

2008 BUDGET ADDRESS

“Protecting Our Future”



Introduction

1. Mr. Speaker, I move that the Bill shortly entitled, the Appropriation Act 2008, be read a second time and in so doing, I invite this Honourable House to extend its customary indulgence in permitting me to read the Budget Address.

2 Mr. Speaker, I would like to congratulate you again on becoming Speaker of this Honourable House, and I have no doubt that you will uphold the traditions that have guided this assembly throughout the years. It is also my hope that you will do such an excellent job like two previous Speakers that you will have a second term or more terms, though perhaps it is conceivable that you might someday be elevated to Governor of this Territory.

3. Mr. Speaker, secondly I must crave your indulgence that in presenting this Budget Speech I be allowed to sit and as this has happened before you would not be breaking tradition. I thank you very much for your permission to do so.

4. The theme of this speech is Protecting Our Future. I believe that this theme is one which we must adhere to, especially at this time in the history of the British Virgin Islands. We must seek to replace darkness with light, melee and rumors with facts and truth. We must remember to listen and to reflect and to talk rather than shout. We must work together. The battle against crime must go on and the Government will give the necessary support to the Royal Virgin Islands Police Force and also the other agencies who are involved in this struggle. I also call upon the community to do its part in supporting these agencies. The Police Auxiliary Force must be strengthened and we look forward to the Cadet Corp that will soon be established to get more people interested in a career in the Police Force.

5. There must also be a battle against wastage in this institution of government. Government recurrent expenditure is definitely too high and ways and means must be found to reduce this sector

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so that savings in the Recurrent Budget will be used to develop our infrastructure including providing roads, schools, bridges, clinics, sewerage systems and a water distribution network. This perhaps may be painful in some areas but it has to be done. There is a great need for the Government to invest in capital projects now and we must be prepared to make the sacrifices.

6. A new Tourist Board has been appointed and it is hoped that there will be a much greater effort to grant the smaller hotels, guest houses and villas the assistance needed to make sure that they can get their fair share of the industry. To this end the Government welcomes the appointment of Mrs. Zoe Walcott-McMillan, who has been trained in Marketing, as a consultant for six (6) months in the first instance to specifically concentrate on helping the small hotels, guest houses and villas. Particular attention will be paid to the offices in the United States with a view to reducing some of them and to explore the possibilities of introducing the BVI to Argentina, Brazil and other South American countries. It is regretted that up to now the BVI Ports Authority has not introduced the collection of berthing fees at the cruise ship dock. This is one source of tourism revenue that the BVI cannot afford to lose any longer and all, I repeat all, attempts must be made to set the house in order and collect the tax.

7. Mr. Speaker, the Virgin Islands Party came to office at election on the 20th of August, 2007 and we are determined to serve the people of these Virgin Islands who gave us an overwhelming mandate to protect our future. This budget today represents the first phase of our plan for another four-year term and I would like to again express my sincere appreciation to the people of these beautiful islands for their trust and confidence in the Virgin Islands Party to be the custodians of this Territory for the years 2007 to 2011. There are challenges, many great challenges ahead but we must meet them with determination. We are fully prepared to rise up to the challenges ahead and overcome them to lead this country forward;- forward ever, backward never. In doing so Mr. Speaker, we are not prepared to sacrifice one ounce of principle for political expediency, but we are prepared to do the people's work.

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A Global Perspective

1. Mr. Speaker, it is important for us to understand the realities with which we are faced and in so doing formulate solutions to these challenges. We must face the realities that the world is changing and the realities that once were may not be in the very near future.

2. The first of these, Mr. Speaker, is to appreciate the global environment in which we operate. The political climate around the world today, is quite volatile, with high profile and extended conflicts in Afghanistan and the Middle East. Then there are smoldering pockets of unrest throughout the Ukraine and Russia, in various parts of Asia and Africa. Millions of people are left homeless and hungry by the scourge of war and unrest, at no fault of their own. Our hearts bleed Mr. Speaker, as we see the faces of despair and suffering coming alive to us through the television and the internet. Mr. Speaker, I have no intention of allowing such hopelessness to be reflected in the faces of the dear and precious people of these blessed islands. Even in making this resolution Mr. Speaker, we must then consider ourselves as lucky, and in our good fortune realize that in fact there need only be one major event occurring close to, or on our shores to cause a shift in fate. We must therefore be vigilant.

3. Regionally, we recognize that our economy and that of most of our Caribbean neighbors are fragile and in some sense, face an uncertain future. As individual island states we are in a general sense unable to face the lumbering behemoths of the major metropolitan centers of the world on any front. This is a simple fact. We do realize however, that as a region we can be more competitive. The Caribbean now faces significant challenges in trade, with the demise of the sugar and banana trade. Many of our brothers in the region are now looking to industries which are now the mainstays of our economy here in the Virgin Islands as the answer to their woes. Some of us are even calling to our big brothers in the European Union for assistance. Yet as proud and fiercely independent West Indians, we stand firm and state that what we seek and request is trade, not aid. We realize also that as a region united economically we stand a better opportunity in prospering in this global village. Indeed it is this argument that has been used over the years to justify the creation

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of the Caribbean Single Market Economy and CARICOM. It is also the impetuous for the Organisation of Eastern Caribbean States (OECS). Even so Mr. Speaker, though I will agree that these organizations have their merit in a strict economic sense, please note carefully, that this Government believes that even though we can cooperate we are not in a position to integrate into one seamless Caribbean body. Regionally therefore Mr. Speaker, we will not seek integration but instead will pursue cooperation.

4. We must always without fail be vigilant, as this is a sine qua non, to our success and survivability. I would like to assure the people of this Territory that in fact we are paying very close attention to what is going on around us within the region and outside of it, knowing fully well that we will be buffeted by winds that originate in outer parts of the world.

5. Mr. Speaker, as you would imagine, we are now monitoring very closely the events unfolding in the United States economy. In observing these events we must prepare contingencies that will allow us to weather the storms that may arise out of these changes. These contingencies Mr. Speaker, will range from a retraction in government spending to providing incentives to the average citizen to bolster economic activity in this Territory. Mr. Speaker, we pay particular attention to the state of play in the US economy, as it is our largest trading partner, and our relationship is close enough that if in effect they sneeze, it would be logical to infer that we may catch a cold. The US Federal Reserve has, in an attempt to maintain the activity in the economy, lowered interest significantly within the last six (6) months. I will state however Mr. Speaker, that it is our opinion, that even though a recession may have significant impact on the purchasing behavior of the average American citizen, presently we do not foresee catastrophic repercussions in the British Virgin Islands as a result, though we should expect to see some effect on our economy. We do expect however, that the weakening dollar will have quite noticeable effects on the price of consumer goods in the Territory. Even so, we should also brace ourselves for a slowdown in the two mainstays of our economy, and my colleagues and I are considering contingencies as previously mentioned, we should not be paranoid about what may come.

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6. Looking at a few of our economic indicators we realise that we can continue to be optimistic about the future. Our Gross Domestic Product for 2007 is estimated now to be one billion, one hundred and forty-three million, two hundred and fifty-four thousand dollars (USD\$1,143,254,000), indicating a growth rate of nine point five percent (9.5%), down from the projection of twelve point nine, nine percent (12.99%) as indicated in the 2007 Budget.

7. Mr. Speaker, this Government has vowed to cut costs. In analysing the matter we have noticed that the ever escalating cost of operating the civil service is one which, if we do not address it decisively, will reduce us to a position of impotence. Mr. Speaker, the civil service accounts for some thirty percent (30%) of the working population and operational costs in the last year's budget cost the tax payers in excess of two hundred and forty eight million dollars (\$248 million). This is to say that for every dollar paid in taxes by the people of this territory in excess of an additional six (6) dollars had to be found from duties on imports, licenses and other fees in order to the maintain the operations of the institution that we call the Government of the Virgin Islands. Mr. Speaker, we do realise that there are highly capable and hard working professionals in the civil service and to that end we will give it our full support. However, my concern lies in the fact that the more expensive the services of government are, the less resources we will have for the development of the infrastructure and other much needed developmental projects in this Territory. Any unnecessary operational cost, takes away from our people and as such we must ensure that the trend towards an ever increasing cost of government is reversed. In 2008, we will begin in earnest an aggressive programme of reformation in the Public Sector. The final product Mr. Speaker, will see the elected representatives having a more direct role in ensuring that the policies and initiatives of the people of this Territory are carried out, while improving the efficiency and effectiveness of the Public Sector. Fundamental to this will be a switch to the accrual system of financial reporting, and budgeting, a civil service that has a managerial structure and performance requirements very similar to that of large fortune 500 companies, and stringent performance standards for public servants. Mr. Speaker, this initiative is expected to take between three to four years to complete and the resulting new

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structure is aimed solely at realising a highly professional, productive, effective and efficient civil service that will provide to the hard working people of these islands the world class service that they so justly deserve and need at the least possible cost. We must therefore be effective and efficient.

8. It goes without saying Mr. Speaker, that, autonomous bodies will be included in this reformation and will be held to the same standards as the civil service. It is essential that these Statutory Boards should each have an appointee who is a certified or chartered accountant so that the Board of Directors could have the advice from a professional in the field of Accounting on proper and prudent financial management. Hence, even if it becomes necessary to amend the legislation governing the Statutory Bodies, this Government will ensure that it will be done. Additionally, Ministers though not concerned with the day to day operations of these institutions, must have a more active role to play in their direction. Consequently, we will take the necessary steps to guarantee that this Honourable House plays a more active role in determining the direction of autonomous bodies.

Public Debt

1. Mr. Speaker, the British Virgin Islands has been able to maintain a very healthy posture with regards to its Public Debt. For the period ending 31st December, 2007, the Public Debt (Central Government) stood at approximately eighty-one million, five hundred nineteen thousand, seven hundred and nine dollars (\$81,519,709) and the National Debt, including contingent liabilities, was estimated to be one hundred and twelve million, eight hundred and ninety-eight thousand, one hundred and eighty-two dollars (\$112,898,182). Although in 2007 the National Debt increased over that of 2006 by some twenty-four million, one hundred and twenty-five thousand, three hundred and twelve dollars (\$24,125,312), I am pleased to report that we still remain well within the limits of the Borrowing Guidelines and our debt servicing capabilities have been sustained. Mr. Speaker, it is important to note that the current annual debt servicing obligation for 2008 is thirteen million, sixty-eight thousand dollars (\$13,068,000) which is five percent (5%) of the estimated revenue and has increased from seven million, four hundred and forty-eight thousand, eight hundred dollars

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(\$7,448,800) over the previous year, 2007. This increase Mr. Speaker, is due in part to the Peebles Hospital project, and anticipated borrowings in 2008, to facilitate the completion of several important infrastructural projects for the people of these islands.

2. Mr. Speaker, fulfilling this Government's vision for these Virgin Islands may necessitate future borrowing. However, the people of this Territory can rest assured that this will be done only as a last resort, after much consideration and evidence that it is not a burden on the public purse and deemed in the best interest of the people of these Virgin Islands.

Fiscal Performance

1. Mr. Speaker, the provisional out turns for the year 2007 shows Revenue collection of approximately two hundred and seventy-five million, six hundred and seventy-six thousand dollars (\$275,676,000) which is twenty-one million, six hundred and thirty-nine thousand dollars (\$21,639,000) more than the budgeted amount of two hundred and fifty-four million, seventeen thousand dollars (\$254,017,000).

2. Recurrent Expenditure for 2007 has provisionally totaled some two hundred and seventy-five million, three hundred and sixty-seven thousand dollars (\$275,367,000) this expenditure included contribution to the Development Fund of twenty-six million, six hundred and three thousand dollars (\$26,603,000). Personal and Other Emoluments represented thirty percent (30%) of Recurrent Expenditure. Contributions to Statutory Bodies accounted for another ten percent (10%) and Local and Overseas Travel accounted for eleven percent (11%) of expenditure.

3. Mr. Speaker, Capital Revenue was forty-four million, nine hundred and fifty-four thousand dollars (\$44,954,000) and Capital Expenditure was approximately fifty-nine million, eight hundred thousand dollars (\$59,800,000) resulting in an overall deficit of fourteen million, eight hundred and forty seven thousand dollars (\$14,847,000) on the year's operations. 2007 saw the continuation of the following major development projects:

- New Peebles Hospital

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- National Sewerage Programme
- New Incinerator Plant
- New High School
- AO Shirley Track
- Female Prison and Detention Centre
- Water Extension

These projects accounted for approximately fifty percent (50%) of all development expenditure for the year.

4. The Social Security Board has done commendably well with its investments, with a total asset value now in excess of three hundred million dollars (\$300 million). The Board will continue to support the Government of the Virgin Islands by assisting with socioeconomic projects such as the New Peebles Hospital now being built and in the future projects that serve to improve the socioeconomic standards of the citizens of this Territory. Preliminary reports from a recent accrual study indicate that this scheme with continued responsible management will remain viable and serve to provide the people of this territory with a reliable safety net in the foreseeable future.

Our Plans

1. Mr. Speaker, we have an ambitious plan ahead for 2008 and one which I think we can achieve with a resolute determination to succeed. As alluded to previously, our manifesto of 2007 has laid out a road map for the future, and our resounding success in the 2007 General Elections has made it more than “CRYSTAL CLEAR”, that the people of this Territory believe that this is the manner in which we should go. In this document Mr. Speaker, we indicated our vision for this Territory. It states that we intend to create:

“A socially cohesive, just, safe and prosperous community populated by healthy, well-educated persons who respect and use their environment in a sustainable manner, and are governed by a good government that will ensure that the economy is strong, growing and adaptable to change while being connected to the rest of the world through available technology.”

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In order to achieve this vision we propose to do the following:

- 1) Grow the economy of the Virgin Islands;
- 2) Provide the best possible and relevant, education and training to our people;
- 3) Provide for a healthy population with access to world class health care;
- 4) Care for the physical and social well being of our young people;
- 5) Address present social ills and provide for a socially cohesive and unified community;
- 6) Promote access to and provide for the ownership of property by our people;
- 7) Care for and protect our natural environment;
- 8) Develop our infrastructure;
- 9) Address labour market issues in order to promote the fair treatment of workers and provide for the needs of our citizens;
- 10) Develop and promote good governance, efficiency and effectiveness in the public sector;
- 11) Improve on national security and the safety of our citizens;
- 12) Ensure that our sister islands enjoy the full benefits of all services available on the main island.

2. Mr. Speaker, these various goals require an intervention mix that will be implemented over the next four years. This year's budget Mr. Speaker, is the first phase of this implementation process. I will now outline our various sub strategies and steps that we will take in 2008 in order to effect these goals, in addition to things we have already begun.

Health and Social Services

1. Mr. Speaker, the well being of our people is of primary importance to us, hence the goal of our initiatives on health is to promote social well-being, and a safe environment that engenders sustainable living. Mr. Speaker, this Government's vision is one where "our health care system will deliver world-class primary, secondary and tertiary health care services that are accessible and affordable to all residents and visitors to the Virgin Islands..."

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2. Just as many countries throughout the world, we too must turn our attention to creating policies and standards for, and regulating both the public and private health sectors. This would result in improved performance of health services and improved population health with effective disease prevention strategies. It would also assist with putting effective health promotion strategies in place, and ensure social development and protection, especially for vulnerable groups including those with special needs.

3. Mr. Speaker, we have inherited the majority of works in the Health Sector that are currently on-going and have plans to initiate other projects, programmes and services that we think would be most beneficial to the people of this Territory. In addition, during 2008, there will be revisions and amendment of several obsolete legislations, development of new policies and regulations that will support and strengthen both health and social sectors.

4. Mr. Speaker, this government has given much consideration to the New Peebles Hospital Project. After weighing many factors, including the substantial financial costs that would be incurred in making any changes in the arrangements made under the contract signed on 22nd January, 2007, Cabinet decided to proceed with the New Peebles Hospital Project as contracted, but with some variations on the location of the various services in the building, in order to utilize the space of the building more effectively and to serve the people of this territory better. However, except for the few changes in relocating the Accident and Emergency Room and the Imaging Unit, this Government has decided to complete the new hospital as designed and agreed.

5. Mr. Speaker, it is now three (3) years since the BVI Health Services Authority has been established (since February 2005), and I believe that it is time to conduct an assessment to determine how the Authority is functioning. This process, Mr. Speaker, will include taking a look at the governance arrangement and financial status with a view to addressing its viability. In addition, it is the intent to also conduct a review of the BVI Health Services Authority Act, 2004 during 2008.

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6. Mr. Speaker, there has been a steady increase in the generation of solid waste on the island of Tortola over the past few years. The present incinerator unit at Pockwood Pond, commissioned in 1994, is only capable of processing forty (40) tons of waste per day and is unable to process the increasing volume of waste. These amounts fluctuate between thirty five (35) tons per day and ninety-five (95) tons per day. The new unit will be able to process some one hundred (100) tons of waste per day, giving the facility a total processing capacity of one hundred and forty (140) tons per day.

7. Mr. Speaker, we should be receiving a new Consumat CS-4000 incinerator unit within the next three (3) months. The foundation works to accommodate the steel building and the new unit is completed. The new incinerator unit is complete and is waiting to be shipped from the manufacturing plant in Virginia, USA. Arrangements for overseas and local transportation of the incinerator are currently being explored.

8. Mr. Speaker, after careful consideration of the site identified to construct the new Home for the Elderly, a decision was taken to discontinue the works and to seek an alternate location. Mr. Speaker, this Government realises that much resource (financial and time) have been put into this project, but in the interest of trying to prevent potential health and other risks to the resident population, which for the most part will be elderly, we strongly believe that this is the best decision. This Government remains committed to improving all aspects of its provisions of care and services for the elderly. Therefore, this does not mean that we will not proceed with this project. The project is only on hold until we are able to identify a more appropriate alternate site.

9. Mr. Speaker, in addition to holding various public meetings and activities, many of the community centres are used as venues for the Senior Citizens' Programmes. Many including the West End and Brewers Bay Community Centres are in need of repair and these will be addressed in 2008. Works to complete the Cane Garden Bay Community Centre is near completion and the

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contractor is expected to vacate the site by the end of March 2008. Consideration is also being given to the construction of a community centre in Purcell Estate.

10. Mr. Speaker, one of the agenda items in our manifesto is to improve and expand our health care facilities throughout the Territory. The BVI Health Services Authority through its Community Health Service is embarking on a programme to refurbish all existing health clinics. Our health clinics have an important role in the provision of healthcare within our communities. In fact, these facilities provide the preventative care necessary to avert diseases and long-term hospitalisation for many of our people. We are mindful of the need to upgrade the services currently being offered and to improve the physical structures, as well.

11. Through the BVI Health Services Authority, we are embarking on an initiative to conduct an assessment including the structural integrity of all of the community clinics with a view to upgrading them. Mr. Speaker, it is significant that critical health information is at our finger tips to ensure that lives are saved and that we are in a position to accurately diagnose medical conditions.

12. This is central to the successful implementation of the National Health Insurance Scheme, and to the efficient management of health services overall. In addition, Mr. Speaker, an effective and efficient health information system will become a source of appropriate and relevant health data/information to support the Government's decision-making process. We have also expressed in our manifesto our intent to construct a mini-hospital on Virgin Gorda. At the appropriate time we will proceed with this venture.

13. Mr. Speaker, this Government is most cognizant of the growing problem of persons becoming addicted to drugs, including alcohol, and those who require rehabilitative services. Mr. Speaker, through the programme at the Sandy Lane Center many persons continue to receive assistance to obtain rehabilitative services overseas, but unfortunately, the success rate has not been what we would like it to be. This stems from the disadvantage that these persons are forced back

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into the same undesirable conditions (circumstances and environment) which contributed to them becoming addicts in the first instance. The desired services that we would like to offer at the Sandy Lane Center is one that is holistic and provides early intervention services which will not only offer a safe place where care and treatment are provided, but also, increase the clients' chance of maintaining sobriety, and provide life skills which would empower them to be contributing citizens in our community.

14. Mr. Speaker, it is crucial at this time in our Territory's growth to re-examine the current approach to the delivery of social services. The time has come for us to develop a strategy that takes into account issues of development within the Territory and in tandem with their current and potential impact. This strategy would help to clearly define Government's role and in particular that of the Social Development Department. In response, a Social Sector Analysis will be conducted by the Sir Arthur Lewis Institute of Social and Economic Studies, University of the West Indies, under the leadership of Professor Neville Duncan. This study will entail a comprehensive review of current services which would eventually lead to a series of legislative reforms such as the Public Assistance Ordinance, and to provide information that could be used to develop a Social Services Act. In the end, it is envisaged that we will have established priorities and broad strategies for the Territory's social programmes and services, and a policy framework for the country's social development, which would place specific emphasis on harmonizing the Territory's social and economic policies. The analysis will look at:

1. The current level and mix of skills available within the Social Development Department, as well as within the wider community;
2. Strengthening, where necessary, the legal and institutional framework for action and protection; and
3. Placing greater emphasis on partnership, community participation and inter-sectoral collaboration in an effort to build capacity within and among the sectors.

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15. Mr. Speaker, with the enactment of the Youth Court, Children and Young Persons and the Alternative Sentencing and Arrangement Acts, the Department has attempted to utilise the Community Service Order option for persons placed on probation. Such options are only available if all relevant governmental and non-governmental agencies agree to participate by providing and overseeing the work. The Department is facing challenges in securing the approval from key departments within Government. Mr. Speaker, I wish to publicly commend the Chief Social Development Officer, the Social Workers and all the other staff of the Social Development Department for their dedication. I can agree that it would be challenging to deal with the many social ills that plague many persons within our community.

16. Mr. Speaker, it is no secret that I view the more mature citizens of this territory as one of our most valuable treasures. Within them lies a repertoire of resources that includes knowledge of traditions past, wisdom, temperance and a balance view on life that can only come from experience. Mr. Speaker, we will look after these our precious senior citizens, for they serve as a link between the days of old and the future and from them future generations will benefit from their wisdom and knowledge.

17. The Ministry of Health and Social Development with the assistance of the United Nations Development Programme (UNDP) and the Organisation of Eastern Caribbean States (OECS) launched an initiative to formulate a framework for social development services called the Millennium Development Goals. These goals will help the Territory to focus attention on those areas of priority in meeting the social needs of the people as the Territory develops and experiences economic growth.

18. Mr. Speaker, I am pleased to mention that as part of our efforts to raise the standards of healthcare delivery, we have made provision for the post of Director of Pharmaceutical Services in the 2008 Budget. With the prevalence of counterfeit drugs on the market and prescription drugs

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being sold by unlicensed individuals in inappropriate places such as peoples' homes, we do need to regulate the sector more effectively.

19. The holder of this post will develop policies and regulations, and make recommendations to the Minister for Health and Social Development for action to be taken, to not only ensure that the efficacy of drugs are satisfactory for human consumption, but also to curtail the illegal sale and storage of pharmaceuticals. This person would also be responsible primarily for regulating businesses in the public and private sectors that offer drugs for sale, and to ensure that we conform to international standards.

20. The BVI Health Services Authority has upgraded the Blood Banking Services within Peebles Hospital with the addition of equipment to store packed cells, avoiding the need to bring these blood products from Puerto Rico. This service helps to improve patient care services overall. Mr. Speaker, much effort has been placed, and will continue to be placed, on providing the necessary complement of staff for Peebles Hospital and the Community Clinics.

21. Approximately nine hundred derelict vehicles were collected in the Territory during 2007. Most of these vehicles were delivered to the Sea Cow's Bay storage site for processing by the contractor employed to do so. Presently there are approximately seventy vehicles stored on the Virgin Gorda storage site. Arrangements are presently being made to barge these vehicles to Tortola for processing. None of the processed metals were shipped off-island last year. The contractor has estimated that a shipment will be made at the end of this month.

Education

1. Mr. Speaker, educating our people is critical in maintaining and improving the viability of this economy and our people's ability to participate in it. Our aim is to harness the brain power of the young persons in our community, and to provide suitable avenues where their skills, intelligence and abilities can be demonstrated. The intellectual skills and abilities of the children of this community are quite evident, and we have made great strides in developing our students in this

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respect over the last thirty years. The number of children registered in kindergarten has steadily increased and there are numerous programmes for all ages. The entire context and landscape of our education system is constantly changing and as a result, we need teachers skilled in using computers as a powerful teaching tool and many more trained teachers who are prepared to go above and beyond the call of duty. We must ensure that our teachers are trained to teach at a higher level of achievement, and be prepared to teach all of our students whether they are gifted or talented, new immigrants, the college-bound achievers, and even the disabled and physically challenged students. We must ensure that we continue to develop a fully inclusive education system where all students are given the opportunity to participate in the learning process.

2. Unavoidably, with every system Mr. Speaker, there will be those who need assistance and we have found that a high percentage of our children are not reading as well as they should by the end of the third grade. So, in addition to the National Literacy Intervention Programme spearheaded by the Department of Education, we have engaged a Consultant to conduct a review of our education system. This initiative is geared towards clearly examining the goals and objectives, issues and concerns in our education system, with a view to making the necessary recommendations for implementation.

3. Mr. Speaker, there is yet another area of concern, in that the achievement scores are not improving as rapidly as expected. Truancy and dropout rates are still too high and continue to increase. Today, more than ever before, education is the engine that drives our economy. Educating every child to use his or her God-given talent is the pre-condition for full equality; one cannot happen without the other. As a result, to ensure that we get the quality teachers that our children deserve, we are partnering with the H. Laverty Stoutt Community College in conjunction with the University of the West Indies, to provide a Bachelors of Education Degree Programme which will commence in Fall 2008, with twenty (20) of our teachers slated to complete their Bachelors Degree in different areas of Education. The goal of this programme is to eventually have all of our teachers trained at the Bachelors level. And so, through our various programmes, we are helping our

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children to master the basics, we are helping to improve teaching skills, we are modernising our schools with Smart Boards and other equipment, and we are helping families to pay for College through increased grants and scholarships. Our commitment extends to our students with special education needs as well. It is our aim to raise academic achievement across the board for all. No one will be left behind.

4. Mr. Speaker, among the many different initiatives planned and now presently taking place are the following:

1. Accreditation of our schools in a phased manner commencing with our secondary schools.
2. Exploring the way forward for the free lunch programme to be introduced in a phased manner in our public schools.
3. Working to enhance the certification / qualifications of nationals in the offshore industry.
4. Ensuring accountability in our education system through regular reporting and evaluation.
5. Revision and implementation of the National Curriculum.
6. Increasing national pride through a national song, flag and emblem for education in the Virgin Islands.
7. Assisting schools through a Government initiated public-private partnership in education through the Adopt-a-School Programme.

5. Mr. Speaker it is obvious that this government places a great emphasis on developing the intellectual capital of our people. Consistent with our present policy of granting scholarships to bright young BVI Islanders to pursue tertiary level education abroad, closer to home, we have pledged our support to the continued development of the HL Stoutt Community College. This will eventually be realised through increased financial support in the very near future. Meanwhile, we continue to promote the Community College's pursuit of excellence. Perhaps, most significantly is the present accreditation exercise now taking place with the Middle School's Commission on Higher

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Education of the United States. The college will continue to develop its now regionally renowned Disaster Management Programme and its Management Programme being delivered in affiliation with the Manchester Metropolitan University. You will be pleased to note that it is now possible to get a Master's of Science in Business Management as a result of this partnership. Currently an Honours Programme, Student Success Centre and Student Leadership Initiative are being pursued and developed by the HL Stoutt Community College. I will continue to ensure that the faculty and staff of the college continue to pursue excellence and develop themselves for the benefit of the student body.

6. A milestone has been achieved by another centre for excellence in education in this territory with the University of the West Indies celebrating its sixtieth anniversary. Mr. Speaker you will note that this institution in addition to its main campuses throughout the Caribbean, also have a presence in many Caribbean jurisdictions through their distance learning programme, of which the BVI is a part. Many of our citizens utilize this facility to further their education in addition to others who attend the main campuses. This University has contributed immensely to the development of the British Virgin Islands through the training of many of the leaders of this community, some of whom sit in this Honourable House today.

7. Further, Mr. Speaker, the newly established Department of Culture will finalise a national cultural policy. Greater attention will be paid to the development of museums and restoration of historical sites and we are reviewing festival activities with an aim of reducing costs, crime, injecting more cultural activities, and ensuring accountability and value for money.

8. Mr. Speaker, acknowledging that our youths are the leaders of tomorrow and that they play a pivotal role in socio-economic changes and development of the society a nation can progress only when the energy of its youth is channeled into constructive work. With the objective of fulfilling the aspirations of this group and empowering them as the active and constructive agents of positive change, the Department of Youth Affairs and Sports (DYAS) is now in the process of developing a

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National Youth Policy that would stress that youth should be given more access to the process of decision making and implementation. It will also define the privileges and responsibilities of youth and recognise the key sectors of concern for youth, such as education, training, employment, and health. The Department of Youth Affairs and Sports will launch an Elite Athlete Programme for our local international sports achievers this year, as well as continue to concentrate on and reinforce those programmes already launched such as the Junior Achievement Programme, after school youth and sports development programmes, and Apprenticeship Programmes.

9. Mr. Speaker, on the matter of our incarcerated citizens, a lot of effort has been made towards reforming and modernising the prison system but more still needs to be done. In addition to organizational changes, a concerted effort has been made to improve the safety and security of staff and prisoners. A modern security system was put in place in 2007. To complement this security measure, various technological options will be installed and used to ensure greater security at the Prison. The Immigration Detention Centre has been completed on the compound, and a floor of the building is being used as the Female Prison. In terms of operations, a committee to review and make recommendations to ensure that the day to day operations of the prison are handled effectively and efficiently is in the process of being established.

10. Mr. Speaker, to facilitate the expansion of our education system we will need to improve on its infrastructure. The capital programme for 2008 will continue with the upgrading and maintenance of the Territory's schools. Designs for a modern new Isabella Morris Primary School will be finalized. In addition, designs for a modernized high school at the existing Elmore Stoutt High School site will be developed. Construction will begin for the Administration Block at the Willard Wheatley Primary School and for a new building at the Francis Lettsome Primary School. Preliminary works will commence on the process of redesigning the Bregado Flax Educational Center campus in order to make this facility more conducive for learning. All schools will be computerized with the School Administrative Student Information (SASI) system, which will allow for monitoring of specific activities by Principals, communication between each other, scheduling of

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classes and full utilization of all classrooms throughout the school day. Other software programmes will be introduced where necessary. The ongoing upgrading and maintenance of all recreational grounds will continue, however, rehabilitative work will begin on fields at Baughers Bay, Greenland and Capoons Bay. Designs will be developed for small gymnasiums for the Baughers Bay, Virgin Gorda and Greenland facilities.

Our Territory's Infrastructure

1. Mr. Speaker, due to neglect over the years, the state of our public infrastructure today needs significant improvement. In a sophisticated society such as ours it is not acceptable that our people should have to contend with the deteriorated roads, inadequate sewerage disposal and less than premium products from our various service providers. We intend to launch an aggressive campaign to improve on these basic needs for our people. Road works and draining improvement in the Johnson Ghut area are to commence in the near future and will include the rehabilitation of the road to create a dual carriage from Brewley's Superette to the old Island Department Store. The ghut will be completely covered, which will improve the drainage, and the junction at Purcell Road will be improved to make right turns easier. Noteworthy also, similar works will commence shortly in Huntums Ghut. There are also plans to expand and improve the road leading to Sage Mountain to make it more motorable for tourists and residents. Other projects envisaged include the Baugher's Bay alternate road, Anegada jetty bulk head and barge ramp, and improved traffic management systems for Road Town.

2. Additionally, Mr. Speaker, the Territory's water and sewerage infrastructure is of utmost priority for this Government. Further works will continue on the sewerage system addressing the critical areas in East End, Long Look and Road Town. The Territory's water infrastructure is in need of urgent up-grade and repair; as such, funds are committed to up-grade pipes and replace leaking reservoirs, while striving to expand the water supply. While Government continues to pursue more favourable rates for the purchase of desalinated water, the Water and Sewerage Department has started to realise its full potential, for not only has there been a noticeable increase in revenue over the years, but there is also more accountability and improvement in Customer Service. The

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Department will continue the promotion and funding of local engineers specialising in wastewater and water systems, to help strengthen its technical capacity.

3. Mr. Speaker, notwithstanding the escalation in costs as a result of the market prices of fuel, the improvement of the electrical infrastructure of the Territory is of paramount importance to the Government of the Virgin Islands. As such, the BVIEC will continue its efforts to ensure a continuous and reliable supply of electricity to the entire population of the British Virgin Islands. In keeping with the vision for an improved Road Town, the BVI Electricity Corporation plans to complete the current ongoing project to relocate all overhead lines in the Wickham's Cay I area underground, in the first quarter of 2008. There are also plans to modernise its meter reading system by utilising automatic meter reading (AMR) technology.

4. Facing a need to facilitate easier access to the Virgin Islands, the BVI Airport Authority is presently developing a master plan for the Terrance B. Lettsome International Airport. This plan is expected to be completed by the end of 2008 and will chart the way forward for the next (20) twenty years. The Virgin Gorda Airport will be high on our list of priorities for the coming months. Arrangements will be made with Halcrow to carry out the necessary surveys and to manage the project, a mandate to bring it up to international standards. At our sea ports there is also a need for critical improvements. In this regard, the BVI Ports Authority plans to commence a major capital development programme that will include the Ports at Virgin Gorda, West End and Port Purcell. Additionally, the Authority plans to expand the Cruise Ship Pier to accommodate larger vessels and to construct a much needed tender dock on the northeast side of the pier. The tender dock will alleviate the congestion in Road Town when ships are anchored.

5. There is a lot to be done to develop the physical infrastructure in this Territory Mr. Speaker, and the budget being proposed speaks to this.

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Our Resources

1. Mr. Speaker, consistent with our theme to protect our future, is the absolute need to protect our environment. It is our pristine environment that has contributed significantly to the success which we enjoy today, and we must as the highest priority, cherish and preserve it for future generations to come. It is also our environment that we must preserve in order to sustain and improve on our present standard of living. Let me state clearly therefore, that this Government will ensure that the natural beauty and purity of these islands are protected, with the toughest measures coming to bear, if necessary.

2. Mr. Speaker, we will hence continue to work towards the enhancement and protection of our valued natural resources including our human resources and the environment. The enhancements would be realised through the continued development of our agriculture sector, the environmental management sector, the fishing sector, the allocation of land to British Virgin Islanders for residential and commercial purposes, and the preservation and marketing of our treasured, national parks. These activities will be undertaken while ensuring that BVI Islanders are duly employed and all employees in this Territory are treated fairly in the workplace, as mandated by Government in accordance with the Labour Code.

3. Mr. Speaker, we will continue to promote and give financial and technical assistance to our local farmers. A number of our farmers have made significant investments in the construction of pig and sheep pens, farm plots, and the purchase of quality grade stock. We expect this to continue, and we will do our best to facilitate it. In this regard Mr. Speaker, we expect to bring to this house, legislation that amends the present Customs Ordinance, to allow as duty free, all imports to be used for agricultural purposes. Further, in keeping with the enhancement of the agricultural sector, it is Government's plan to partner with the private sector and develop green houses at Paraquita Bay. This initiative will utilise cutting edge technology to produce flowers, fruits and vegetables in quantities that reduce our dependence on foreign markets. It would also provide us with some

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measure of food security in a world of over 6 ½ (six and a half) billion souls vying for the same scarce resources.

4. Mr. Speaker, this Government is committed to the upgrading of the Road Town Market as it develops Agriculture as its third pillar of the economy. In keeping with that, Government rehabilitated the present market in October 2007 to ensure that farmers and patrons were in a safe and sanitary environment. In 2008, Government will construct a meat stall where local butchers will be able to sell meat to the public in sanitary conditions. The facility will be adjacent to the present market, but it will be enclosed to protect the meat and chicken products from the elements and contamination. Government will provide in this facility saws that meet United States Department of Agriculture (USDA) specifications, for the cutting of the meat and freezers and chillers for the appropriate storage of the meat and chicken. New public bathrooms will also be constructed for the market patrons and farmers.

5. It is also our intention Mr. Speaker, to construct a new abattoir at Paraquita Bay, which will meet the requirements of the USDA. This approval of our facilities by the USDA would give us an option to export our meat products to the neighboring United States territories. Presently, the Public Works Architectural Division and the Acting Chief Agricultural Officer are reviewing the designs to ensure all the necessary components are in place.

6. Mr. Speaker, this Government is poised to present environmental legislation in 2008. This legislation would further strengthen the framework in place for environmental conservation and protection. We intend to foster a stronger relationship between the Officers of Conservation and Fisheries and the enforcement agencies. We can bring more to bear in monitoring and protecting the environment to ensure that it is being treated in a manner consistent with not only our present day legislation but also international best practices as well. It goes without saying therefore, that we view the development of our National Parks as a major priority. To that avail, we will develop our National Parks for the people and visitors of this Territory. In order to improve the aesthetics of

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Road Town, our Government will re-develop Queen Elizabeth II National Park for the purpose of leisure, recreation and green space within our capital. The master plan design for the re-development is now complete and the completion of this project will be a major enhancement to the existing facilities.

7. By the end of the second quarter of 2008 Mr. Speaker, we expect that the public will once again have the pleasure of using a fully landscaped park with comfortable walking or running trails and spacious leisure and recreational areas with a wonderful view of the Road Town harbour.

8. The continued stabilisation of the Coppermine ruins on Virgin Gorda will be completed along with the development of restrooms at various National Parks, such as Sage Mountain, the Baths and Spring Bay. Presently, we are on the verge of completing the road that begins in Pond Bay and eventually terminates in North Sound and work on the administration building in North Sound is expected to commence in the coming months. These developments, once achieved, will improve the quality of life for residents and visitors. They would also be a great enhancement and addition to our tourism product.

9. Currently, Mr. Speaker, the programme at the BVI Fishing Complex is under review by the Ministry of Natural Resources and Labour. We expect that a manager will be appointed within the first quarter and thereafter some new measures will be implemented to ensure that the people of this territory would be able to purchase local fish and other seafood from the BVI Fishing complex year round. The Ministry of Natural Resources and Labour will also review the fee schedule for all local fish and other seafood deposited at the BVI Fishing Complex.

10. Mr. Speaker, the purchase of lands in the Territory by Government will continue and in order to guarantee consistency and fairness this Government will present a land policy for Crown lands in 2008. As was promised to the people of the Territory, we will provide first time homeowners with land at Spooner's Estate, and Steven's Estate on Tortola, North Sound and

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Coppermine on Virgin Gorda, Kings Road on Jost Van Dyke, as well as other areas throughout the Territory. As we speak, the Ministry of Natural Resources and Labour is proceeding with cutting access roads for the various subdivisions mentioned. We are also in negotiations to procure lands at Jost Van Dyke to enable construction of a community centre. Additionally, the Anegada community will be pleased to know that Government is in the process of compensating land owners whose lands were infringed upon in the public interest for development of the Anegada Airport, we expect to complete the vast majority of these settlements in 2008.

11. The Labour Department will be re-structured to ensure the service rendered is of a high quality. The staff will be undergoing continuous training to ensure that service standards are realized. They are under mandate to strengthen the local workforce through training seminars and workshops. The department's focus will be to ensure that both employer and employee are treated fairly and remain in compliance with the Labour Code. The revision of the present Labour Code is a priority and we expect that the revision will include the views of the stakeholders where necessary to ensure that this Territory will have fair labour laws which will enable the continuous growth of our Territory's economy.

12. Mr. Speaker, a comprehensive immigration reform will be a priority in 2008. We will amend existing legislation to implement additional control measures. Current legislation will be reviewed to ensure compliance with international laws, human rights and other conventions. As we embark on the reform process, we will ensure citizen participation by conducting regular consultations with representatives of the community, advocacy groups and other private sector organisations.

13. Mr. Speaker, this year's budget will reflect the Government's commitment to strengthen the Department of Immigration's enforcement capability as well as its level of efficiency. The department's border management system will be reviewed with the aim of enhancing its performance and effectiveness. A comprehensive training programme for staff will be developed with an emphasis on improved customer service, specialized training for surveillance staff as well as

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training in various control techniques. Preparations will be made this year to chart the path toward greater efficiency by creating a one-stop process for obtaining entry permits and work permits.

14. Mr. Speaker, the area adjacent to the BVI Ports Authority property in Purcell Estate will receive a much-needed face-lift with the addition of a row of jasmines which will improve not only the aesthetics of the area but add to the sensory experience when they are in bloom. This project will be undertaken by the City Manager's Office in collaboration with the National Parks Trust.

15. Plans will also continue this year, Mr. Speaker, to start Phase I of the Pedestrian Mall Project on Wickham's Cay I which was recommended in the 1972 Shankland Cox report but never implemented.

16. Mr. Speaker, I pledged my commitment to complete the eight-lane rubberized track development project. The BVI has now joined other countries world-wide as we have successfully secured the International Association of Athletics Federation (IAAF) Class II certification. This is good news for our young people who have dreams of one day competing in the Olympics. In a few days, Mr. Speaker, this Government will officially open the multi-million dollar facility that will help pave the way for the BVI to be in a better lobbying position to become a prime destination for sports tourism. Mr. Speaker, funds will be allocated to complete phase III of this project which includes more permanent facilities such as a grand stadium with seating for at least fifteen hundred (1500) persons, office space, showers, locker rooms, and a conference area.

Tourism

1. Mr. Speaker, as one of the pillars in our economy, tourism has been an integral part of our focus and economic strategy, over the years. Our manifesto of 2007 speaks specifically to this important sector, and to this end we intend to evaluate the market and develop the industry in the Virgin Islands to its fullest potential. Where we differ from our predecessors however, is in our upfront focus on developing a tourism product that is harmonized with our environment. This dictates therefore that much attention will be paid to the results of social and cultural impact studies

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that would have to be conducted before any type of major development in this sector is to take place. This approach further dictates that the yields from any tourism development must exceed the social and environmental impact of their existence, and hence we will be inclined towards eco-tourism as the type of development of choice. Mr. Speaker some of us may recall that one of the highest rated hotels in this region, was built by an individual who was adamant that the environment must be protected, and respected in its original form. Going forward Mr. Speaker we believe that in order to maintain our leadership position as an up market destination we should adopt this same approach. It therefore goes without saying Mr. Speaker that we will develop our people to enable them to participate more meaningfully in this dynamic sector of our economy.

Financial Services

1. Mr. Speaker, the financial services sector in this Territory has done well over the years, notwithstanding having had to weather many onslaughts to the regulatory regime which governs it. Mr. Speaker, we will continue to ensure that the Financial Services sector in this Territory is well regulated, through pertinent and properly crafted laws, by ensuring that the regulator is well resourced and by making sure we remain abreast of international developments that many have an eventual impact on its success. Mr. Speaker, we have already approved a strategy for the regulator to apply in 2008. This road map is expected to keep us ahead of the curve and continue to ensure that this vital part of our revenue base remains strong. We are committed to ensuring that our regulatory regime is robust, and adequately addresses the various issues that are presently being faced. Among these Mr. Speaker, are provisions to treat with money laundering, terrorism financing, proceeds from criminal activity and for the first time, legislation to regulate the manner in which money is handled and distributed in the Territory. I would like to be very clear however, in stating that all these provisions are aimed at minimising disruptions to businesses in the Territory that are seeking to effect legitimate transactions, and ensuring that our regulatory regime is compliant with international Anti-money laundering and antiterrorism financing standards. Mr. Speaker, we believe that it is vital, that this jurisdiction be recognised as a no mans land for the ethically challenged, and bearing in mind the fact that we are the largest incorporator of companies in the world, we must ensure that our product is second to none.

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2. On the international front Mr. Speaker, we continue to monitor international developments and to participate in international fora and discussions relevant to the Virgin Islands and to strengthening its position in the global arena for the benefit and advancement of the Territory and its people.

3. We are poised for great things Mr. Speaker, my colleagues and I intend to achieve them.

Acknowledgements

1. Let me close Mr. Speaker, with a word of thanks to those who have made this budget possible. First and foremost, let me express my sincere gratitude to our dedicated members of the public service, beginning with His Excellency, The Governor; The Deputy Governor; Officers of all ranks, both junior and senior; the Attorney General and her staff, the Public Works Department in its capacity as executing agent for works; the various statutory boards and their staff; and of course, the Financial Secretary and his staff at the Ministry of Finance.

2. Mr. Speaker, on behalf of this Government and the people of the BVI, I would like to also extend our thanks to the UK Government and its agencies, notably, the Foreign & Commonwealth Office, and the Department for International Development; the Caribbean Development Bank, the European Investment Bank, the United Nations Development Program; the European Union; the Commonwealth Fund for Technical Co-operation; the United States Agency for International Development; the Canadian Agency for International Development; the Organization of Eastern Caribbean States, and the Caribbean Community (CARICOM), for their various forms of support. My gratitude is also expressed to our local institutions: the Social Security Board, Banco Popular de Puerto Rico, Scotiabank (British Virgin Islands) Ltd, First Caribbean International Bank, The National Bank of the Virgin Islands, Limited; and First Bank, for their sustained commitment to the welfare of our community.

3. Mr. Speaker, I would also like to thank my colleagues in Government who have worked so

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hard in leading this Territory in the past few months. In addition Mr. Speaker, I would like to thank my colleagues on the other side of the isle for assisting us in accomplishing so much for the people of this Territory. Mr. Speaker, I must also thank yourself, your able Clerk and your staff for a job well done. I must also indicate my sincere appreciation to the Cabinet Secretary whose tireless efforts have facilitated the seamless execution of our responsibilities in Cabinet.

4. I would like to extend words of encouragement to the fine men and women that are members of the various not for profit organisations here in this Territory. These organisations including but not limited to BVI Red Cross, BVI Scouts Association, BVI Guides Association, BVI Diabetic Association, Pathfinders, and others of which time does not permit me to acknowledge publicly at this time, have contributed immensely to the well being of the citizens of this country. For that we all are profoundly appreciative.

5. I would also like to thank all Teachers in this Territory, public and private, for the invaluable contributions they have made in the past, presently and in the future, in molding our young people into productive citizens of this community.

6. Finally, Mr. Speaker, and most importantly, I would like to thank the people of the Virgin Islands. Every citizen and resident who abides by the law, works hard, contributes to our community, loves and cares for their children, prays to God and seeks to do right by his fellow man, every one of them no matter their position, rank or title, are the true leaders of this Territory and it is on their behalf, Mr. Speaker, that I now humbly present this Government's 2008 Budget, and commit before this Honourable House, the Bill for its second reading.

7. I look forward to the coming weeks where Honourable Members will debate its provisions in committee.

8. Thank you Mr. Speaker.

Notes

Notes

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