BVI Asia Trade Mission;
- Hosting a FinTech of the Seas event to market BVI Digital Assets products and services; and
- Launching various reports including "BVI Business Insight Magazine", "Digital Asset Brochure" and "Beyond Globalisation: The British Virgin Islands' contribution to global prosperity in an uncertain world".

In addition to the threats already mentioned, this jurisdiction continues to face challenges from the European Union listing, global and regional competition, Global Minimum Tax, and negative international media reports. It is why, Madam Speaker, I reiterate that we must take proactive measures to protect and preserve the integrity of this Financial Services industry in the Virgin Islands and to maintain our competitive edge.

TOURISM

Madam Speaker, another revenue earner that my Government is ensuring to prioritise is our tourism industry, which accounts for one in every three jobs and one-third of revenues.

For our industry to continue growing, it needs the supporting infrastructure. The upgrade and expansion of the Terrance B. Lettsome International Airport (TBLIA) to handle increased passenger arrivals and larger aircraft that are capable of bringing in visitors from further distances, is critical to the further development of our tourism industry.

Similarly, the construction of the new West End Ferry Terminal will make a tremendous contribution to boosting our tourist arrivals and creating business opportunities across our islands - and more so in the western part of the Territory. These projects, Madam Speaker, are projects that we must prioritise.

Hence, Madam Speaker, we are moving forward with plans to expand the TBLIA. Informed by the results of the recent visioning meeting with stakeholders, \$3 million has been allocated for development projects at the TBLIA to improve facilities, enhance capacity, safety, efficiency, create jobs and attract visitors.

The Government, in September 2023, discussed the requirements of our longer-term expansion plans for the airport with the United Kingdom. A Request for Proposals to secure a consultant to complete the business case for the airport expansion project has been published. The tender submission date is 29 December, 2023. Government's investment in the expansion of the airport is envisaged to improve the tourism experience and increase arrival numbers with the ease in access to the Territory.

Madam Speaker, \$4 million has been allocated to commence the construction of the West End Ferry Terminal, which will be a technologically driven facility capable of accommodating over 200,000 passengers per year.

The growth of our tourist industry and our economy is only possible if we have accommodation to house our guests. Since the hurricanes, accommodation has been a challenge as many of our properties were damaged or destroyed. In addition, there were major properties that were not operating. Increasing our room stock is a priority for this Government.

Madam Speaker, the Government is committed to providing all the support required so that investors can increase accommodation for visitors. A number of tourism investment projects have already been approved by the Planning Authority. Major hotels and resorts, such as at Nanny Cay, Peter Island, Long Bay, Bitter End and Eustatia Island, have either commenced large-scale expansion work in 2023 or will start in 2024.

Other major development works are planned at Blunder Bay for which the \$38 million master plan was already approved. In addition, approval was provided for a Wellness Resort and Spa development on Jost Van Dyke in 2023. It is anticipated that works would commence in the short-term.

Development of villas continue at Oil Nut Bay Resort. Development on Norman Island is progressing well.

The redevelopment of Prospect Reef is of highest priority. We are working feverishly to constitute the new board by the end of this year and to issue the Request for Proposals for a new resort facility at Prospect Reef early in 2024.

Madam Speaker, we have allocated \$120,000 towards the East End-Fat Hogs Bay Harbour project, which will stimulate economic development in the area. Some \$150,000 has also been apportioned for development of the facilities at Long Bay Beach on Beef Island, which will include an administration building, gazebos and a boardwalk. These are investments that will help our economy to grow.

A boost to high-end tourism is anticipated from the implementation of revised fees and structures within the marine industry from June 2024. Madam Speaker, the adjustments to the 30-year old fees are not being done in a vacuum. We have consulted with our industry stakeholders, and we have agreed to a strategy that will encourage more traffic through the BVI waters, protect the locally based industry, and encourage persons to become locally based.

The core amendments to the Commercial Recreational Vessels Licensing (CRVL) Act include a range of policies aimed at achieving the following objectives:

- Streamlining Vessel Categorisation;
- Ensuring Vessel License Integrity;
- Promoting Large Yacht Presence;
- Strengthening Registration Requirements;
- Mandating BVI Charter Origin;
- Exempting BVI Vessels from Cruising Permits; and
- Exempting BVI Vessels from Import Duties.

These amendments are designed to strike a balance between regulatory oversight and the facilitation of a flourishing maritime sector.

Additionally, Madam Speaker, we are proposing to extend the length of time that non-commercial vessels can remain in our territorial waters before requiring importation. This would align us with international standards and sends a welcoming message to vessel owners, encouraging prolonged stays in the Virgin Islands without the worry of import duties. This extension not only fosters economic activity but also strengthens our reputation as a hospitable and attractive destination for maritime tourism.

Madam Speaker, it is the Government's priority to expand our capacity to attract overnight visitors, because this is the captive group that provides enhanced economic activities for local businesses. The global and regional market has become highly competitive. Vacationers and business travellers are looking for new and exciting experiences. We have to develop these types of products as part of our portfolio, and we must promote them accordingly.

There is tremendous potential for the Virgin Islands as an Events destination, as we continue to host local annual events such as the Virgin Gorda Easter Festival, the BVI Spring Regatta and Sailing Festival, One BVI Poker Run, Christmas in July, Anegada Lobster Festival, BVI Food Fete, BVI Summer Sizzle, Foxy's New Year's Eve celebration. The return of Music Fest and the addition of "Taste of Tortola" and "Taste of Virgin Gorda" to the events calendar is expected to attract day-trippers and overnights. Worthy to note Madam Speaker, is that this year is the 70th Anniversary of our Emancipation Festival and we have allocated resources for a grand celebration that will attract visitors and energize our residents.

Madam Speaker, direct flights from Miami to the Virgin Islands by American Airlines and continued operation of the Virgin Gorda Airport, have contributed to the observed increase in overnights and day-trippers to the Territory in 2023 over 2022. The end-of-year tally for overnights in the Virgin Islands is expected to reach 241,639; a 38.6% increase from 2022. If the trends continue, it was projected that tourism revenue for 2023 could climb to \$375.45 million.

It is anticipated that 2024 would record total arrivals above one million visitors, with cruise visitors reaching almost 730,000, day-trippers just over 16,000, and overnights around 270,000. Based on these anticipated arrivals in 2024, it is projected that tourism revenue for the Territory could reach \$410.77 million.

To reap these results, we have to do the work and we must promote and market our tourism products.

Apart from promoting the BVI as a destination for Events, substantial gains can also be realized by marketing the Virgin Islands more to luxury brands, and from continued publicity at the Virtuoso Travel Week and Caribbean Travel Market. The BVITB's partnership with TravelDesk (a data-driven media company) to launch the North American Sail & Stay summer campaign, is also likely to have a very positive impact.

Madam Speaker, the future is very encouraging as the BVITB has reported several total buy-outs already for many of the major hotels and resorts, and a rise in the interest of the destination for honeymoons, weddings and vow renewals. Additionally, the BVITB will continue to extend its annual "staycation" programme to the United States Virgin Islands (USVI) and other countries in the Caribbean, and this is expected to add to our stay-over visitor numbers in 2024.

Madam Speaker, the recent attendance of a delegation at the Monaco Yacht Show, after the BVI's seven-year absence, to promote the destination in the super yacht market, is also expected to bear fruit with an increase in stay-over visitors.

Further, more overnights and day-trippers to the Territory are anticipated with more daily flights by American Airlines, between not only the BVI and mainland USA, but many other Caribbean destinations. With American Airlines having more than 140 connections across the world from Miami, it is expected that the current 100 plus passengers arriving weekly could reach 455 in the short-term. It is also anticipated that the demand for this service will lead to other airlines entering this market. This is good news for the BVI.

Madam Speaker, my Government is also making it a priority to diversify the tourism product by venturing into non-traditional areas of tourism activity, such as promoting the Territory's culture and heritage through tourism. With this focus in mind, the BVITB has been tasked with establishing a short-term plan to guide the growth and development of the sector over the next two years, while a tourism master plan is created to elevate the tourism product to the next level. We have already completed and approved the Virgin Islands Culture and Heritage Policy and Strategy, which will be very useful to this process.

Madam Speaker, our focus is not just to maximise arrivals during the peak season, but to create products that will attract visitors in the so-called slow season. With the right products and marketing, we can ensure that our tourist businesses and workers have income opportunities year-round.

ROAD AND WATER INFRASTRUCTURE

Madam Speaker, our people deserve good infrastructure. There is simply no argument about that. The reality is that much of our infrastructure is aged. So, we have come to the point where the infrastructure cannot hold anymore and are calling for urgent work. We must also acknowledge that our infrastructure endured significant damage in the 2017 hurricane.

The infrastructure has to be fixed – and the items that are most critical are the ones that have to be approached with the highest priority.

The Ministry of Communications and Works and the Public Works Department have been doing considerable work in repairing and maintaining our road network. Now that the new asphalt plant has been commissioned, we expect that efficiency and responsiveness with respect to road maintenance and construction will increase.

The Ministry will soon be embarking on road improvement initiatives. For 2024, \$2.6 million has been allocated under the development budget for road improvements. The road improvement programme includes the upgrade and rehabilitation of 38 miles of primary roads throughout Tortola, Virgin Gorda and Jost Van Dyke.

Currently a tender is out and through loan funding it is expected that a comprehensive reconstruction of the road network will be completed within a two-year period. This programme will see the construction of new curb and slipper drains and short retaining walls to ensure the roads are secured; comprehensive overhaul of the roads to include provisions for rebuilding the road base, drainage, and road markings.

Separately, the new construction of roads in the 7th and 8th Districts will follow after the sewerage works to rebuild the roads commencing from Paraquita Bay to Parham Town.

Finally, a comprehensive asphalt patching programme will be advanced throughout the nine Districts on the secondary and tertiary roads to provide a substantial upgrade to the existing road surfaces. The

benefits of this road infrastructure programme will provide a safe road network for the motoring public and achieve a smooth and comfortable ride for motorists.

The coastal sea defence project which encompasses Carrot Bay and Cappoon's Bay are also critical projects to protect road and residents' properties from erosion, particularly from storm surge. Works commenced with Phase 1 in the vicinity of the Coal Pot with the placement of rock revetment and gravity walls and continued with Phase 3 rock revetment works in the vicinity of the cemetery area. The first Phase 1 works will be completed in the upcoming year with the installation of sidewalk along with the Phase 3 works complete with sidewalks in the area of the cemetery.

Madam Speaker, another critical area that has been receiving high priority treatment from the government is the National Sewerage programme. The National Sewerage Programme is a three pronged programme that incorporates Cane Garden Bay, East End/Long Look and Road Town.

I am pleased to report that through the sterling and dedicated efforts of the Minister of Communications and Works and his team, the Cane Garden Bay waste water treatment plant has been completed and final preparations are being made for the commencement of the installation of new gravity lines for the collection of sewage in Cane Garden Bay.

In East End/Long Look contracts have been signed with Toshiba Water Solutions America Inc for the repair, refurbishment and commissioning of the Paraquita Bay Waste Water Treatment Plant and the construction of a new Sludge Treatment facility. Another contract has been signed with Biosafe Septic Solutions for the construction of the main pump station in the East End Long Look area at Long Swamp.

Finally, a contract has been signed with Enatura LLC for the procurement and delivery of manholes and wet wells for the remaining gravity line installation and pump main works. Tender documents are currently being prepared for the main gravity and pumping main lines from Parham Town to Long Swamp, while other designs are being completed for the installation of gravity main lines in the upper Long Look area. All of these works and tenders will be implemented in 2024. Also in 2024 we would be developing the household connection plans so that homes and businesses can be connected in conjunction with the commissioning of the treatment plant at Paraquita Bay.

Finally, in Road Town, it is anticipated that the Burt Point Waste Water Treatment Plant will be commissioned in December 2023, which would also include a tanker receiving station for trucks to deposit waste at the plant. Upgrade works are being planned for the main pump station at the Roundabout to ensure the station is fully functional in meeting the demands within the sewerage network. Plans are being developed for constructing a new pump station at Purcell Estate to meet the additional demands within the Purcell Estate and Baugher's Bay areas. Upgrade works are also scheduled for the Fort Burt pump station, the outfall line at Slaney and the station adjacent to UP's Cineplex.

The benefits of the works associated with the sewerage project include the collection, treatment and discharge of sewage received at international health and waste water standards; eliminating potential

health hazards due to runoff; and the opportunity to convert treated waste into fertilizer to aid with the development of our agricultural product.

More than \$3.5 million have been allocated for the sewerage projects in Cane Garden Bay, East End-Long Look and Road Town for 2024. This is a priority.

Madam Speaker, a good, reliable supply of potable water is critical for the development of our economy, as well as for the comfort, health and convenience of our people. The Ministry of Communications and Works and the Water and Sewerage Department have been doing a lot of work to upgrade the aged and inadequate water distribution network.

In 2024, the intention is to ensure that all the reservoirs are repaired and functioning as required to minimise leaks and waste. The upcoming year will see the issue of an Expression of Interest for upgrading the transmission and main distribution lines, which will result in reduced water loss within the network; the engagement of contractors to perform leak detection within the local distribution and service lines; and continued the expansion of the local network.

Madam Speaker, we were able to expand the local water line network in George's Northside and Havers. There are plans for Luck Hill and Upper Greenland area for water network expansion. A total of \$4.9 million has been allocated for water improvement projects in the development budget.

OTHER DEVELOPMENT PROJECTS

Madam Speaker, while on one hand we are looking at ways to increase the Government's revenues, we are also committed to reducing expenditure. Monies that are saved can be channelled into development work. One expense we would like to reduce is the rent that is paid to accommodate Government offices.

We are all aware of the impact that Hurricanes Irma and Maria had on the Territory's infrastructure, including Government buildings, and in particular the Central Administration Complex. Government offices that were affected had to be relocated to whatever property was left intact or available, increasing our rent bill. But even before the hurricanes, some public buildings had been allowed to become unfit for occupancy, and alternative facilities had to be rented.

For us to reduce the \$8.9 million spent annually on renting office space, we must prioritise the repair, renovation and, where necessary, reconstruction of Government buildings. We have done this on Virgin Gorda, Anegada and Jost Van Dyke, as mentioned earlier.

The Minister of Communications and Works and his team have been pushing the work on the Ralph T. O'Neal Central Administration Complex. The sum of \$3.3 million has been allocated to advance the restoration and renovation of the Administration Complex so that we can get our Ministries back under Government-owned accommodation.

Some \$8.92 million has been allocated for the construction of the Halls of Justice building, and \$4.6 million for the fit-for-purpose building for the Department for Disaster Management and the Emergency Operations Centre.

Funds have also been allocated, Madam Speaker, for renovations to the Water and Sewerage Building, Public Works Building, and the fire stations at Road Town, Virgin Gorda and other fire stations throughout the Territory, so that those workers can have more comfortable accommodation.

Madam Speaker, the development of our agricultural sector will assist us with some measure of food security while also creating economic opportunities for farmers and farm workers. My Government is committed to building the Virgin Islands Agriculture and Fisheries Complex in Paraquita Bay, which has been spoken about for too long. \$1.9 million has been allocated towards the development and construction of a Virgin Islands Agriculture and Fisheries Complex.

Madam Speaker, wholesome, engaged and close-knit communities are very important for the sustainable development of a nation. In the upcoming year, the Government will be introducing a community development policy that will include the establishment of district councils in all nine Districts. The district councils will be responsible for organizing and coordinating community events, and will, of course, need a venue for meeting and holding activities. Three community centres that are in urgent need of rehabilitation have been budgeted for repairs totaling \$920,000. They are the Cane Garden Bay Community Centre, the East End-Long Look Community Centre and the Brewer's Bay Community Centre. Like the other community centres that were recently repaired, these will be upgraded with smart features.

Madam Speaker, it is a well established fact that Going Green is good for the environment and has the potential to save money. A lot of money is spent in fossil fuel, and because fossil fuels have to be imported, this is also an avenue by which a lot of money leaves our economy. Not to mention, also, fossil fuels are dirty.

There are a lot of benefits from green procurement, and it is the policy of the Government to ensure that green technology and practices are factored into public projects. We continue to urge persons to embrace the incentives for transitioning to renewable energy, so that we can lessen our carbon footprint and save money.

Within the next few weeks, the Ministry for the Environment and Climate Change will be launching the Green Pledge Drive. The Green Pledge Drive seeks to scale up the existing Green Pledge programme which encourages all businesses and organizations, including Government agencies, to "green" by reducing environmental impact during both development and operations. Government will lead by example by making a Public Service Pledge.

EDUCATION AND YOUTH DEVELOPMENT

Madam Speaker, as we chart a course for economic prosperity and sustainable growth, it is imperative that we prioritize funding for the Ministry of Education, Youth Affairs, and Sports, affirming our commitment to Move Full S.T.E.A.M. Ahead.

Education is the bedrock of economic development. It is also critical for ensuring that future generations of Virgin Islanders are equipped for success. The Government staunchly supports the strategic priorities of infrastructure, resources, and professional development within the Ministry.

Recognizing the transformative potential of education, especially in the realms of Science, Technology, Engineering, Arts, and Mathematics (S.T.E.A.M.), in 2024 we will particularly focus on expanding the initiative with a focus on developing and implementing a comprehensive S.T.E.A.M.-focused education program for Pre-primary and Primary grades.

This initiative extends beyond the mere allocation of funds; it involves providing the necessary resources and training for our dedicated staff and eager students. By enhancing student engagement and achievement at an early age, we lay the foundation for a future generation equipped with the skills to navigate a rapidly evolving world.

Additionally, we acknowledge the critical role of Mathematics as a foundational subject. Thus, we commit to supporting the development and implementation of a comprehensive Mathematics instructional program for K-6 students. This includes reviewing existing resources, providing targeted training for teachers and principals, and establishing an intervention program to ensure that every student achieves their full potential in Mathematics.

To align our educational efforts with the aspirations of our Territory, it is crucial that the Ministry continues to conduct a thorough review of the curriculum. This review will ensure its resonance with our standards for growth and economic development, while also meeting regional and international benchmarks for grade-level competencies. By doing so, we aim to empower our students with knowledge and skills that are not only globally relevant but also reflective of the unique needs of our community.

Our commitment to educational excellence extends to the senior secondary level. We recognize the necessity of conducting a comprehensive review of all senior secondary subject offerings. This will pave the way for the introduction of new programs that align with specific career skills, providing our students with clear pathways to success in their chosen fields. By aligning education with the demands of the workforce, we empower our youth to become the architects of their own prosperous futures.

Madam Speaker, teacher effectiveness is pivotal in ensuring student success. To that end, we commit to establishing partnerships with local and regional institutions to provide teacher training opportunities, including certification programs. This investment in our educators aims to enhance their effectiveness, ultimately improving student outcomes and nurturing a culture of continuous learning.

The physical environment in which education takes place plays a crucial role in shaping the learning experience. Therefore, we prioritize funding and support to implement a comprehensive school infrastructure maintenance plan. By improving the teaching and learning environment, we enhance the quality of education and create spaces that inspire curiosity, creativity, and academic excellence.

Youth and sports development stand as integral components of our vision for a prosperous future. We are committed to the continuation of afterschool and summer school programs, recognizing their role in providing additional support and fostering holistic growth. Furthermore, the expansion of inter-primary and inter-secondary sports competitions in collaboration with sporting organizations will continue to create avenues for talent development and community engagement. In addition, programs for youth in the critical areas like education, entrepreneurship, employment and the environment will be developed to equip our youth with the tools needed for success in a rapidly evolving world.

In the spirit of inclusivity and collaboration, this budget reflects our dedication to ensuring that every citizen, regardless of background or circumstance, has the opportunity to excel. It is an investment in our future, laying the foundation for a skilled and empowered workforce that will drive innovation, economic growth, and social progress.

Madam Speaker, we will continue our programme of providing assistance to the vulnerable in our society. We will also seek ways of becoming more efficient and effective in identifying and addressing urgent, critical needs in our society for social assistance. Policy and, perhaps, even legislative changes will be made to improve the process while maintaining transparency, accountability, and good administrative practice.

We will also continue to clean up our environment. In the coming weeks, we will put out a request for proposal for the removal of the derelict vessels from our waters. Once the proposals come in, we will move expeditiously to execute their removal.

BUDGET 2024 BY NUMBERS

Madam Speaker, looking at the budget numbers, the technical experts at the Ministry of Finance project revenues to Government of \$382.67 million. Some \$360.24 million is expected to come from receipt of taxes; \$5.96 million from grants; and \$16.47 million from other revenue sources.

Recurrent expenditure is estimated at \$376.95 million. Some \$159.75 million is allocated for employee compensation; \$93.94 million for goods and services; and \$83.66 million for grants to parastatals, statutory bodies and other organizations and international bodies based on existing commitments. Provisions in the sum of \$7.60 million have been made for property and other expenses; \$345,000 for subsidies; \$6.50 million for interest payments; and \$25.16 million for social benefits.

Through prudent financial management, the Ministry of Finance projects a recurrent surplus of approximately \$15.70 million would be realized, which would be directed to debt servicing.

Total Capital Expenditure is estimated at \$70.9 million, of which \$45.45 million will be for development projects and \$25.45 million for capital acquisitions.

Funding for capital projects and acquisitions will be raised via the following sources: \$15.92 million from the Development Fund; \$3.1 million from the Transportation Network Improvement Fund; \$5.82 million from the Reserved Fund; \$1.9 million from the Miscellaneous Purpose Fund; \$9 million from existing loans; and \$35.15 million from new loans.

The foregoing, Madam Speaker, will result in a balanced budget.

For 2024, Central Government Debt is projected at \$143.33 million, with \$24.29 million in local debt and \$89.03 million in foreign debt.

Madam Speaker, I do wish to advise Honourable Members and the public that in order to fund some of the capital expenditure, it will be necessary for us to engage in some borrowing. Based on the quantum of work that we are aiming to achieve, the Government is considering borrowing at least \$100 million.

These funds, Madam Speaker, will be an investment in the economy. The projects they will finance will improve our infrastructure to support and increase activities in our various sectors, while benefitting the public.

Additionally, they will provide employment opportunities, particularly in construction activities. Over the years the BVI has developed a very competent pool of local contractors, whom I hope would avail themselves to these opportunities to showcase their talent while developing our country.

And as we speak about local talent and capabilities, Madam Speaker, the Recovery and Development Agency (RDA) has an excellent track record of delivering major projects on time and within budget and scope. The RDA was formed for the purpose of responding to the recovery from the 2017 storms, and most of the recovery projects are almost completed. We recognise however, that such an agency could be very useful for implementing and managing major Government projects. It is therefore our intention to transition the RDA into the Virgin Islands Development Agency, which will be permanent structure to deliver public projects because Ministries do not have the capacity to properly manage certain kinds of projects.

The distribution of the allocations in the 2024 Budget are as follows:

- i. 11.55% or \$54.36 million to the Governor's Group; comprised of \$50.35 million in recurrent expenditure and \$4.01 million for development.
- ii. 5.02% or \$23.62 million to the Premier's Office, comprised of \$18.51 million in recurrent expenditure and \$5.12 million for development.
- iii. 8.40% or \$39.52 million to the Ministry of Finance, comprised of \$31.77 million in recurrent expenditure and \$7.75 million for development.
- iv. 1.68% or \$7.91 million to the Ministry of Financial Services, Labour and Trade, comprised of \$7.75 million in recurrent expenditure and \$160,000 for development.

- v. 2.67% or \$12.55 million to the Ministry of Environment, Natural Resources and Climate Change, comprised of \$8.43 million in recurrent expenditure and \$4.12 million for development.
- vi. 11.34% or \$53.38 million to the Ministry of Education, Youth Affairs and Sports, comprised of \$50.53 million in recurrent expenditure and \$2.85 million for development.
- vii. 20.38% or \$95.92 million to the Ministry of Health and Social Development, comprised of \$69.59 million in recurrent expenditure and \$26.33 million for development.
- viii. 15.92% or \$74.95 million to the Ministry of Communications and Works, comprised of \$54.57 million in recurrent expenditure and \$20.38 million for development.
- ix. 4.07% or \$19.16 million to the Ministry of Tourism, Culture and Sustainable Development, for recurrent expenditure.
- x. 3.42% or \$16.11 million to the Constitutionally Established Bodies, comprised of \$15.92 million in recurrent expenditure and \$197,600 for development.
- xi. 12.36% or \$58.17 million is allocated to Pensions, Public Debt and Funds Contributions; and
- xii. 3.21% or \$15.1 million is set aside for miscellaneous expenditure.

To provide some further clarity and context, Madam Speaker:

- i. Approximately 41 cents from every dollar of Government revenue raised, or \$159.75 million, will go towards compensation of Government employees;
- ii. Approximately 24 cents from every dollar, or \$93.94 million, will go towards paying for the goods and services required for running the operations of Government;
- iii. Approximately 21 cents from every dollar, or \$83.66 million, is allocated for grants to various public agencies to support their operational and developmental needs;
- iv. Approximately 6 cents from every dollar, or \$25.12 million, will go towards funding social benefits;
- v. Approximately 6 cents from every dollar, or \$22.19 million, will go towards repaying loan principals and interest; and
- vi. Approximately 2 cents from every dollar, or \$7.95 million will go towards subsidies, property and other expenses.

We do intend, Madam Speaker, to ensure that the people of the Virgin Islands continue to get value for their tax dollars, and to continue to conduct the public's business with transparency and accountability.

CONCLUSION

Madam Speaker, over the decades and across the generations, our people have achieved great things to advance our development. We have built a resilient tourism industry and a world-class financial services industry, both of which are the envy of others. Since 1978, we have managed our own finances, and steered our young nation along the path to development. When we consider what we have achieved and the adversities we have had to struggle against, we have done exceptionally well.

But there is the need for us to continue this process of growth and development. At the same time, there is evidence of untapped potential. The time is now for us to take decisive steps, and to move with purpose, focusing on the things that really matter and which will enable our country and our people to leap forward into a new era of development, expansion and prosperity.

The projects and programmes mentioned in this Budget Address in no way reflect the full scope of the plans and priorities of the Government for the upcoming year. Examples were presented to illustrate the principles and strategies behind the direction in which we must proceed based on the global conditions, as well as the state of our main industries and other factors.

With respect to our tourism industry, it is clear that we are limited by our current capacity – both in terms of what it takes for visitors to get from their home countries to our islands, and in terms of the accommodations in our stock. In an environment where there is high demand, but also increasing competition – and where we do have a strong product, we need to do our part so that every visitor who wants to come to the BVI is able to get a flight or a ferry and a place to stay.

This is the mission of the Government, in addition to ensuring that we continue to create more reasons and experiences for tourists to want to come and to return.

Similarly, we must have confidence in our very talented professionals in the financial services sector.

Madam Speaker, by now there should be no doubt that our local experts are on top of their game, and the strategies that they are working on to transform and boost our financial services portfolio of products will bear fruit. We have to support and encourage them. And, like with tourism, we have to help to market the BVI.

Madam Speaker, the 2024 Budget contains a number of major infrastructure projects to support economic growth. In deciding which projects needed to be accelerated, the Government, together with the team in the Ministry of Finance and other Ministries looked at the impact – whether social or economic – that initiatives would have, and how these aligned with the needs of our various stakeholders, from ordinary citizens to public and private sector workers, to business person and investors, and so on.

Strong consideration was given to how advancing or deferring an initiative would affect the quality of life of our citizens. Striking the balance in these cases have not been easy, and there is always the possibility that someone, somewhere would be disappointed. But, Madam Speaker, this Government is also determined not to let any individual or any community fall through the cracks. All of my Ministers and I, are always accessible to our public. And therefore, if there has been any oversight that is in our power to remedy, I urge persons to come to us and let us know.

Madam Speaker, as I bring this address to a close, I call on unity of all members of the House of Assembly, Opposition and Government, to come together for the common good of lifting our Territory into new heights of greatness. Yes we have our disagreements and challenges, but these times are too crucial, the stakes are too high, for us to be locked in partisan bickering. Let us show that we are

capable of a new brand of politics—one which places building the nation and the needs of the people first and ahead of our own individual or partisan interests. Now is the time for leadership.

And I am presenting the leadership that we need in these crucial times. I take my responsibility very seriously. And with God as my guide and a strong team by my side, and the prayers, support, and advice of the people of the Virgin Islands, we will reinstalled hope, and start a new era of prosperity.

Madam Speaker, the preparation of a Budget and Budget Address are very enormous tasks. I wish to extend my appreciation to the Financial Secretary, Mr. Jeremiah Frett, and his team at the Ministry of Finance for their support and hard work. I wish to thank all my Ministers and Junior Ministers for their contributions and ideas. They exemplify what it is to work as a team. Special appreciation must also go out to the Deputy Governor, Mr. David Archer and his team, all the Permanent Secretaries and all public officer across all the Ministries.

In particular, I wish to recognise the team at the Premier's Office and the Ministries of the Tourism and Culture and Sustainable Development, and the Environment, Natural Resources and Climate Change, and my Permanent Secretaries, Mrs. Carolyn Stoutt-Igwe and Mr. Joseph Smith Abbott and Mr. Ronald Smith-Berkley, for their hard work and support.

I thank Honourable Members, you Madam Speaker, the audience present and following online and via the radio for your kind attention.

May God continue to bless these beautiful Virgin Islands and our people.