



**2021 Budget Statement
Delivered By
Premier And Minister Of Finance
Honourable Andrew. A. Fahie**

**UNDER THE THEME:
Innovation: Building A Stable, Diverse, Competitive Economy
With Strong Industries And Partnerships For Regional
And International Trade, By Building
And Harnessing The Creative Capacity Of Our Human Capital**

November 12, 2020

Mr. Speaker, a pleasant good day and GOD's blessings be upon you, all Honourable Members of this Honourable House and all the people of these beautiful Virgin Islands — those here in the Gallery, those listening via the radio and to those viewing online – both at home and abroad, as we continue to move forward in this New Regular living and working with COVID-19.

Mr. Speaker, this speech is always known as a Budget Address. But, Mr. Speaker with this being an unconventional Government, I declare that this is a Budget Statement.

I count it an honour and a privilege to rise for the third time in less than two years to present a national budget for the Virgin Islands.

Having Budget Day at this time is a testimony of Government confidence in being committed and accountable to its people in spite of the global challenges.

For us in the BVI, this is testament that the health and safety protocols we have been putting in place to keep people safe and to protect this Territory amid COVID-19 has afforded us such opportunities to forge ahead as we continue to reopen our economy.

COVID-19 has not crippled us. Your Government has been working assiduously throughout the pandemic to ensure that the people's business is done and their critical needs are taken care of.

And in the BVI, today, Budget Day, is the Accountability Day.

The theme of this budget is *Innovation: Building a stable, diverse, competitive economy with strong industries and partnerships for regional and international trade, by building and harnessing the creative capacity of our human capital.*

Simply put, this budget is about our competitive economy, our partnerships, and the building and advancement of our people.

Introduction

Mr. Speaker, these are unique times, but what we are experiencing is not unique to us in the Virgin Islands. Within the last 10 months, the entire global landscape has changed.

Reflecting, in 1946, on the advent of nuclear weapons, Albert Einstein said: *"Everything has changed... A new type of thinking is essential if mankind is to survive and move toward higher levels."*

With COVID-19, everything has changed, and we have to rethink and reinvent creative ways of doing things; of engaging in economic activity through innovation.

Large and small nations and economies have been thrown into uncertainty and turmoil by the sudden emergence of COVID-19 - a disease for which there is yet no known cure or vaccine and which has disrupted the usual functioning of almost every facet of our lives.

This unforeseen and unprecedented threat is forcing everyone everywhere to try to find ways to conduct regular and necessary business while balancing the risk of illness and death of persons, and the health of the economy.

We have to critically reassess business models that have worked successfully for decades before the emergence of COVID-19, but which metrics are incompatible with the present day realities. What may have worked in the past does not necessarily hold for the future.

Given that COVID-19 is an invisible threat, the challenge of the New Regular is to strike the ideal balance between lives and livelihoods.

Our experience in the Virgin Islands, and indeed as we have seen everywhere else in the world, is that it is not easy to balance the protecting of livelihoods with protecting lives. Both come with a high cost. However, one outweighs the other. Once you are alive you can always make money. But if you are dead, you have no life and you cannot make money. And, the further paradox is, you cannot have a livelihood without life.

In the words of the President-Elect of the United States, Joe Biden, "You can't fix the economy, until you fix the Covid crisis."

And until COVID-19 is fixed, in the Virgin Islands we must therefore envision and reposition ourselves in a world where COVID-19 and similar threats are the New Regular, and where lives take priority.

And as we have seen, the reality is that this is a world where a lot will not be perfect and not everything will be to our convenience.

We have been able to contain the virus from spreading in the Virgin Islands to a great extent, but we are not out of the woods as yet. This is why your Government continues to emphasise caution.

Before assuming office roughly 20 months ago, my Administration - your Government - recognised that there existed a real threat to our Territory's resilience and the human security of our people.

These were particularly exposed by the catastrophic disasters of 2017 – back-to-back Category 5 Hurricanes Irma and Maria, which left many of our people without work, without secure homes, with businesses on the brink of closure and foreclosure; with our children displaced from proper learning environments; and with one of the Territory's economic engines, tourism, severely battered.

The past years we have seen how external threats have emerged, endangering our financial services industry. The reality is that these attacks are slowly chipping away at the features that give our offerings competitive advantage. And, the price for these actions is the loss of jobs for Virgin Islanders, loss of business and loss of revenue to the Territory.

And those whom we expected to protect us from this barrage, have not done so.

Recognising the vulnerabilities this situation posed, your Government immediately set to work to strengthen the resilience of our people and our Territory.

We cast a national vision to transform the Virgin Islands into a leading regional economy through innovation, entrepreneurship and local and foreign investment by 2025, as a strategy for achieving this.

COVID-19 has caused some setbacks, but our vision remains, as does our resolve.

We have to keep pushing forward. We must develop the capacity of the BVI to be resilient against shocks – whether they are from hurricanes, pandemics, changes in international policy and international politics, or any other influences. And we must develop our capacity and boost our own productivity.

We must minimise the impact catastrophic events have on our people and our Territory by toughening up our people, our economy and our institutions, so that they are not rendered helpless while waiting for external help that is not guaranteed to come on time or at all, or while working towards recovery.

These have been some of our goals, as your Government, over the past 20 months – and more so over the last 10 months as we battled the many threats and complications of the COVID-19 global pandemic.

And, may I say that COVID-19 has revealed that these kinds of threats are real, and has forced us to accept that we have to confront them largely on our own. But our response, and the results of our response, has proven that we often underestimate ourselves as others want us to.

Our targets have been founded on the demonstrated ability of generations of Virgin Islanders to rise above adversity and negative stereotypes and to innovate and persevere; to create a leading international finance centre that

is the envy of many and one of the most lucrative and an attractive tourism industry in the hemisphere.

So many times and in so many different ways, we have been told that our BVI is no more than a bird sanctuary. But the reality is, despite the odds, as a Virgin Islands people we not only survived, but we continue to thrive.

These are qualities imprinted in our DNA.

It is a solemn responsibility of all Virgin Islands Governments, as written in the Virgin Islands Constitution Order 2007, to ensure that Virgin Islanders are able to pursue their quest for social justice, economic empowerment and political advancement, and this can only be achieved when our people are enabled to stand on their own two feet, socially, economically and politically.

This was the philosophy behind many of the policy decisions that we have taken as a Government over the last 20 months, and it will remain at the core of our decision-making well into the future. Simply put we believe in the advancement of our people.

Financial Performance Review

This philosophy of empowerment, resilience and removing the threats to the human security of our people, was the foundation of the 2020 Budget which was tabled in and passed by this Honourable House approximately one year ago.

It was against this backdrop and the promising strides made in the nine months before to reinvigorate our tourism industry – and in particular the cruise tourism subsector which was poised to return to near pre-Irma visitor levels – that the 2020 Budget was planned.

But as our Faith teaches us in *Proverbs 16:9* - A man's heart plans his way, But the Lord directs his steps. And therefore, our well-made plans had to be adjusted a number of times in light of the forces that are beyond us and our control – mainly COVID-19.

Mr Speaker, it goes without saying that the COVID-19 global pandemic disrupted and depressed business activity. Revenues shrunk. At the same time priorities had to be reorganised and funding re-assigned to more critical needs.

Contraction of global tourism, coupled with the decisive precautionary measures implemented to mitigate the spread of the coronavirus in this Territory, resulted in an obvious decline in tourism related business activity and knock-on impacts on other areas.

The draft estimates showed total Government revenue in 2020 was \$340 million; \$22 million less than initially projected and 6.65 percent lower than 2019 actual revenue.

Compared to 2019 and based on estimates for 2020, Tourist Arrival Levy fell by \$1.8 million. Passenger tax increased by \$1.1 million, but revenue from cruising permits fell by \$3.3 million, and hotel accommodation tax proceeds fell by \$420,000 or 16.02 percent.

Taxes on goods and services declined by \$38.75 million or 16.87 percent when compared to 2019 and income and payroll tax revenue dropped by \$7.49 million due to the disruption in economic activity by COVID-19.

These figures are not surprising, Mr Speaker. Because we are aware of how much of our economy is based, directly and indirectly, on tourist arrivals.

What these numbers are telling us, is that we need to move with haste to diversify our economy and build our economic resilience. We need to adjust and adapt.

Similarly, the trend in corporate registrations over the last few years continued. Revenue from registrations in 2020 was \$168.9 million; \$26.5 million less than initially projected and \$29.8 million or 15 percent lower than 2019.

In fairness to the hard-working professionals in our financial services sector, economies and investments around the world have been hit by economic fallout and uncertainty since the start of the COVID-19 global pandemic. This industry has been constantly bombarded with threats associated with blacklisting, Publicly Accessible Register of Beneficial Ownership by 2023, the BREXIT deal – or no deal, and other direct and indirect activities.

The industry professionals have also been working to find innovative ways to make the BVI financial services more attractive and competitive, but we cannot expect these efforts to bear fruit overnight nor under the current uncertain global economic climate.

Nonetheless, the writing is on the wall. We need to diversify the economy and develop other economic engines to reduce our vulnerability to disruptions.

Recurrent expenditure for fiscal 2020, according to the estimates, totalled \$366.5 million, representing a 12 percent increase over the budgeted figure and a 19 percent increase over the 2019 total.

This sum includes \$57.4 million in COVID-19 prevention expenses that were not initially budgeted for since this coronavirus had not even been heard of at the time.

Assistance to meet this unanticipated expenditure was derived from a \$40 million grant from the BVI Social Security Board, for which we remain eternally grateful for this assistance to our people.

Your Government's COVID-19 strategy was not restricted to containment of the virus and treatment of infected persons. The strategy also included social considerations such as ensuring that persons had suitable housing given the devastations from Hurricanes Irma and Maria in 2017 and the need to provide economic stimulus to local businesses and making investments in job creation and food security.

To this end, Coronavirus prevention expenses included:

- \$2 million to cover Food Production grants in Agriculture and Fisheries;

- \$6.5 million in grants to local businesses affected by COVID-19;

- \$1 million in stimulus grants to hotels and villas participating in Government's COVID-19 quarantine programme;

- \$9 million for housing repairs, materials, labour and reconstruction assistance to water-tight homes damaged by the 2017 catastrophic hurricanes;

- \$1 million to develop an insurance initiative to be undertaken by the BVI Social Security Board;

- \$1 million for other social needs related to COVID-19;

- \$1 million to offer support for Day Cares, Private Schools, Churches, and other Religious Organisations;

\$1 million to fund a Transportation initiative for the City of Road Town from Terrance B. Lettsome International Airport to approved quarantine areas in Tortola. This initiative also includes our Sister Islands;

\$7.5 million in support to the National Health Insurance programme;

\$3.9 million to provide assistance grants to individuals - administered by elected representatives who were each allocated \$300,000 to assist their communities;

\$2.8 million for the House-to-House Garbage Collection and Food Distribution programmes;

\$2.99 million for Contingency Funding to Ministry of Health for precautionary measures relating to COVID-19;

\$4 million for accommodations for returning residents;

\$8.6 million allocated to the Ministry of Health and Social Development which includes a grant of \$8.1 million to the BVI Health Services Authority for precautionary measures relating to COVID-19; and

\$4 million for infrastructure works related to managing the national sewerage distribution system.

Mr Speaker, the accounts show that your Government did its best to support our public officers during this ongoing era of COVID-19. Sacrifices were made to ensure that Government workers were able to keep their jobs and have an income to care for their families.

In a vast many instances, Public Officers worked from their homes, fulfilling many administrative tasks to keep Government services running smoothly for the rest of our residents. And, for this I thank all public officers for their commitment and dedication.

Innovative and remote working saw small increases in expenditure on mobile communications. Spending on computer software increased by 81.3 percent or about \$1.2 million more than similar spending in 2019. One benefit from this is that it has pushed the Public Service forward in the adoption and greater use of technology, which is a change that we intend to sustain as far as practical.

At the same time, the suspension of travel for Public Officers due to the pandemic resulted in significant savings in costs associated with foreign travel.

These funds, along with managed cuts in most expenditure heads, allowed your Government to redirect funds to priority areas and treat with emergent needs.

The Ministry of Finance is projecting a small, but tenuous balance on our overall operations in 2020.

Central Government debt stands at \$149.11 million.

The numbers show prudent fiscal management, because the situation could easily have turned much worse had your Government not taken the tough decisions to minimise the level and spread of COVID-19 infections in the Territory.

Notwithstanding this, the BVI's economy remains intact and full of promise.

The most recent Cash Flow Report from the Ministry of Finance projects that the Consolidated Fund balance at Friday, 13 November, 2020, will be \$41.6 million, taking into consideration anticipated inflows and outflows.

The accounts payable balance as at 13 November, 2020 is projected to be nil.

Government's total debt is in the vicinity of \$149 million, of which \$97 million is foreign debt and \$52 million is local debt.

The operating line of credit remains paid in full.

Total cash and investments are reported to be \$208.3 million as at 6 November, 2020.

Mr. Speaker, numbers in a vacuum by themselves do not give an accurate picture of what has happened. Numbers need context.

Snapshot of the Global Situation

We live in a globalised world and our two main economic drivers, tourism and financial services, depend on what is happening in other countries and other economies.

So Mr. Speaker, let us take a snapshot of the global situation.

The World Bank, in its June 2020 Global Economic Prospects Report notes: *"The COVID-19 pandemic has, with alarming speed, delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries. The baseline forecast envisions a 5.2 percent contraction in global GDP in 2020—the deepest global recession in eight decades, despite unprecedented policy support."*

It states that the cross-border spill-overs have disrupted financial and commodity markets, global trade, supply chains, travel, and tourism, and

financial markets have been extremely volatile, reflecting exceptionally high uncertainty and a worsened outlook.

The World Bank reports that a majority of countries are expected to plunge into recession during the remainder of 2020, and advanced economies are expected to shrink by 7 percent as widespread social-distancing measures, a sharp tightening of financial conditions and a collapse in external demand depress activity.

Millions of persons are likely to be thrown back into poverty. Close to 90 million individuals may fall below the \$1.90 a day income threshold of extreme deprivation this year, according to the International Monetary Fund (IMF), in its October 2020 World Economic Outlook Report.

The United Nations World Tourism Organization (UNWTO) reported on 27 October, 2020, that international arrivals for the first eight months of 2020 fell by 70 percent. This is across all markets worldwide. July and August 2020, the peaks Northern Hemisphere summer season, saw decreases of 81 percent and 79 percent respectively compared to the same period in 2019.

The drop until August 2020 represents 700 million fewer arrivals compared to the same period in 2019 and translates into a loss of US\$730 billion in export revenues from international tourism. This is more than eight times the loss experienced on the back of the 2009 global economic and financial crisis.

The UNWTO noted that some countries were able to slow their declines by reopening their borders, but any recovery was short-lived, as travel restrictions and advisories were reintroduced amid an increase in infections of COVID-19, and demand for travel remains largely subdued due to the ongoing uncertainty about the pandemic and low confidence.

The UNWTO's Panel of Experts foresees a rebound in international tourism in 2021, mostly in the third quarter of 2021. However, around 20 percent of experts suggest the rebound could occur only in 2022.

The IMF is projecting global economic growth of 5.2 percent in near-term 2021. But, this is heavily dependent on countries being able to maintain their management and control of the spread of COVID-19, and not having to roll back into lockdowns and similar measures.

This is the global outlook at this time that gives of context of this budget and the decisions that we must make from time to time.

It clearly shows how our little, but great, Territory is performing in the COVID-19 era when compared to the rest of the world.

Health Security and Managing COVID-19

Thus, Mr Speaker, you can see that many of the challenges and frustrations that we are experiencing in the Virgin Islands are not unique to us.

Our experiences are no different to those of Governments, countries, industries and people around the world.

Adding to the context of the 2020 expenditures, when the 2020 Budget was formulated and presented, the world had not even dreamt of COVID-19, far less to imagine the wide and deep impact it would have across economies across the globe.

I have already indicated what the cost of responding to the COVID-19 threat has been to the coffers of the Territory.

This does not reflect the financial losses and emotional toll COVID-19 has had on individual citizens. It also does not help us to visualise and contrast where

we ought to be in terms of our economic, infrastructural and social development had COVID-19 not come about.

Yet still, Mr Speaker, your Government has no regrets for the decisive and timely action that we took to protect the lives of our people and to save our economy from deep catastrophic long-term damage due to COVID-19.

With COVID-19 being declared a global pandemic by the World Health Organization (WHO) on 11 March, 2020, your Government immediately began the process of putting preventative measures in place to keep us all safe.

Through the Public Health Act 1977; the Quarantine Act 2014 and the Infectious Disease Notification Act, we instituted a number of control measures, which our people cooperated largely with.

This allowed us the time to install the infrastructure and systems that we would need to allow us to function and increase functionality while living and working with COVID-19 in the New Regular.

In the meantime, we implemented measures to assist our people with food and other essential supplies and services. We commenced remote working.

We promptly set about the formation and management of the Health Emergency Operations Center (HEOC) for the COVID-19 global pandemic.

A COVID-19 Economic Task Force was convened to evaluate the potential impacts of COVID-19 on the BVI economy, inclusive of social impacts, and to make recommendations on how to deal with the possible scenarios.

Our professionals in the airport industry, ports, Immigration, Customs and health also began drafting protocols for operations under various scenarios based on the possible ways that the COVID-19 threat could evolve. They did

this while constantly monitoring international developments and tapping into their associations with international bodies.

Cabinet met regularly and held consultations to gather and process information and to make decisions that would help us to navigate these uncharted waters.

We commissioned a certified COVID-19 testing laboratory, developed protocols for safe movement and conduct of business, and implemented monitoring systems.

We also upgraded the capacity of our healthcare facilities.

There have been minor hiccups, and some false alarm scares along the way, but the above measures, and more, are what have kept our people safe from COVID-19 and prevented the loss of their lives, except one.

These are also the measures that have facilitated us being able to prepare for the impending reopening of the BVI's tourism industry on 1 December, 2020, with maritime arrivals being possible from 8 December, 2020.

Other achievements

But, Mr Speaker, lest the impression be formed that the only thing your Government did over the past year was to manage the Territory's COVID-19 situation, it is necessary for me to point out some of the other areas that held our attention and where successes were made.

It is important to note that while some projects were accelerated to treat with issues from the pandemic, they were developed and executed to have a more comprehensive impact.

We procured laptops for our school children. We hosted a number of virtual events such as the first Virtual Emancipation Festival, and virtual graduation

ceremonies. We organised the first tourism and culture month, first school arts festival and first poet laureate programme.

We distributed scholarships, conducted training in the marine programme and solar programme, and revitalised the tourism programme.

We also repaired a number of recreational facilities.

During the past year, and continuing in this 2021 Budget Estimates, your Government continued to work towards the improvement of collection and revenue intake through the ongoing implementation of more efficient measures, in terms of modern systems for Internal Revenue Management. This would mitigate the leakage of millions of dollars that have been going uncollected for many years due to the limitations of the existing apparatus. This is Innovation.

Mr. Speaker, your Government continues to have high on its agenda, getting the audited financial statements current. This is a Constitutional violation that your Government met upon entering office and we are moving aggressively to have it addressed.

Your Government has done a lot in the past year to settle prior outstanding bills due to companies, vendors and individuals. This is another situation we inherited. In their frustration, a few persons were contemplating taking the Government to court to recover that which was rightfully and justly theirs all along. And so, your Government devoted efforts to a proactive approach to resolving as many of these issues as we could.

To support a robust immigration and labour system, your Government, in the last year, worked on deployment of a new border management system; continued work on Work Permit Online System, and introduced Financial Services expedited Work Permit Processing. This is Innovation.

We completed the Environment and Climate Change Green Paper and Bill which has been referred to the Attorney General's Chambers for vetting.

We achieved completion of the Marine Estate and Coastal Zone Management Bill with the approval of the updated Marine Estate Policy, and we approved the Beach Use Policy.

Through collaboration with various entities, we started replanting mangroves at Sea Cow's Bay, Virgin Gorda and Frenchman's Cay.

A big victory for protection of our natural environment in the passage of the Trade in Endangered Species (Cites) Act 2019, which is over 30 years old and which will allow authorities to have greater control over the plants and animals entering and leaving the Territory, and protect endangered species.

Your Government also completed the necessary processes for the Blunder Bay Lease.

These are some of the things we did while managing the very fluid and challenging health, social and economic situation created by COVID-19.

The Ministry of Health, which was at the forefront of the COVID-19 pandemic containment effort, multi-tasked to keep several achievements on track, such as the accreditation of the BVI Health Service Authority by the accrediting body DNV-GL (Det Norske Veritas (Norway) and Germanischer Lloyd (Germany)).

DNV-GL accredits over 635 hospitals in the United States of America and 15 hospitals across Brazil, China, Iceland, Slovenia, Czech Republic, and Thailand.

The BVIHSA, which manages the Dr. D Orlando Smith Hospital, is one of only three public health systems in the region that has achieved internationally accredited status.

What this means for the BVI is that we are pursuing a commitment to excellence in health care that will help us to build more confidence among our population, attract more patients, enhance and promote safe and high quality care for the people of these Virgin Islands.

By achieving this distinction, the BVIHSA has demonstrated its ability and commitment to providing health care that has been evaluated against global standards. This achievement also allows us to pursue medical tourism even more vigorously.

The Minister of Health has successfully brought forward the Medical Act 2020, the Nurses and Midwives Act 2020, the Red Cross Act 2020, and opened the Nurse Iris O'Neal Medical Complex on Virgin Gorda.

Mr Speaker, in order to have a Capital that is worthy of a luxury tourist destination, the Ministry of Transportation, Works and Utilities has embarked on upgrades to the infrastructure in Road Town.

It involves aesthetic improvements such as the beautification of the main areas in the town and planting of majestic royal palm trees to line the main motorways.

The Ministry is also focusing on building better city management, to improve the experience of living and working in, as well as visiting the town. This includes reducing traffic congestion and creating a pedestrian friendly environment.

The Ministry used the initial COVID-19 curfew period to implement the rerouting of traffic flow and to put measures in place for the City of Road Town Park and ride system, which has been tested. This is Innovation.

We intend to complete the full implementation of this public transport option in the capital.

The soil has been turned to begin the upgrade of the Market Square, which will provide a more appealing space for vendors and customers to trade. This project is expected to be completed by the end of the third quarter of 2021.

We have also provided a vehicle for hope and empowerment to the residents of Huntums Ghut and the 5th District by taking the first steps to implement an entrepreneurship incubator programme.

Facilities for an Economic Zone are being constructed which would house the First Step Programme for Entrepreneurs to give budding entrepreneurs who have solid, workable business plans the support for their businesses to get off the ground and grow.

We have also done considerable work to prepare for the rebuilding of the Palm Grove Shopping Centre in Road Town.

During this COVID-19 era, the Ministry of Transportation, Works and Utilities procured a mobile asphalt plant to increase the efficiency of road repairs and to lower cost of road repairs to taxpayers.

These are just some of the things that you Government have been working on during the past year.

Looking Ahead

As I have indicated, your Government remains committed to the transformation of the BVI into a leading regional economy; to the building a stable, diverse and competitive economy through trade, industries and the people of the Virgin Islands.

The Budgetary allocations, as well as your Government's Legislative Agenda outlined in the Speech from the Throne on Thursday, 5 November, 2020, are aligned with achieving this vision.

Your Government is fully aware that while we work towards the long-term security and wellbeing of our people, we must make sure that their critical needs are being met. They must be able to live with a peace of mind that they will have a roof over their heads, food for their family and that they will be safe, while the investments we make today are maturing.

This is why the theme of this budget is *Innovation: Building a stable, diverse, competitive economy with strong industries and partnerships for regional and international trade, by building and harnessing the creative capacity of our human capital.*

Stable, Diverse, Competitive Economy

A stable economy is one that is not easily shaken even when major threats emerge – threats such as a hurricane, a pandemic or changes to international financial regulations. This is an economy that does not have most of its eggs in just one or two baskets, especially baskets that are susceptible to disruption from shocks.

Therefore, as we have been saying for far too long, we need to develop a diverse economic base. We must foster new businesses and new industries

that are not easily vulnerable to known threats; businesses that can stay viable during tough, unforeseen and even unprecedented times.

In a global operating environment where there are many other players and where consumers have choices, the Virgin Islands must be able to compete and to remain competitive.

This requires having industries that are able to offer strong value proposals, and which are easily accessible to clients.

It requires having the infrastructure and amenities that will make the BVI the best place to do business, which will facilitate our businesses being able to function efficiently without unnecessary disruptions and handicaps, and which will allow our people to develop and flourish.

Your Government has identified a number of development projects that will complement and enhance our existing smart strategies, support innovation and create opportunities for the people of the Territory.

It goes without saying but I must remind all that the revenues in a budget is based on estimates and projections made by the technocrats working in and with the Ministry of Finance.

This is not necessarily money that is in our hands but it is funds that are anticipated based on forecasts of how the operating environment will behave and once we all do our respective parts to keep the Territory moving in a progressive direction.

And this includes ensuring that we manage and contain COVID-19, because a key factor in being able to have successful economic activity is that we must have a safe environment.

We must not forget that we are not out of the woods as yet with COVID-19.

Mr Speaker, the full list of projects and allocations can be found in the Estimates of Expenditure, but permit me to highlight some of the priority projects for the upcoming year.

Government Offices Infrastructure

For Government to function effectively, there must be comfortable, convenient facilities for staff to work and for members of the public to access Government services.

Your Government will continue the rehabilitation of the Ralph T. O'Neal Central Administration Complex (CAC). A critical aspect of this project is to enhance the indoor air quality at the facility, in addition to making it an overall comfortable and functional facility for workers and visitors alike.

Repairs to Government-owned Satellite Offices will complement efforts to make services more accessible to residents of outer-lying communities and to enhance the work environment of various public offices and to ensure increased services offered.

Rehabilitative works to various public offices throughout the Territory, not identified elsewhere, will be undertaken.

Law Enforcement Infrastructure

A reliable and efficient justice system and public safety inspires stability and confidence. Therefore, your Government remains committed to pursuing the construction of the Halls of Justice and repairing the Police Stations at Anegada and Road Town, and conducting rehabilitative works to the Police Marine Base.

It is important that there are adequate facilities for all facets and functions of the police force and to enhance the level of service offered.

As such, we will move ahead with the construction of a new facility to house the Police Headquarters and Road Town Station. This will provide a more resilient facility with all the necessary modern amenities required.

Your Government wants to ensure that there is an adequate working environment for Customs Officers at various locations and to ensure safe access to the public to all Customs facilities. Thus, we will complete on-going outfitting works to Custom Headquarters and other related facilities.

This will help to improve the efficiency of HM Customs and enhance the experience of clients, especially those who depend on these services for trade.

Disaster Management Infrastructure

We are well aware of our exposure due to our geographic location when it comes to the threat of hurricanes and similar disasters. The Department for Disaster Management (DDM) has been a guardian angel to the Territory during these times. Season after season they help to keep us safe, as they did during Hurricane Irma.

It is clear that the DDM and the National Emergency Operations Centre is in need of a more fit-for-purpose and resilient accommodation, and therefore your Government intends to commence work on a new building to house these two units.

To increase the responsiveness of all emergency and disaster personnel, we will continue to work on developing a fully inter-operable and resilient VHF network for security, DDM and emergency services. We also aim to replace early warning and monitoring equipment throughout the Territory in the case of equipment that was damaged or in need of replacement.

Renovation works will also continue at the Road Town Fire Station so that the Fire Department will have an adequate environment to enhance their response to emergencies.

These measures will increase our resilience against natural disasters such as hurricanes as it will allow our people to be better prepared when these events occur.

Telecommunications and E-Government

A modern, performance-driven Government must optimise the use of available technology. This is innovation. This will increase the efficiency of the delivery of services to the public; make data collection, processing, management and analysis easier for our public officers; and provide much-desired convenience to our clients – especially the residents of the Sister Islands. Sister Islands residents should not have to travel to Tortola to access Government services – not in the 21st century.

COVID-19 has forced many of us to confront our apprehensions about using the Internet technology to get work done.

Over the past eight months we have been confidently and effectively using the Internet technology for meetings, conferences, schooling and all kinds of other interactions and processes. There is no need to hold ourselves back. As a matter of fact, you will agree with me when I say, most of us are all Zoomed out – but this is a good thing.

Therefore, the transition into e-Government will be accelerated so that we can enhance the services available online: e-billing, online payment and online bookings. This is innovation.

Legislation to facilitate aspects of e-Government that will contribute to efficiency and generation of income was tabled in the House of Assembly for

first reading earlier in the year. However, this legislation was delayed by COVID-19. This delay was not in vain because we have been able to further study the framework and we have found ways that can add further strength to the legislation. Just last week, the legislation already received its first reading.

Two benefits of introducing modern computer technology is that it will help to capture sources of leakage in tax collection and it will speed-up the process for issuing Good Standing Certificates. This is innovation.

Our understanding is that many people want to pay their taxes and other obligations, but the current system is unable to cope. By fixing this problem, we will be able to increase our tax revenue without imposing any new taxes.

We are also reviewing the NHI system using the \$1 million from the Social Security Board's grant. This review will improve the efficiency of the system as well as its financial effectiveness and viability so that citizens can be better served and get more value for money. This will also ease some of the burden placed on the Government's coffers, and it will help to improve the competitiveness of the public hospital and health care facilities. This is innovation.

To illustrate your Government's commitment to this task of strengthening our Information and Communications Technology (ICT) infrastructure and services, the Department of Information Technology (DoIT) will be transferred from the Ministry of Finance to the Premier's Office - the Ministry responsible for information, communications, and technology.

This will ensure that technology and communications are well aligned along with Telecommunications Regulatory Commission, the post of Director of Communications, Department of Information and Public Relations, and as we

set up an *ad hoc* Information Commission to improve the Communications and technological structure.

Negotiations with telecommunications service providers are expected to begin in 2021, and your Government will be insisting that service providers commit to ensuring quality service and value for money is provided to our residents. There will be no compromise on this because reliable telecommunications, particularly internet, is essential for competitiveness in today's global business environment.

Even though the Internet is the most popular medium for exchanging written communication, there is still a need for the use of hard-copy letters and documents and parcels.

In this regard, your Government will seek to undertake the rehabilitation and development of the various postal offices throughout the Territory. This includes the restoration and replacement of mailboxes to ensure continued delivery and receipt of mail by providing more resilient structures and to enhance the economic development of the Territory by ensuring the timely access to mail.

Financial Services

As the world economy transitions to operating amidst a global health pandemic, financial services, globally, continues to be transformed by the demands of sustainability and technology developments.

BVI Financial Services continues to be innovative and to this end embraces the corporate entity needs of sustainable finance.

Environmental, Social and Governance (ESG) matters are the common language of sustainable finance, and the BVI as a premier financial centre

continues to explore and provide opportunities for corporate entities that wish to showcase and highlight their sustainable business models.

The introduction of ESG-focused BVI corporate registers will add to the ecosystem and assist the BVI in building more strategic solutions that serve the large number of established and growing BVI business companies and partnerships. These developments will better position the Territory and enhance the competitiveness of BVI financial services.

The introduction this year of the Territory's financial regulatory sandbox has offered a welcome mat to those companies and entrepreneurs that are eager to use BVI products and our well regarded financial services environment to support their foray into emerging technologies and services.

This enhanced landscape will be of benefit to both locally and internationally based start-ups and entrepreneurs who are seeking to explore the FinTech arena.

Additionally, these services will benefit the local economy and expand digital adoption and the availability of digitally native services.

Much effort is currently going into studying and exploring the development and possible introduction of cutting edge corporate structures designed to appeal to start-up and disruptors, and which offer alignment with the global trend of deregulation.

The existence of the regulatory sandbox, new suite of electronic transaction supporting legislation and other developments in the area of financial services will serve as advantages and attract virtual asset service providers, those in the business of digital asset custody and related services that are a part of the virtual asset ecosystem. This is innovation.

As the sectors and developments in financial services converge, we see the interconnectivity of sustainability and resilience-needs combined in digital assets, distributed ledger technology and digital finance platforms.

As our traditional sources of revenue are being challenged by the pandemic and other factors, we must look to innovation in our key sectors and to non-traditional sources of revenue and leadership.

The Virgin Islands is no stranger to extreme climate events and we have no option but to confront climate change. The reality is that the social and economic viability of these Islands, and indeed of countries throughout the world, will depend on low-carbon, climate resilient development. The increasing global reallocation of capital, research and other resources into the transition to a net zero carbon economy is creating unprecedented opportunities to position the Territory as a climate change innovation and finance centre of excellence and we must harness them.

BVI is poised to continue to embrace change and to respond to innovation to expand our leadership in these areas and to continue to derive increasing revenues from these emerging areas which are already integral parts of our financial services landscape.

Marine Infrastructure

Mr. Speaker, a top-class, competitive tourism destination must have appropriate infrastructure in place to facilitate visitor arrivals and to make our guests comfortable when they visit our attractions.

With the passage of the 2017 hurricanes, there is need to renovate and upgrade all tourist based sites throughout the Territory in an effort to enhance the experience for tourists and residents, and provide additional opportunities for the people of the Territory.

Your Government intends to place some emphasis on Tourism Infrastructure Development, and one area of focus will be the Cane Garden Bay Revitalisation project, along with Carrot Bay Cultural Project.

We will also rehabilitate visitor centres across the Territory and enhance the tourism product at the Copper Mine Point Ruins on Virgin Gorda.

Our ferry terminals and jetties that are used by residents and visitors to visit and commute between our Sister Islands needs to be restored and upgraded.

We will continue work on the West End Ferry Terminal to develop a modern, technologically driven entry port facility to accommodate over 200,000 passengers per year and to provide an entry port that is resilient and which follows international safety and smart standards while providing opportunities for the people of the Territory.

Work will be done at the Anegada Setting Point Jetty to develop a facility that is in keeping with international port standards and will facilitate the needs of tourists and residents. This project will enhance the opportunities for residents of Anegada.

The redevelopment of the Dog Hole facilities and dock at Jost Van Dyke will also provide a secure and comfortable environment for residents and visitors to the island.

To support our marine sector and create an enabling environment for growth, we will move forward with the East End/Fat Hog's Bay Harbour project to develop various facilities and amenities in that area.

Additionally, to support the marine sector as a renowned top sailing destination and a stable jurisdiction, we will continue to work towards maintaining our Category One status.

COVID-19 would have created significant unexpected delays in our preparation process, yet the team is still working feverishly despite the odds, in the event that the United Kingdom still moves forward with its scheduled evaluation of this status.

We remain optimistic that the BVI will maintain its Category One status and can register ships of unlimited tonnage and size, thereby enabling ship owners to take advantage of the benefits available to BVI registered ships as we grow the membership of our shipping register, boost and expand the industry, offer more to customers in this market, and increase not only our competitive advantage worldwide in this sector, but our revenues.

We will also seek to undertake the dredging of the Sea Cow's Bay Harbour to facilitate moorings for ferries and yachts. This is necessary to enhance the safety of the public and associated property by providing a safe mooring for boats during weather events.

Airport Infrastructure

Mr. Speaker, the BVI's airport infrastructure is a critical component of our economy.

We have always known that the Terrance B. Lettsome International Airport was the primary gateway for visitors and tourists to the British Virgin Islands.

But it may have taken the COVID-19 pandemic for us to fully appreciate the impact that our main airport has on the economic resiliency of our nation.

And that is why I am compelled to make these special comments - not only about the recovery of the airport and its re-opening, but its future role in the resiliency of our economy, far beyond that which it played prior to COVID-19.

Honourable Members, I am talking about the Capital Improvement Program (or the CIP as it is known), that will permit tourists and investors to fly nonstop to the BVI, not just from San Juan, but from anywhere in North America and Western Europe such as New York, Toronto and London, just to name a few cities.

This programme must be our top priority for the Territory and your Government aims to ensure this.

More specifically, the British Virgin Islands Airports Authority is currently working on a business plan for what is expected to be a \$158 million CIP that will include runway, taxiway, aircraft parking, terminal, car park and roadway improvements.

After the Plan of Finance is put in place, design of the projects is expected to commence by October next year. The completion of the improvements is scheduled to be completed by the end of 2025.

The CIP will require financial support from the Central Government, but the preliminary economic impact studies show that our investment in Terrance B. Lettsome International Airport's CIP would quickly pay-off.

The estimated number of jobs created by the airport directly and indirectly across the Virgin Islands is expected to multiply five-fold, from approximately 2,700 in 2019, to over 14,000 jobs in 2030.

Correspondingly, as a result of the new Airport Improvements, the BVI tax revenues driven by the airport's existence is forecast to rise from an estimated \$12.6 million in 2019 to \$61.7 million by 2030.

Looking to the future, because of these airport improvements and increased traffic, the British Virgin Islands Airports Authority is forecast to be operating at a surplus by 2028, no longer having to be subsidised by the Central

Government as it has been over the many years. But first, we must make the investment in the Capital Improvement Programme.

It is important to point out that even without the new Airport improvements, the loss of passenger and air cargo traffic due to the COVID-19 pandemic will require your Government to infuse about \$5 million a year in the Airport Authority's operating budget beginning next year.

And this does not include further Government assistance for capital expenditures in technology and service innovations that must be made even as we await the opening of the new airport in 2026.

Those technology upgrades will aid airlines in their check-in processes, and service enhancements will include a new VIP Club that will be available to airport patrons seeking a more personal, and upscale level of service.

The above \$5 million annual infusion to the Airport Authority's operating budget also does not include our commitment to Virgin Gorda to pave the runway there, followed by a short extension; both projects are designed to improve the safety of the existing sand and gravel runway.

Conversely, the BVIAA is laying the groundwork to boost future revenues. Among such initiatives, is their issuance of two Requests for Proposals; one for the development of a new World Class Fixed Based Operation to handle the many private and business jets that fly into Terrance B. Lettsome, and another for the development and operation of a commercial aircraft fuelling operation for that airport. Both are anticipated to be operational by the end of 2021.

I will be coming before this Honourable House over the next several months to share the Business Plan for the Terrance B. Lettsome International Airport's Capital Improvement Programme, and to secure Members' support

for what we anticipate will be the single most transformational undertaking to the resiliency of the Virgin Islands economy since the Beef Island Airport was inaugurated in 1969.

This new airport undertaking assures us that the best is yet to come for the people of the Virgin Islands, and by extension our tourism product.

We are also making efforts aimed at redeveloping civil aviation regulatory services by re-establishing an office presence in the BVI by 2021. This means implementing an industry surveillance programme by introducing the inspection of all aircraft and helicopters at airports.

BVI Ports Authority

Mr. Speaker, even as the cruise industry is restructuring and preparing to re-emerge from the impact of COVID-19, the British Virgin Islands Ports Authority (BVIPA) is also working to adapt to the most important evolution in that industry – the emergence of larger, mega-sized cruise ships.

They include, the OASIS of the Seas, a \$1.4 billion luxury ship by Royal Caribbean that accommodates 6,300 passengers and the 6,500-passenger Excellence Class (XL) by Carnival Cruise Lines that was launched in 2020, and which was expected to cost \$950 million.

The BVIPA currently operates a single cruise pier at the Tortola Cruise Port; it is not capable of accommodating these larger, mega-sized cruise ships. Understandably therefore, for the BVI to remain competitive and build resiliency in the Caribbean cruise sector, the development of a new pier must be a top priority.

Therefore, the BVIPA is working diligently in the review of options to develop and operate a new megaship pier at the Tortola Cruise Port, and other ancillary food, beverage and retail facilities at the Cyril B. Romney Pier Park.

In early October 2020, the BVIPA engaged the services of top cruise industry experts Bermello Ajamil and Partners, to assist the BVIPA in this endeavour.

In anticipation of both the potential for future cruise-passenger origination at the BVI, and the increased demand for hotel accommodation due to the Airport improvements that will permit non-stop jet service to the Virgin Islands from North America and Western Europe, the BVIPA issued an Expression of Interest for the development of a new luxury hotel and conference center on a 27,281.12 square foot waterfront parcel in the Pier Park.

Two companies were shortlisted to submit proposals to a subsequent Request for Proposal that was issued. They include GPH and Meridian, a local Virgin Islands company.

Upon request by one of the two proponents, and in consideration of COVID-19-induced lending challenges, the deadline for response to the RFP was extended from October 2, 2020 to January 29, 2021.

As the BVIPA seeks to continue to improve its facilities and its service offerings, it will focus on the expansion and reorganisation of its cargo port systems.

This sound, yet ambitious plan will see the acquisition of new land and the development of the front entrance security building at Port Purcell.

In 2021, we will see the erection of the general cargo warehouse, which is past its design stage. Once the requisite approvals are attained, the construction will commence in the early part of 2021.

There is excitement as planning has begun for the construction of a new BVI Ports Authority Administration Facility. This five-story complex will house the Administrative staff, and other Government statutory bodies at a price that

will be a significant cost saving to central Government. To date, structural drawings have been completed.

The Authority is also making preparations to improve its ferry terminals to better serve residents and visitors alike. The Jost Van Dyke Ferry Terminal will be operational and ready to service both domestic and international passengers by the ending of 2020. We anticipate that the construction of the West End Ferry Terminal will begin in the course of 2021.

Furthermore, the BVIPA recently purchased land in Virgin Gorda to allow for the separation of the cargo and ferry operations. This separation of responsibilities will vastly improve the efficiency of port operations.

The Ports Authority continues to work diligently to ensure the security of the ports as a place of doing business for both employees and customers.

The BVIPA is near completion with installing International Ship and Port Facility Security Code (ISPS)-prescribed fencing at all port locations.

Proposed lighting is being installed throughout port facilities to ensure they are sufficiently illuminated. Also, security cameras are being installed throughout the ports to improve our surveillance capabilities. These projects are essential to bring the Ports into compliance with ISPS code.

The BVIPA's incredible IT department has been tasked with rebuilding and improving the IT infrastructure at the Authority, which was damaged during the 2017 hurricanes.

The IT team has taken on the planned improvement of services such as online billing and payments, online notifications, improvement of surveillance, and the improvement of port data and operations resiliency. This is innovation.

We have Faith that with the proper support, 2021 will lead to significant improvements to our service offerings at our BVI Ports.

None of this can be done without the hardworking staff throughout our ports system. The staff at the Authority is one of our most valuable resources, and thus, we plan to honour our commitment to them.

Mr. Speaker, I am happy to report that we were able to pay out 2018 increments earlier in the year.

Moving forward, we are happy to announce that, in December 2020, daily-paid workers will have their salary restored to its original level.

We will also reinstate those employees to regular working hours as the Authority anticipates a significant increase in workload with the expected return of international ferry services and cruise ships in 2021. This is good news.

Reliable Electricity

Mr. Speaker, remote working and schooling during the ongoing COVID-19 pandemic has emphasised the importance of citizens having a stable, reliable supply of electricity in their homes.

Of course, a reliable power supply is also important for businesses to function without interruption.

The BVI Electricity Corporation has re-emphasised its commitment to achieving the national vision of transforming the BVI into a more competitive regional economy.

BVIEC has been working diligently towards the Territory's transition towards diversifying energy production utilising renewable energy.

On 4 June, 2020, BVIEC awarded the Anegada Hybrid Renewable Energy and Battery Energy Storage System Project to Power52 Clean Energy Access, LLC.

This project, when completed during the third quarter of 2021, is projected to reduce the current volume of fossil fuel used to produce electricity on that Sister Island by 95 percent.

This would surpass the Government's target of reducing fossil-fuel based generation by 80 percent in Anegada by 2021.

The system will comprise of one (1) MegaWatt of solar pv panels and 4,078 kilowatt-hour of Battery Energy Storage.

BVIEC is similarly in the infancy of conducting feasibility assessments with respect to exploring the renewable energy potential for utility scale solar pv generation and penetration on the national transmission grid infrastructure in Paraquita Bay, Tortola, and Virgin Gorda.

In early 2021, BVIEC along with its international and regional industry partners intend to continue its thorough analysis to place the sole portion of the Territory's transmission infrastructure underground and add other infrastructural improvements which will not only support transmission grid infrastructure resilience but also add much needed energy resilience to essential services in the Paraquita Bay area, such as water production, sewerage treatment, and the H. Lavity Stoutt Community College, just to name a few.

BVIEC is also assessing the viability and feasibility of two proposals submitted by private developers wishing to construct solar pv farms in the Cox Heath area. One of these developers is awaiting a revised Green Energy

License to be issued by the Government of the Virgin Islands in order to progress the development of their project.

The completion of all these projects and more will ensure the Government's target of having 30 percent of electricity production from renewable energy sources by 2023.

Following the enactment of both the BVI Electricity Corporation (Amendment) Act, 2015 and the BVI Electricity Corporation (Renewable Energy) Regulations 2018, which combined provides the Territory with the legal framework to advance the subject of renewable energy, BVIEC has processed four (4) consumer-generator Small Scale Renewable Energy Interconnection applications to date.

The BVIEC is currently working along with Premier's Office, Town and Country Planning Department and the Electrical Inspections Unit, to conduct an inspection on what may potentially be the first grid-tie connection in the Territory at the Bregado Flax Educational Centre on the island of Virgin Gorda.

Should the inspection be successful, Bregado Flax Educational Centre will possess a "Net Billing Metering System" employing a bi-directional meter in accordance with the laws.

In addition, BVIEC has identified, and has commenced the exercise to regularise, approximately fifteen (15) solar pv systems installed at various homes and commercial establishments throughout the Territory and ensuring they are all in compliance with the law and the systems are installed employing best practices.

BVIEC has partnered with the H. Lavity Stoutt Community College to commence the first cohort of a Certified Solar Technician Training

Programme which is slated to begin in January 2021. This training is crucial to the success of this new renewable energy industry as it provides the local capacity to progress renewable energy within the Territory and hopefully within the region.

The first graduates of this programme will be certified to perform all works associated with the installation of solar PV systems for residents' homes and businesses, and will ultimately be the first entrepreneurs in this new Green Industry while at the same time igniting the Territory's Green Economy and "Empowering People".

BVIEC is also currently in the infancy of exploring, along with the Survey Department, locations suitable for a future power station which will utilise LPG (Propane).

The introduction of this new facility will not only promote fuel diversity but also ensure supply balance from the current service with a single point of supply.

The above reflects that the Virgin Islands is poised to become, in the not too distant future, a model jurisdiction for the region, as it relates to its energy transition development plans.

In the 2020 Budget, your Government announced that incentives in the form of zero-tax exemptions would be to residents for purchasing solar equipment for their properties and for the purchase of electric-hybrid vehicles.

These exemptions will be extended for another year to allow residents to benefit from them, given the challenges they may have faced in accessing the facilities during the course of this past year as a result of COVID-19.

Water Security

Mr. Speaker, reliable water supply and proper sanitation are important for securing the health of our population. They are also very important for the Territory to be competitive in tourism and other industries.

The Renovations to Water and Sewerage Department (WSD) Buildings and the Public Works Department (PWD) Buildings at Baugher's Bay will continue, incorporating resilient building standards.

There will be a reconfiguration of Public Works Department and Water and Sewerage Department Compound to improve delivery of service by restoring, reconfiguring and expanding the PWD and WSD facilities.

We will also rehabilitate the facilities at Water Depot in Virgin Gorda to provide an enhanced working environment for staff and customers, and to provide increased services to the public.

Water is life. And, whether it is a visitor or a resident, when they open the tap, they expect a proper water supply. So, your Government will continue the Water Network Improvement.

A number of projects have been planned for the upcoming fiscal year to improve the resilience of the water infrastructure and the reliability of supply to users.

These include development and replacement of the water network distribution system throughout the Territory; repairs to identified water reservoirs to ensure the continued storage and availability of water for distribution; and repairs to the reservoirs at Long Bush, Zion Hill and Carrot Bay to provide adequate and continuous water supply in the surrounding areas and to provide business opportunities by increased water distribution capabilities.

In the latter areas the upgrades will incorporate installation of new water meters, which will assist the WSD to improve its billing and collections capabilities, and thereby improve its viability.

Government also intends to move forward with transforming WSD into a statutory body which will enable it to perform more effectively.

Sewerage Infrastructure

Mr Speaker, your Government is very aware of the public health concerns that our residents have when it comes to the state of some of our Territory's sewerage infrastructure.

The National Sewerage Programme aims to address these issues through the development of an integrated sewerage system throughout the Territory and to ensure the continued treatment and disposal of residential and commercial sewerage.

Mr Speaker, your Government has commenced work on the long-awaited and long-overdue East End/Long Look Sewerage Project, and we have given the commitment to the residents that we will see this through.

This project entails continuation of the development of an integrated sewerage system spanning East End, Long Look which would include: sewerage collection transmission, treatment and disposal system. This is important to provide a safe and healthy environment for all stakeholders and to allow for the implementation of business opportunities.

We will also be pressing forward with the Cane Garden Bay Sewerage Project and the Road Town Sewerage Project. These are places where our people live and work. They are popular locations when visitors come. Therefore they must be kept to a high standard.

Funds have been allocated to procure, develop and assemble a new incinerator on Tortola to include all mechanical, electrical and plumbing works so that we can enhance the disposal of garbage in a manner that protects the environment and surrounding communities.

Road and Drainage Infrastructure

Mr. Speaker, good roads and effective drainage are among the basic expectations citizens have from their Government.

Good roads reduce the wear and tear on vehicles and save citizens money. Good roads are also safer.

Well-constructed and properly maintained drains and watercourses mitigate against flooding which can cause inconvenience and loss of or damage to property.

Your Government has been working hard to upgrade these infrastructures since taking office and will continue to do so.

Through the Territory-wide Ghut Rehabilitation and Development programme, ghuts throughout the Territory will be cleared of debris so they can function effectively.

A number of major road repair projects have also been slated for execution. These include repairs to Nail Bay Road, Johnson's Ghut Road, Long Bay Road and Cane Garden Bay Road which will undergo major reconstruction.

A number of retaining structures will also be installed in various locations to improve safety of the road infrastructure.

Some of the areas where road stabilisation and retaining walls will be constructed include Great Mountain, Long Trench, Hope Hill, Little Dix Hill and Fort Hill.

Your Government will also ensure that sea defense project for the northern side of Tortola commences in 2021. These include areas such as Carrot Bay, Little Apple Bay, just to name a few.

Crime and Border Protection

Mr Speaker, I now turn to law enforcement and border protection.

We do not condone wrongdoing and breaking of the laws of our peaceful Territory. There are persons who are advancing their causes and not the cause of the people of the Virgin Islands.

We have to continue to shift our thinking from the mind set that persons from outside have to come to the Virgin Islands to save us. We already have the Saviour in us, and we cannot take this freedom for granted.

This is why your Government took the decisive decision to be proactive in protecting our borders during the course of the pandemic maximising the use of the resources that we have locally.

A major initiative for enhancing the BVI's sea border protection against illegal entry of persons and smuggling of drugs will be the procurement and installation of our own border surveillance system and platform, and other needed equipment.

Work on achieving this was already started. Additionally, we have procured sea vessels and other resources for our border protection agencies.

Allocations have also been made to provide the Royal Virgin Islands Police Force (RVIPF), HM Customs and Immigration Department with the tools they need to perform in managing crime in our Territory.

Mr. Speaker, I pause here to thank the men and women of the Royal Virgin Islands Police Force, Her Majesty Customs and the Immigration Department for proving that our local law enforcement systems work.

I thank them all for proving that our local law enforcement officers, once given the opportunity always rise to the occasion.

Mr. Speaker, I know that this is not conventional in this Honourable House, but as you know, we are an unconventional Government operating in this New Regular.

I, therefore, crave your indulgence and I ask everyone to join me in giving our local law enforcement officers a resounding round of applause.

Mr. Speaker, given the latest announcement of the biggest drug seizure in the history of the Virgin Islands, the Overseas Territories and the United Kingdom, it is important to note that what was lost from the message is our local law enforcement's capability of handling crime of this significant nature and size.

Their actions show that we have zero tolerance for any form of crime, and I thank our local law enforcement agencies for demonstrating to the world that in this country, the Virgin Islands, our systems work and adds value and protection to the global economy and its fight against illegal activities.

It is important to note Mr. Speaker, that there will always be negative elements in each law enforcement agency in the world and even in communities, but let us not lose sight that a huge majority of our law enforcement agencies and our community are people with high integrity.

This latest bust does not show that our system is corrupt, but rather it shows that our system and our officers stand up for what is right.

So I am calling all those with hidden agendas who are in covert ways trying many different strategies, and using vulnerable opportunities to prevent the Virgin Islands from truly achieving the mandate given by the United Nations in Article 73 of the UN Charter for former colonies to become self-governing, to go and erase the irresponsible labelling of the BVI's system and our people as corrupt.

This irresponsible statement must be retracted as it is a well calculated attempt to try to stain the good name of the many hardworking law abiding citizens, the local law enforcement agencies, and this BVILOVE economy.

The irresponsible statement made will not deter your Government from investing in the advancement of our people in all aspects of local law enforcement.

So, once again, I am calling on all those who have called the Virgin Islands corrupt to take it out of the atmosphere and share the real truth with the local media, the international media, the United Kingdom Media and even the Twitter media.

What is the real truth? The real truth is that our people working together have showed that they will leave no stones unturned and that there are no sacred cows when it comes to deterring criminal activities.

What should have been the centre focus of any announcement is our local law enforcement's capability to make such an historic revelation, proving that our system in the Virgin Islands is effective when put to the test.

This turn of events is another testament that we can police ourselves. Indeed, we are on our way to self-determination.

As the leader of the Virgin Islands and the Government of the Virgin Islands, I am not proud of the latest crime reports, including the shootings, of which

my Government and I denounce, and I say condolences to all those who have been affected in some way or the other by what has happened.

We have indeed placed an unforgettable footprint in this world and we will continue to join with the rest of the world in fighting all crime.

Economic Opportunities for our people

Mr. Speaker, allow me to speak about some economic opportunities for our people.

As our traditional sources of revenue are being challenged by the pandemic and other factors, we must look to innovation in our key sectors and to non-traditional sources of revenue and leadership.

The Virgin Islands is no stranger to extreme climate events and we have no option but to confront climate change.

The reality is that the social and economic viability of these Islands and indeed, of countries throughout the world will depend on low-carbon, climate resilient development.

The increasing global reallocation of capital, research and other resources into the transition to a net zero carbon economy is creating unprecedented opportunities to position the Territory as a climate change innovation and finance centre of excellence and we must harness them.

We anticipate that our small business owners will soon be able to take advantage of the provisions of the Micro-Business Companies Act, 2017 which offers simple, affordable, transparent, digital and future-ready limited liability protection for businesses that employ less than 10 people and whose annual turnover or gross asset value is less than \$2 million.

Your Government has already embarked on initiatives to encourage the growth of small businesses and to assist our farmers and fisherfolk.

To facilitate improved food security and economic empowerment for fisherfolk, we will perform rehabilitative works to the various fishing docks throughout the Territory so that fishermen can safely dock to sell their catch.

We have passed the legislation for establishing and regulating a local gaming and betting industry which will create economic opportunities for our people and create much needed jobs. We will be pressing forward to establish this industry which is in high demand according to our international tourism partners.

We are encouraged to examine the prospects for online gaming as this is an area that attracts interests from upscale hoteliers.

Additionally, legislation for establishing a medical marijuana industry in the BVI has been passed by this Honourable House.

Medical Marijuana is a blooming industry worldwide and here too in the Caribbean. It has the potential to earn the Territory millions of dollars in revenue and create jobs for our people.

We hope that there will be no more unnecessary and unsubstantiated delays in getting the BVI's medical marijuana industry established so that our people can start benefiting from this new initiative.

Most of the infrastructural projects in this budget will be done utilising local contractor and the locally available labour force. This is as a result of a number of innovations that your Government has introduced to support the local construction sector.

We have designed these projects and our procurement processes to be adaptive to local capabilities.

Building the people of the Virgin Islands

Mr Speaker, in its April 2020 report, the Commission on State Fragility, Growth and Development, Chaired by former British Prime Minister David Cameron, emphasises that the solution for states moving from a condition of weakness and fragility to one of being strong, are largely domestic and home-grown.

International players and donors as well as domestic actors need to change the way development is approached, since international perspectives are often disconnected from what obtains and what is needed on the ground.

There must be an emphasis on greater national respect and responsibility, but this will only work, according to the Cameron Committee, if citizens in developing countries are allowed to set out their own national priorities – about where they are going as a country and who they want to be.

The Committee says: “Owning those priorities, learning from mistakes, combatting corruption, and demonstrating accountability are all crucial.”

This is why your Government has been so passionate about the development of our people and ensuring that once they meet the required qualifications for jobs – especially those that are at the leadership level in our institutions, where they can influence how the culture of the Virgin Islands becomes preserved and not watered down – Virgin Islanders must be enabled and encouraged to develop and manage their country.

Whether we move to Independence or some different relationship with the United Kingdom in the future, that journey and the work to get to that point must continuous.

And when big steps are taken it will be done with the support and consent of all our people, and it will be done in a way that no one is left behind.

Your Government will continue to do its part to ensure that we put opportunities of empowerment in place to ready our people. And, the United Kingdom must respect and honour the mandate given to them under Article 73 of the United Nations Charters as cemented in the Virgin Islands Constitution Order, 2007, to do their part to earnestly help the BVI to meet the target, without delay.

That is why the Department of Disaster Management in the 2021 budget is appropriately placed back under the Premier's Office, formerly the Chief Minister's Office. This realignment will help us through the modern partnership to meet the target of the United Nations in managing our own internal affairs.

This also holds true for our Archives and Management Unit as the information for any country belongs to that country and its people.

Mr. Speaker, the academic development of our people is essential if we are to progress as a society and assume control of our destiny. Some of our schools have been in need of repairs for a long time, and the situation was made more urgent following the passage of Hurricane Irma.

Our children deserve a safe and modern learning environment that will be conducive to their development. Your Government is prioritising the needs of our children as we allocate funding for the construction and development of the Jost Van Dyke Primary School and the Isabella Morris Primary School with assistance from donors.

Rehabilitation and reconstruction work will also be performed at the Bregado Flax Educational Centre, restoring the functionality of that Secondary School and providing access to public education on Virgin Gorda.

Your Government will undertake development of a modern Centre for the Performing Arts theatre to assist with developing, preserving and promoting BVI's heritage of dance, music and all other forms of artistic expression, while fostering the growth of cultural tourism.

Also to provide cultural benefits to the people of the Virgin Islands, we will rehabilitate our cultural and historical sites to include all amenities necessary to ensure full operation of the facilities.

In order to facilitate a healthy community life and community spirit, sports and recreational facilities will be given even more special attention.

Your Government continues to effect rehabilitative works to the basketball courts throughout the Territory. Through the Territorial Basketball Courts we will be able to provide a safe and resilient recreational facility for the benefit of all of the people of the Territory.

Rehabilitative work will be undertaken at sporting facilities throughout the Territory as well at the Multi-purpose Sports Complex and the Virgin Gorda Sports Complex. The goal is to enhance recreational facilities for the people of the Territory and enhancing opportunities for further representation of the Virgin Islands on the world stage.

Similarly, improvements will be undertaken to restore recreational facilities throughout the Territory to meet the physical and social recreation needs of the various communities.

We will undertake repairs and remedial works at the Cane Garden Bay Community Centre and the East End/Long Look Community Centre to provide an enhanced environment for the members of the community.

Mr. Speaker, the starting point for a stable, secure and dignified life is the home. Despite our efforts over the last 20 month, there are still families who are displaced by the havoc from Hurricane Irma.

Your Government will continue our efforts to assist these persons with their housing needs so that they can begin to truly recover from that natural disaster.

The recent implementation of a 7 percent fee on outgoing remittances will help to generate funds to support this objective by providing resources for developing Government land that can be distributed to first time home owners.

Mr Speaker, since your Government announced that we will commence a Constitutional Review which is long overdue, there has been much debate and discussion among citizens. This is healthy for our democracy.

One thing that is clear is that we need to find ways to strike a better balance in the partnership that exists between the BVI and the UK, especially with self-determination being our long-term goal.

In 2021, provisions are made in the budget to allow us to take steps to advance the Constitutional Review process, inclusive of extensive consultations with the public.

Mr. Speaker, the House of Assembly continues to be our symbol of our young democracy. To this end, your Government will continue to fund many of the important new initiatives at the House of Assembly, because this is

important to the development of our Governance capabilities which is essential for us to achieve self-determination.

In order for us to comply with all the COVID-19 protocols, we will immediately conduct some up-grade work to the House of Assembly Chambers, in Road Town, so it can be fit for purpose.

Our former Legislators who have toiled and laboured in the vineyard for this country, must be treated correctly. Your government will continue to make contributions to medical bills and other related areas to ensure that our former Legislators including former Speakers are treated with dignity and respect.

Your Government believes in being fair and treating the Opposition how we would wish to be treated. This is why during the COVID-19 pandemic, we ensured that all of the elected Members from both sides of the House were each allocated \$300,000 to help the people of the Virgin Islands.

My Administration will continue to reflect our bi-partisan approach to governance and treat both sides of these aisles with fairness and act with transparency in extending whatever financial and other courtesies where necessary, as I know that it was the people who sent all 13 elected Members to this Honourable House.

To promote accountability and value for money when it comes to the managing of the public's affairs, your Government will continue to move forward with Project Management Development and support for all Caribbean Development Bank Rehabilitation and Reconstruction Loan (RRL) projects.

The objective is to provide project management support and capacity building within the local Government of the Virgin Islands structure.

In this vein we also want to obtain auditing services to assess the expenditure issued under the CDB RRL. This means strengthening our Financial Audit Services to ensure best practices are followed during the loan implementation.

The Budget by Numbers

Mr. Speaker, allow me speak further on more of the budget numbers.

If we are to look at the 2021 budget by numbers, the technical experts at the Ministry of Finance are projecting estimated revenues for your Government in the sum of \$332.3 million; with \$309.9 million coming from taxes and \$20.4 million from other revenue sources.

Your Government is well aware that COVID-19 has created a lot of uncertainty about how global tourism will perform in the upcoming year. We know that many of our local tourism stakeholders are also trying to imagine how tourism will work under the New Regular in 2021.

Your Government has ensured that adequate measures will be implemented to address this concern. Owing to our meticulous protocols for mitigating the spread of COVID-19 to our residents, tourism workers and guests, I am confident that, our tourism industry will not disappoint us, and we will see a positive influence from this trickling into other areas of economic activity.

Your Government is developing the terms and conditions for a BVI In-Stay programme, which will allow persons to come to the BVI and stay for an extended period. The main target group are persons who are able to do remote working for jobs in their home countries. So, these individuals will not be competing in the local job market, but that the same time they would be renting accommodations, patronising our businesses, enjoying what the BVI tourist experience has to offer and contributing to economic activity.

We are also working out the details for an Invest-and-Stay programme to attract persons who would like to invest in specific areas of our economy. They would be allowed to live in the BVI but they will not be afforded the benefits that go with Belongership. However, they will be mandated to employ an agreed number of persons in the BVI based on the size of their investment.

I am also confident in the ability of our business community to recognise how they must adapt their marketing strategy for the COVID-19 era, and to quickly reorient their strategies.

We are also confident that our financial services industry will hold some ground.

The BVI has been advocating that publicly accessible registers without proper controls can violate the human rights of our clientele, and that alternative models for regulation and scrutiny are available.

The decision to allow cruise ships to berth at our local ports for warm lay-up is projected to contribute to the significant part of \$1 million from moorings and berthing fees.

Your Government will also be harnessing the entrepreneurial innovative spirit of our people through many training and development opportunity where the funding for such has made part of the 2021 budget.

Recurrent expenditure is estimated at \$325.2 million; with employee compensation accounting for some \$122.6 million; \$79.4 million allocated for goods and services, \$77.4 million set aside for grants to parastatals, statutory bodies and other organizations and international bodies based on existing commitments; and \$18.6 million allocated for social benefits.

Mr Speaker, in order to ensure that the BVI Tourist Board can play its leading role in the marketing of the Territory as we reopen our industry, some \$9.6 million will be provided to the Tourist Board by way of grants.

Honourable Members would recall that an aggressive programme of activities was approved in the 2020 Budget for improving the competitiveness of the local airports and securing our international certification. This included procurement of new fire appliances, upgrades to the runway at Virgin Gorda and upgrades to the Terrence B. Lettsome International Airport at Beef Island. The improvements also included installation of new equipment to enhance efficiency and passenger experience in check-in.

These works are, for the most part, slated to be complete in time for the 1 December, 2020, reopening of our air borders for international visitors. But more importantly, these investments are supposed to increase the financial efficiency of the BVI Airports Authority. Grant allocations to the BVIAA have thus been significantly reduced in the upcoming year to \$1.2 million.

Grants to the International Tax Authority have been increased to \$3.2 million to provide for capacity building.

Human capital development is important for the Territory. We must equip our people for success. We must prepare them for their future roles. To support this goal, \$9.02 million will be provided to the H Lavity Stoutt Community College.

It should be noted that a provision of approximately \$3 million has also been made for foreign scholarships and \$62,000 has been set aside for domestic scholarships for our people.

We have also allocated \$1 million in grant funding to the BVI Health Services Authority.

Mr. Speaker, a recurrent surplus of approximately \$5.2 million has been projected.

Capital expenditure of \$62.53 million is being targeted. This will be funded by \$21.1 million in loan funds from the Caribbean Development and RRL, and \$35.4 million from the Consolidated Fund, as well as insurance proceeds among other sources of funding.

\$12.5 million has been allocated for debt servicing.

An overall deficit of \$69.8 million is projected, largely from allocations for capital projects. But, this will be funded through a \$34.7 million drawing from the Consolidated Fund-Capital Expenses; \$8 million in funds from the BVI Social Security Grant; \$13 million from the Development Fund and loan disbursements of approximately \$14 million.

The Ministry of Natural Resources, Labour and Immigration will receive the largest share of the recurrent allocations – 15.04 percent. This is due to the reassignment of the National Health Scheme to this Ministry as part of our streamlining of systems.

The reassignment was also done to allow the Ministry of Health and Social Development to increase its focus on healthcare and public health during this COVID-19 era.

The allocation to the Ministry of Health and Social Development is 8.83 percent of the recurrent budget.

The Ministry of Natural Resources, Labour and Immigration and the Ministry of Health and Social Development have been allocated 8.11 percent and 4.62 percent of the development budget respectively.

With our heightened emphasis on human capital development, 13.8 percent of the recurrent budget has been allocated to the Ministry of Education, Culture, Youth Affairs, Fisheries and Agriculture, and 9.75 percent of the development allocations.

The Ministry of Transportation, Works and Utilities has been allocated 12.92 percent of the recurrent budget.

As I have indicated, major construction projects are an area of focus for us to stimulate economic activity and create jobs for our people during this period of COVID-19.

For this reason, 40.36 percent of the development budget has been allocated to the Ministry of Transportation, Works and Utilities.

The allocations to the Ministry of Finance and the Premier's Office are 8.71 percent and 10 percent respectively from the recurrent budget and 5.02 percent and 10.02 percent respectively from the development allocations.

Some 11.42 percent of the recurrent budget has been allocated to the Governor's Group. With several major projects on the cards, such as the Halls of Justice and upgrades to some of our police stations, the Governor's Group has been allocated 14.73 percent of the development budget.

It should be noted that 36.29 percent of recurrent allocations will be for compensation of public officers, 23.52 percent will be for goods and services, and 5.52 percent for social benefits.

To recap, Mr Speaker, the total budget this year is \$402,132,046. This will comprise of \$325,220,829 for recurrent expenditure; \$62,526,065 for capital expenditure; \$1,889,752 in contribution to various statutory funds; and \$12,495,400 towards repayment of the principal on our debt.

In 2021, we estimate development expenditure to be \$62,526,100. This amount comprises of \$10,183,500 in capital acquisitions and \$52,342,600 in infrastructure development across the Territory.

Central Government will be responsible for 59 percent or \$30,905,200 of the infrastructure development while the Recovery and Development Agency will handle 41 percent or \$21,437,400.

Concluding Remarks

Mr. Speaker in concluding, I once again reflect on a quote by Albert Einstein who said: "Everything has changed... A new type of thinking is essential if mankind is to survive and move toward higher levels."

Mr Speaker, with COVID-19, everything has changed, and we have to rethink and reinvent creative ways of doing things; of engaging in economic activity. We have to critically reassess business models that have worked successfully for decades before the emergence of COVID-19, but which metrics are incompatible with the present day realities.

It is said that necessity is the mother of invention. And, we are a creative people whose foreparents taught us how to be resourceful and how to survive. So, we will do what we have done every time we are challenged. We will innovate and we will re-emerge stronger.

Mr. Speaker, it was necessary for me to give this comprehensive report of our stewardship and our plans for the future of this Territory as we present the 2021 Budget Estimates.

Three budgets in 20 months is an inordinate task and I would like to thank the Financial Secretary Mr. Glenroy Forbes and his team for ensuring that the economy remained stable and well managed, and that economic activities and the Framework for building new industries remain buoyant.

While Mr. Forbes' contract comes to an end to the end of the year, Deputy Financial Secretary Mr. Jeremiah Frett was the only applicant for the advertised and extension of the advertised post of Financial Secretary, and by such time the position was also re-advertised and at such time the position should be filled subject to the Public Service Commission approval, then the Governor's approval in consultation with the Premier and Minister of Finance.

This will ensure the stability in the Ministry of Finance and it clearly demonstrates succession planning. This is innovation.

Over the next few months your Government will be bringing succession plans for all Statutory Boards and all Ministries including those under the Governor's Group. This too is innovation.

I also wish to thank my Ministerial colleagues for the long hours that they continue to put in to ensure that we deliver the mandate with which the people have entrusted us.

I must express my thanks to all my colleagues and gratitude to the Members of Her Majesty's Loyal Opposition for the role they continue to play in keeping the Government honest, democratic and always on its toes. It is through scrutiny and feedback that we can engage in continuous improvement.

I must also thank all our hard working public officers across all the Ministries, statutory and other Government agencies for the patriotism and commitment they have displayed in the midst of this COVID-19 pandemic.

A special thanks must go to the team at the Premier's Office who go above and beyond to ensure that the job gets done.

Mr. Speaker, I must also thank my wife and my family for being there for me, especially during the many hours that I put in as being Premier and Minister of Finance, and as the First District Representative, and greatest of all we thank God.

Most times, they are unseen, in terms of some of our Public Officers, as they operate the system that keeps the public service functioning and delivering services to the public. And over the past few months, a large number of them have been working from home, ensuring that the people of this Territory are taken care of while at the same time tending to the needs of their own families. This is true BVILOVE. This is a true Public Service, par excellence.

Mr Speaker, special thanks must also go out to the people of the British Virgin Islands for their patience understanding and support during this pandemic. Your Government is mindful of how difficult these present times are. We are aware of the frustration many persons are facing as the very necessary precautionary measures make it difficult to work and to do business in the way we are accustomed.

But Virgin Islanders are a people with a strong community spirit who look out for each other, especially the elderly and the vulnerable. And therefore, in the end, we cherish the safety and wellbeing of each other.

We are in this together, and together we will overcome the challenges that we face. We have already come a long way in weathering this pandemic by working together and through patience, understanding and cooperation.

As we prepare for the managed reopening of our tourism industry, let us put our best foot forward. The BVILOVE that resides in us is one of our strongest assets. It is the source of our indomitable spirit and our warm and charming personality as Virgin Islanders, so we must approach everything we do with BVILOVE.

I look forward to the coming weeks where Honourable Members will debate the provisions of this 2021 Budget and add value to this journey of inclusion through innovation; building a stable, diverse, competitive economy with strong industries and partnerships for regional and international trade, by building and harnessing the creative capacity of our human capital.

I thank God Almighty Jehovah for covering us during this ongoing COVID-19 era and for protecting us from any hurricanes.

While we have had our financial challenges as well as some social challenges, we still have a lot to thank God for because we have fared better than most other countries.

And, through continued prayer we will make our tomorrows better than our yesterdays as we continue to move forward always in BVILOVE.

Mr. Speaker, I thank you.